

**CITY OF SAGINAW, TEXAS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2011**

**PREPARED BY**  
**THE CITY OF SAGINAW**  
**FINANCE DEPARTMENT**

## INTRODUCTORY SECTION

	Page
Letter of Transmittal .....	i
Principal Officials .....	vi
Area Map .....	vii
Certificate of Achievement for Excellence in Financial Reporting .....	viii
Organizational Chart .....	ix

## FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited) .....	3

### BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets .....	12
Statement of Activities .....	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances .....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Proprietary Fund	
Statement of Net Assets .....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	20
Statement of Cash Flows .....	21
Statement of Fiduciary Fund Net Assets .....	23
Statement of Changes in Fiduciary Fund Net Assets .....	24
Notes to Basic Financial Statements .....	25

### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for Participation In Texas Municipal Retirement System .....	51
Budgetary Comparison Schedule – General Fund .....	52
Notes to Required Supplementary Information .....	54

## COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Financial Statements – Non-major Governmental Funds	
Combining Balance Sheet.....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	56
Saginaw Crime Control and Prevention District	
Comparative Balance Sheets.....	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	58
Debt Service Fund	
Comparative Balance Sheets.....	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	61
Enterprise Fund	
Comparative Statement of Net Assets .....	63
Statement of Revenues, Expenses and Changes In Fund Net Assets .....	64
Statement of Cash Flows .....	65

### STATISTICAL SECTION (UNAUDITED)

Net Assets by Component .....	67
Changes in Net Assets .....	69
Fund Balances, Governmental Funds .....	73
Changes in Fund Balances Governmental Funds .....	75
Property Tax Levies and Collections .....	77
Assessed and Estimated Actual Value of Taxable Property.....	78
Property Tax Rates - All Direct and Overlapping Governments.....	79
Principal Taxpayers .....	80
Ratio of Outstanding Debt by Type.....	81
Ratio of General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita.....	82
Computation of Direct and Overlapping Bonded Debt.....	83
Schedule of Revenue Bond Coverage.....	84
Demographic Statistics .....	85
Principal Employers .....	86

**STATISTICAL SECTION (UNAUDITED) – continued**

Full-Time Equivalent City Government Employees by Function/Program ..... 87

Operating Indicators by Function/Program ..... 88

Computation of Legal Debt Margin ..... 90

Continuing Financial Disclosures Tables ..... 92

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## **INTRODUCTORY SECTION**



## City of Saginaw

333 West McLeroy  
P.O. Box 79070  
Saginaw, Texas 76179  
817-232-4640  
Fax 817-232-4644  
[www.ci.saginaw.tx.us](http://www.ci.saginaw.tx.us)

January 12, 2012

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, 2011. 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, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2011. 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 2010 Census was 19,806.

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 Council members 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 2010-2011 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 1<sup>st</sup> 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**

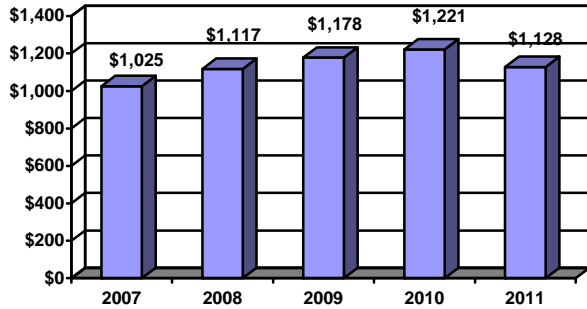
One of the objectives of the City's financial accounting system is to provide an internal control structure designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records 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 structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

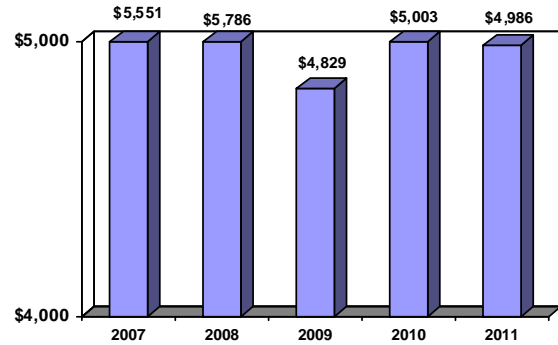
### **Summary of Local Economy**

The local economy in Saginaw continues to recover from the national economic downturn. Taxable values increased by 5.5% this year with \$13.3 million in added value from new construction. We expect growth to continue in fiscal year 2011-2012 due to retail construction and commercial expansion projects. CTI Foods is planning a second expansion of their food processing facility at a cost of \$18 million. Recently completed projects include an Applebee's Restaurant, a new metal fabrication business, a new fitness gym, and a new antique store/tea room. New home starts decreased in 2010-2011 to 38 from the 55 permits issued in 2009-2010. The average construction value of these new homes was \$131,658. Sales tax collections for the 2010-2011 fiscal year were down 0.32 % from the previous fiscal year.

**TAXABLE PROPERTY VALUES**  
(in millions)



**SALES TAX COLLECTIONS**  
(in thousands)



**Economic Prospects for the Future**

Plans are underway for a new convenience store, doctor’s office complex, and a new 162 lot residential subdivision. No new residential subdivisions were completed during the last fiscal year, however, new home starts continued on existing lots. We are projecting at least 50 new home starts in 2011-2012. 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 updated our master plan and five-year capital improvement plan. The plan’s emphasis will continue to be on repair and maintenance of existing infrastructure, particularly on our arterial and collector grade streets. The capital improvements plan is funded with cash on hand and revenues from the Street Maintenance Fund and the Drainage Utility Fund. Additional debt may be required for larger projects if matching funds from other entities become available. 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, 2010 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 2010-2011 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, 2011**

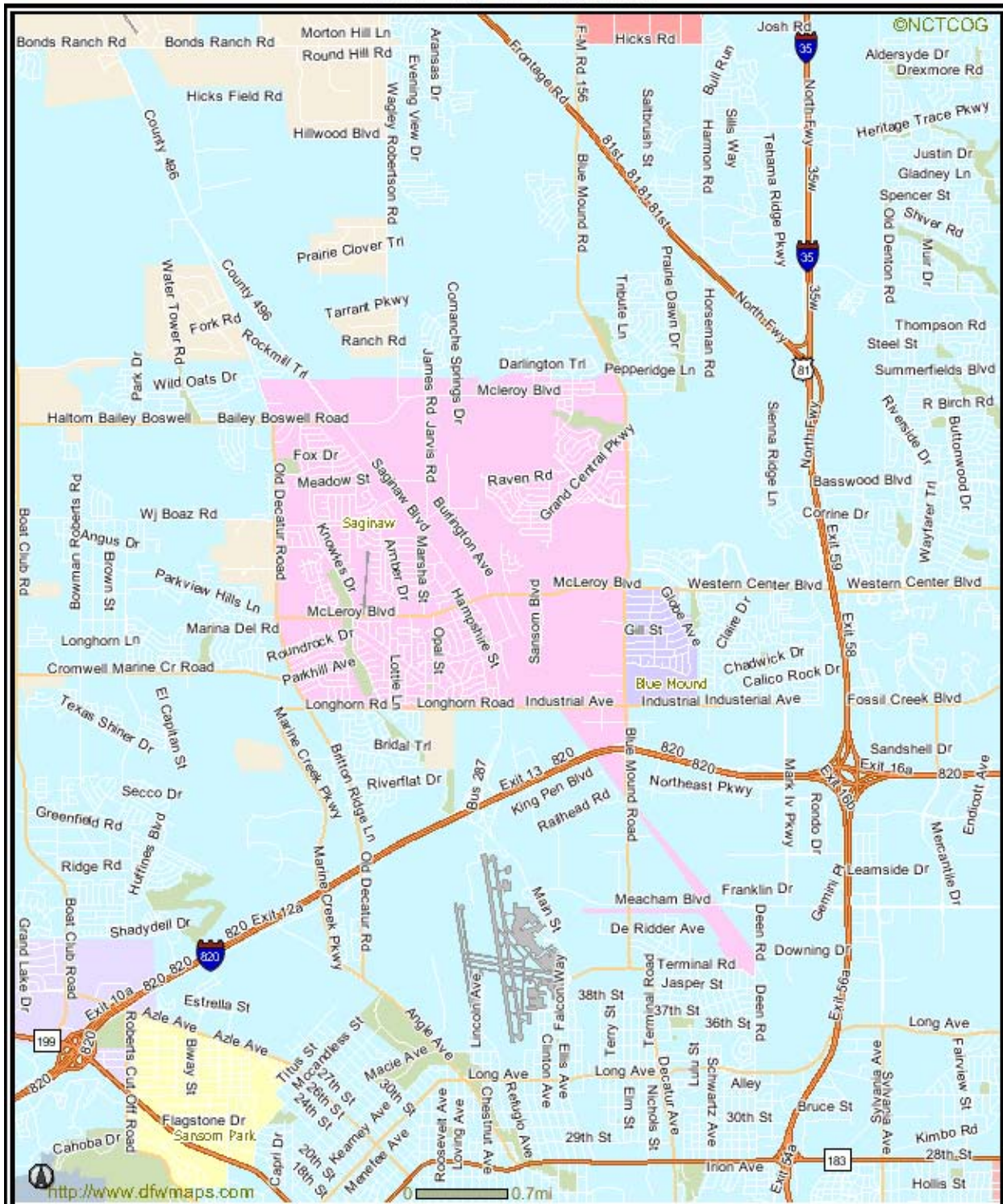
**GOVERNING BODY**

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
Tony del Muro	Councilmember, Place 6

**ADMINISTRATION**

Nan Stanford	City Manager
Dolph Johnson	Assistant City Manager/ Finance Director
Cheryl Davenport	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](http://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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

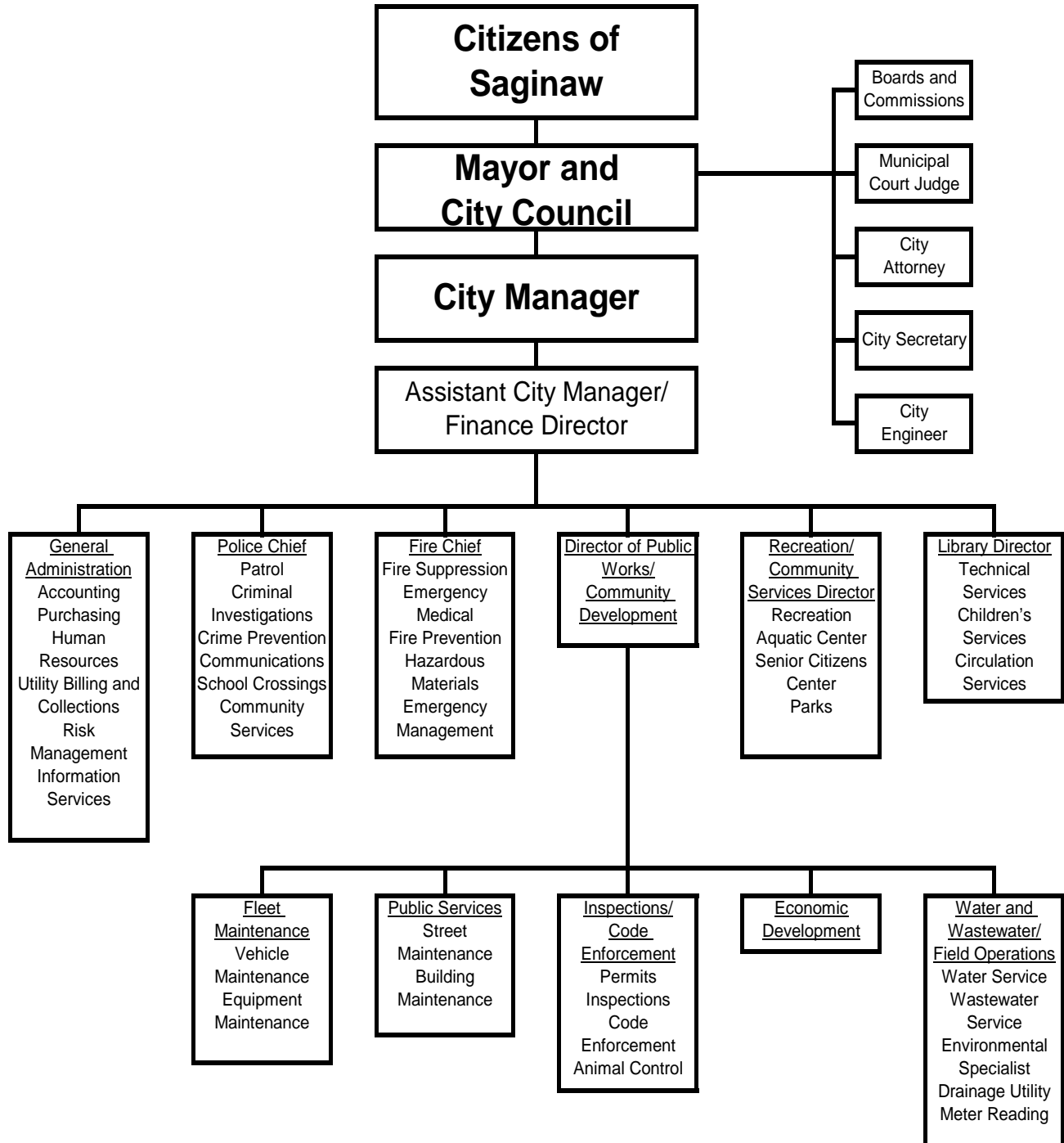
**CITY OF SAGINAW, TEXAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED  
SEPTEMBER 30, 2010**

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, 2010.

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





## **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, 2011, 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, 2011, 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 51 through 54, 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 12, 2012

**CITY OF SAGINAW, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2011  
(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, 2011. 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 \$82,623,886 (net assets). Of this amount, \$20,311,654 (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 \$2,315,127.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$16,943,490. Over 54% of this total amount, or \$9,169,052, is unassigned and available for use with the City's fund designation and policies.
- At the end of the current year, unassigned fund balance for the general fund was \$9,169,052 or 80% 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 25-50.

**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, 2011, the City of Saginaw’s assets exceeded liabilities by \$82,623,886.

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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$18,804,833	\$20,858,040	\$8,108,413	\$8,117,083	\$26,913,246	\$28,975,123
Capital assets	63,908,578	61,408,962	21,720,832	21,905,321	85,629,410	83,314,283
Total assets	<u>\$82,713,411</u>	<u>\$82,267,002</u>	<u>\$29,829,245</u>	<u>\$30,022,404</u>	<u>\$112,542,656</u>	<u>\$112,289,406</u>
Long term liabilities	\$21,524,273	\$22,884,514	\$4,868,522	\$5,591,340	\$26,392,795	\$28,475,854
Other liabilities	1,671,584	1,961,527	1,854,391	1,980,685	3,525,975	3,942,212
Total liabilities	<u>\$23,195,857</u>	<u>\$24,846,041</u>	<u>\$6,722,913</u>	<u>\$7,572,025</u>	<u>\$29,918,770</u>	<u>\$32,418,066</u>
Net Assets						
Invested in capital assets*	\$44,362,424	\$42,319,951	\$16,165,325	\$15,624,168	\$60,527,749	\$57,944,119
Restricted	1,348,022	1,300,786	436,461	577,205	1,784,483	1,877,991
Unrestricted	<u>13,807,108</u>	<u>13,800,224</u>	<u>6,504,546</u>	<u>6,249,006</u>	<u>20,311,654</u>	<u>20,049,230</u>
Total net assets	<u>\$59,517,554</u>	<u>\$57,420,961</u>	<u>\$23,106,332</u>	<u>\$22,450,379</u>	<u>\$82,623,886</u>	<u>\$79,871,340</u>

\*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 \$20,311,654 may be used to meet the City's ongoing obligation to citizens and creditors.

As of September 30, 2011, 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, 2011. Overall the City had an increase in net assets of \$2,752,546. Governmental activities increased net assets by \$2,096,593. Continued construction of capital projects reimbursed by Tarrant County, as well as a decrease in depreciation expense this year contributed to this increase. Business-type activities increased the City's net assets by \$655,953. The extreme drought of the summer of 2011 contributed to an increase in water sales.

## City of Saginaw's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$1,911,385	\$1,953,990	\$7,973,010	\$6,802,875	\$9,884,395	\$8,756,865
Operating grants and contributions	227,635	391,235	-	-	227,635	391,235
Capital grants and contributions	-	160,258	76,931	564,691	76,931	724,949
General revenues:						
Ad valorem taxes	5,436,698	5,456,995	-	-	5,436,698	5,456,995
Sales taxes	4,986,291	5,002,655	-	-	4,986,291	5,002,655
Franchise taxes	1,332,768	1,256,027	-	-	1,332,768	1,256,027
Other taxes	11,791	13,773	-	-	11,791	13,773
Penalties and interest	19,516	12,622	-	-	19,516	12,622
Interest income	23,208	39,895	8,544	15,898	31,752	55,793
Gain on sale of assets	23,609	29,731	2,356	31,087	25,965	60,818
Miscellaneous	3,281,029	2,796,494	89,469	104,015	3,370,498	2,900,509
Total revenues	\$17,253,930	\$17,113,675	\$8,150,310	\$7,518,566	\$25,404,240	\$24,632,241
Expenses:						
General admin. Offices	\$ 2,401,322	\$ 2,262,203	\$ -	\$ -	\$ 2,401,322	\$ 2,262,203
Municipal court	200,323	225,191	-	-	200,323	225,191
Fire	2,713,654	2,672,742	-	-	2,713,654	2,672,742
Police	3,698,868	3,667,446	-	-	3,698,868	3,667,446
Public works	3,301,972	3,058,371	-	-	3,301,972	3,058,371
Recreation	1,168,490	1,086,742	-	-	1,168,490	1,086,742
Library	558,945	569,505	-	-	558,945	569,505
Inspections	589,130	579,670	-	-	589,130	579,670
Fleet Maintenance	538,987	440,832	-	-	538,987	440,832
Economic development	142	12,439	-	-	142	12,439
Interest on long term debt	1,015,329	1,042,557	-	-	1,015,329	1,042,557
Water and wastewater	-	-	6,464,532	6,784,699	6,464,532	6,784,699
Total expenses	\$16,187,162	\$15,617,698	\$6,464,532	\$6,784,699	\$22,651,694	\$22,402,397
Increases in net assets before transfers	\$1,066,768	\$1,495,977	\$1,685,778	\$733,867	\$2,752,546	\$2,229,844
Transfers	1,029,825	965,950	(1,029,825)	(965,950)	-	-
Increase in net assets	\$2,096,593	\$2,461,927	\$655,953	(\$232,083)	\$2,752,546	\$2,229,844
Net assets - October 1	57,420,961	54,959,034	22,450,379	22,682,462	79,871,340	77,641,496
Net assets - September 30	\$59,517,554	\$57,420,961	\$23,106,332	\$22,450,379	\$82,623,886	\$79,871,340



## 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, unassigned 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 \$16,943,490. Approximately 54% of this total (\$9,169,052) constitutes unassigned 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 \$6,504,546. Total net assets in the Enterprise Fund increased by \$655,953 from fiscal year 2010 to fiscal year 2011 primarily due to increased water sales during the extreme drought of the summer of 2011.

**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 4% or \$442,115. The majority of the increase was due to architectural/engineering design fees and soil testing for the City Hall Expansion.

The General Fund's budgeted revenues increased 3% or \$332,524. The majority of the increase was due 3% additional permit and fee income related to construction of a new middle school and higher than anticipated franchise fees.

**Debt Service Fund** – The Debt Service Fund fund balance increased from \$1,121,903 to \$1,184,312 from fiscal year 2010 to fiscal year 2011. This increase is due to increased property tax collections.

**Capital Projects Fund** – Total fund balance in the Capital Projects Fund decreased by \$2,481,347 due to capital expenditures for projects funded by Certificates of Obligation bonds issued in prior years.

## CAPITAL ASSETS

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to \$85,629,410 (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:

- Continued construction of Longhorn Road Expansion (\$5,059,171).
- Completed construction of the 16" water line on Longhorn Road (\$263,144).
- Began construction of the 15" sewer line across the National Guard property (\$139,616).
- Began design of Bailey-Boswell Road expansion with construction scheduled for 2012 (\$258,097).
- Construction of a truck wash bay at the Fleet Maintenance Center (\$153,184).
- Began design of City Hall Expansion with construction scheduled for 2012 (\$88,757.)

### Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$10,126,653	\$10,126,653	\$5,003	\$5,003	\$10,131,656	\$10,131,656
Improvements	1,478,603	1,478,603	-	-	1,478,603	1,478,603
Buildings	16,786,129	16,753,681	154,587	154,587	16,940,716	16,908,268
Equipment	5,734,118	6,634,562	1,373,673	1,323,676	7,107,791	7,958,238
Infrastructure	69,716,804	69,716,804	27,930,035	26,886,545	97,646,839	96,603,349
Construction in progress	10,228,400	4,645,664	793,441	1,434,171	11,021,841	6,079,835
Accumulated depreciation	(50,162,129)	(47,947,005)	(8,535,907)	(7,898,661)	(58,698,036)	(55,845,666)
<b>Total</b>	<b>\$63,908,578</b>	<b>\$61,408,962</b>	<b>\$21,720,832</b>	<b>\$21,905,321</b>	<b>\$85,629,410</b>	<b>\$83,314,283</b>

Additional information on the City of Saginaw's capital assets can be found in Note 5 on pages 37-39.

## DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of \$25,944,191. Of this amount, \$21,071,229 comprises bonded debt backed by the full faith and credit of the government and \$4,872,962 represents bonds secured solely by water and wastewater revenues.

### Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligations	\$10,920,000	\$11,870,000	\$ -	\$ -	\$10,920,000	\$11,870,000
Certificates of obligation	10,310,000	10,865,000	-	-	10,310,000	10,865,000
Revenue bonds payable	-	-	4,990,000	5,510,000	4,990,000	5,510,000
Deferred loss on refunding bonds	(158,771)	(176,840)	(117,038)	(130,287)	(275,809)	(307,127)
Total	\$21,071,229	\$22,558,160	\$4,872,962	\$5,379,713	\$25,944,191	\$27,937,873

During the fiscal year, the City's total debt bonded decreased by \$1,993,682 or 7%. 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 on pages 39-42 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In the 2011-2012 budget, General Fund revenues and transfers in are budgeted to increase by \$50,396 (0.5%) from the 2010-2011 budget year with property tax making up 26% and sales tax making up 29% of budgeted revenues. We have budgeted no increase in sales tax revenues from last year's budgeted amount. Certified assessed valuations increased less than 1% from the preceding year. General Fund expenditures increased by \$1,504,270 or 13%. The increase is mainly due to a capital project budgeted in 2011-2012. The General Fund budget is balanced with the use of \$1.5 million from the beginning fund balance for one time capital purchases.

The 2011-2012 budget includes no change in either the water or wastewater rates. The Enterprise Fund is budgeted to break even with the use of \$889,295 of the beginning fund balance to be used mainly 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SAGINAW, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

	Primary Government			Component Unit - Saginaw Industrial Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Deposits and investments	\$ 15,057,064	\$ 6,062,986	\$ 21,120,050	\$ -
Receivables				
Taxes, net of allowance	906,458	-	906,458	-
Accounts, net of allowance	81,400	1,067,344	1,148,744	-
Other	393,507	-	393,507	-
Due from primary government	-	-	-	24,340
Restricted assets				
Deposits and investments	2,145,376	918,774	3,064,150	-
Deferred charges	221,028	59,309	280,337	-
Capital assets				
Land	10,126,653	5,003	10,131,656	-
Improvements	1,478,603	-	1,478,603	-
Buildings	16,786,129	154,587	16,940,716	-
Equipment	5,734,118	1,373,673	7,107,791	-
Infrastructure	69,716,804	27,930,035	97,646,839	-
Construction in progress	10,228,400	793,441	11,021,841	-
Accumulated depreciation	(50,162,129)	(8,535,907)	(58,698,036)	-
Total assets	<u>82,713,411</u>	<u>29,829,245</u>	<u>112,542,656</u>	<u>24,340</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	910,139	594,154	1,504,293	-
Accrued interest payable	75,600	36,665	112,265	-
Due to component unit	24,340	-	24,340	-
Payable from restricted assets				
Contracts payable	661,505	-	661,505	-
Current portion of revenue bonds payable	-	521,751	521,751	-
Current portion of capital leases payable	-	219,508	219,508	-
Customer deposits	-	482,313	482,313	-
Noncurrent liabilities				
Debt due within one year	1,556,931	-	1,556,931	-
Debt due in more than one year	19,967,342	4,868,522	24,835,864	-
Total liabilities	<u>23,195,857</u>	<u>6,722,913</u>	<u>29,918,770</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	44,362,424	16,165,325	60,527,749	-
Restricted for				
Debt service	1,348,022	436,461	1,784,483	-
Unrestricted	13,807,108	6,504,546	20,311,654	24,340
Total net assets	<u>\$ 59,517,554</u>	<u>\$ 23,106,332</u>	<u>\$ 82,623,886</u>	<u>\$ 24,340</u>

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

**CITY OF SAGINAW, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General administrative offices	\$ 2,401,322	\$ -	\$ -	\$ -
Municipal court	200,323	408,017	-	-
Fire	2,713,654	79,250	151,412	-
Police	3,698,868	3,889	76,223	-
Public works	3,301,972	430,697	-	3,080,767
Recreation	1,168,490	659,004	-	-
Library	558,945	19,379	-	-
Inspection	589,130	311,149	-	-
Fleet Maintenance	538,987	-	-	-
Economic development	142	-	-	-
Interest on long term debt	1,015,329	-	-	-
Total governmental activities	<u>16,187,162</u>	<u>1,911,385</u>	<u>227,635</u>	<u>3,080,767</u>
Business-type activities				
Water and wastewater	<u>6,464,532</u>	<u>7,973,010</u>	<u>-</u>	<u>76,931</u>
Total business-type activities	<u>6,464,532</u>	<u>7,973,010</u>	<u>-</u>	<u>76,931</u>
Total government	<u>\$ 22,651,694</u>	<u>\$ 9,884,395</u>	<u>\$ 227,635</u>	<u>\$ 3,157,698</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	
\$ (2,401,322)	\$ -	\$ (2,401,322)	\$ -
207,694	-	207,694	-
(2,482,992)	-	(2,482,992)	-
(3,618,756)	-	(3,618,756)	-
209,492	-	209,492	-
(509,486)	-	(509,486)	-
(539,566)	-	(539,566)	-
(277,981)	-	(277,981)	-
(538,987)	-	(538,987)	-
(142)	-	(142)	-
(1,015,329)	-	(1,015,329)	-
<u>(10,967,375)</u>	<u>-</u>	<u>(10,967,375)</u>	<u>-</u>
-	1,585,409	1,585,409	-
-	1,585,409	1,585,409	-
<u>\$ (10,967,375)</u>	<u>\$ 1,585,409</u>	<u>\$ (9,381,966)</u>	<u>\$ -</u>
\$ 5,436,698	\$ -	\$ 5,436,698	\$ -
4,986,291	-	4,986,291	-
1,332,768	-	1,332,768	-
11,791	-	11,791	-
19,516	-	19,516	-
23,208	8,544	31,752	31
23,609	2,356	25,965	-
200,262	89,469	289,731	-
1,029,825	(1,029,825)	-	-
<u>13,063,968</u>	<u>(929,456)</u>	<u>12,134,512</u>	<u>31</u>
2,096,593	655,953	2,752,546	31
<u>57,420,961</u>	<u>22,450,379</u>	<u>79,871,340</u>	<u>24,309</u>
<u>\$ 59,517,554</u>	<u>\$ 23,106,332</u>	<u>\$ 82,623,886</u>	<u>\$ 24,340</u>



**CITY OF SAGINAW, TEXAS  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Deposits and investments	\$ 11,450,054	\$ 1,184,311	\$ -	\$ 2,422,699	\$ 15,057,064
Receivables					
Taxes, net of allowance	692,210	18,282	-	195,966	906,458
Accounts	81,400	-	-	-	81,400
Other	15	-	311,782	81,710	393,507
Restricted assets					
Deposits and investments	-	-	2,145,376	-	2,145,376
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 12,223,679</u></b>	<b><u>\$ 1,202,593</u></b>	<b><u>\$ 2,457,158</u></b>	<b><u>\$ 2,700,375</u></b>	<b><u>\$ 18,583,805</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 912,727	\$ -	\$ -	\$ 21,752	\$ 934,479
Payable from restricted assets					
Contracts payable	-	-	661,505	-	661,505
Deferred revenue	26,050	18,281	-	-	44,331
<b>Total liabilities</b>	<b><u>938,777</u></b>	<b><u>18,281</u></b>	<b><u>661,505</u></b>	<b><u>21,752</u></b>	<b><u>1,640,315</u></b>
<b>Fund balances</b>					
<b>Restricted</b>					
Debt service	-	1,184,312	-	-	1,184,312
Capital projects	403,681	-	1,795,653	-	2,199,334
Municipal court	177,709	-	-	-	177,709
Hotel/motel tax	22,280	-	-	-	22,280
Street maintenance	-	-	-	482,269	482,269
Crime prevention	-	-	-	948,234	948,234
Drainage	-	-	-	928,878	928,878
<b>Committed</b>					
Donations	-	-	-	319,242	319,242
Assigned	1,512,180	-	-	-	1,512,180
Unassigned	9,169,052	-	-	-	9,169,052
<b>Total fund balances</b>	<b><u>11,284,902</u></b>	<b><u>1,184,312</u></b>	<b><u>1,795,653</u></b>	<b><u>2,678,623</u></b>	<b><u>16,943,490</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 12,223,679</u></b>	<b><u>\$ 1,202,593</u></b>	<b><u>\$ 2,457,158</u></b>	<b><u>\$ 2,700,375</u></b>	<b><u>\$ 18,583,805</u></b>

**CITY OF SAGINAW, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011**

Total fund balances - governmental funds	\$ 16,943,490
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	63,908,578
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.	221,028
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.	(75,600)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	44,331
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>(21,524,273)</u>
Net assets of governmental activities	<u><u>\$ 59,517,554</u></u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 8,389,939	\$ 2,240,244	\$ -	\$ 1,166,378	\$ 11,796,561
Licenses and permits	208,259	-	-	-	208,259
Charges for services	79,250	-	-	430,697	509,947
Fines and fees	530,286	-	-	-	530,286
Interest income	14,236	2,308	3,726	2,938	23,208
Recreation income	526,158	-	-	-	526,158
Miscellaneous revenues	443,119	-	3,080,767	145,120	3,669,006
<b>Total revenues</b>	<b>10,191,247</b>	<b>2,242,552</b>	<b>3,084,493</b>	<b>1,745,133</b>	<b>17,263,425</b>
<b>Expenditures</b>					
<b>Current</b>					
General administrative office	1,965,821	-	95,388	350,874	2,412,083
Municipal court	196,849	-	-	-	196,849
Fire	2,419,816	-	-	-	2,419,816
Police	3,347,094	-	-	70,033	3,417,127
Public works	973,762	-	-	-	973,762
Recreation	927,060	-	-	-	927,060
Library	501,277	-	-	-	501,277
Inspection	572,152	-	-	-	572,152
City garage	522,760	-	-	-	522,760
Economic development	142	-	-	-	142
Capital outlay	-	-	5,470,452	112,056	5,582,508
<b>Debt service</b>					
Principal retirement	-	1,524,223	-	-	1,524,223
Interest charges	-	977,169	-	-	977,169
Fiscal agent's fees and debt issuance costs	-	5,946	-	-	5,946
<b>Total expenditures</b>	<b>11,426,733</b>	<b>2,507,338</b>	<b>5,565,840</b>	<b>532,963</b>	<b>20,032,874</b>
Excess (deficiency) of revenues over expenditures	(1,235,486)	(264,786)	(2,481,347)	1,212,170	(2,769,449)
<b>Other financing sources (uses)</b>					
Transfers in	1,653,165	327,195	-	-	1,980,360
Transfers out	(19,345)	-	-	(931,190)	(950,535)
<b>Total other financing sources (uses)</b>	<b>1,633,820</b>	<b>327,195</b>	<b>-</b>	<b>(931,190)</b>	<b>1,029,825</b>
<b>Net change in fund balances</b>	<b>398,334</b>	<b>62,409</b>	<b>(2,481,347)</b>	<b>280,980</b>	<b>(1,739,624)</b>
Fund Balances - beginning of year	10,886,568	1,121,903	4,277,000	2,397,643	18,683,114
Fund Balances - end of year	<u>\$ 11,284,902</u>	<u>\$ 1,184,312</u>	<u>\$ 1,795,653</u>	<u>\$ 2,678,623</u>	<u>\$ 16,943,490</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, 2011**

Net change in fund balances - total governmental funds	\$ (1,739,624)
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.	5,732,137
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.	(3,232,521)
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 repayments of \$1,524,223 less amortization of \$38,384, which is the net effect of these differences in the treatment of long-term debt and related items, and \$145,913 in long-term pension obligations.	1,339,926
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.	6,172
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.	<u>(9,497)</u>
Change in net assets of governmental activities	<u><u>\$ 2,096,593</u></u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
SEPTEMBER 30, 2011**

		Enterprise Fund
ASSETS		<u>                    </u>
Current assets		
Deposits and investments		\$ 6,062,986
Deposits and investments-restricted		436,461
Receivables		
Accounts receivable, net of allowance of \$79,113		644,985
Unbilled accounts		422,359
Total current assets		<u>7,566,791</u>
Noncurrent assets		
Capital assets, at cost		
Land and land improvements		5,003
Buildings and improvements		154,587
Waterworks and sewer system		27,930,035
Machinery and equipment		1,373,673
Construction in progress		793,441
Accumulated depreciation		<u>(8,535,907)</u>
Total capital assets, net of accumulated depreciation		21,720,832
Deferred charges		59,309
Deposits and investments-restricted		<u>482,313</u>
Total noncurrent assets		<u>22,262,454</u>
<b>TOTAL ASSETS</b>		<b>29,829,245</b>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		594,154
Accrued interest		36,665
Revenue bonds payable		521,751
Capital lease payable		<u>219,508</u>
Total current liabilities		1,372,078
Noncurrent liabilities		
Revenue bonds payable		4,351,212
Capital lease payable		463,036
Pension obligation payable		54,274
Customer deposits		<u>482,313</u>
Total liabilities		6,722,913
NET ASSETS		
Invested in capital assets, net of related debt		16,165,325
Restricted for		
Revenue bond retirement		436,461
Unrestricted		<u>6,504,546</u>
Total net assets		<u>\$ 23,106,332</u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Fund
Operating revenues	
Water and sewer sales	\$ 7,180,130
Penalties	126,415
Surcharges	666,465
Miscellaneous	89,469
	<hr/>
Total operating revenue	8,062,479
Operating expenses	
Cost of sales and services	4,109,003
Administrative	1,494,934
Depreciation	637,246
	<hr/>
Total operating expenses	6,241,183
Operating income	1,821,296
Nonoperating revenues (expenses)	
Impact and tap fees	76,931
Investment income	8,544
Gain on sale of machinery and equipment	2,356
Interest expense and agent fees	(223,349)
	<hr/>
Total nonoperating revenues (expenses)	(135,518)
Income before contributions and transfers	1,685,778
Transfers out	(1,075,850)
Transfers in	46,025
	<hr/>
Change in net assets	655,953
Net assets, beginning of year	<hr/> 22,450,379
Net assets, end of year	<hr/> <u>\$ 23,106,332</u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 7,917,958
Cash paid to employees	(724,950)
Cash paid to suppliers	<u>(5,003,966)</u>
Net cash provided by operating activities	2,189,042
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers out to other funds	(1,075,850)
Transfers from other funds	<u>46,025</u>
Net cash used in noncapital financing activities	(1,029,825)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of machinery and equipment	2,356
Impact and tap fees	76,931
Principal paid on revenue bonds	(520,000)
Payments on capital lease obligations	(218,896)
Purchase of capital assets	(452,757)
Interest and fees paid on debt issuance	(216,136)
Fiscal agent fees	<u>(696)</u>
Net cash used in capital and related financing activities	(1,329,198)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>8,544</u>
Net cash provided by investing activities	<u>8,544</u>
Net decrease in cash	(161,437)
Cash and cash equivalents at the beginning of the year	<u>7,143,197</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 6,981,760</u></u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Current Assets</u>	<u>Enterprise Fund Restricted Assets</u>		<u>Statement of Cash Flows Totals</u>
		<u>Current</u>	<u>Noncurrent</u>	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET ASSETS</b>				
Cash and cash equivalents - beginning	\$ 6,095,429	\$ 577,205	\$ 470,563	\$ 7,143,197
Net increase (decrease)	<u>(32,443)</u>	<u>(140,744)</u>	<u>11,750</u>	<u>(161,437)</u>
Cash and cash equivalents - ending	<u>\$ 6,062,986</u>	<u>\$ 436,461</u>	<u>\$ 482,313</u>	<u>\$ 6,981,760</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income				\$ 1,821,296
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation				637,246
Increase in accounts receivable				(156,271)
Decrease in accounts payable and accrued expenses				(124,979)
Increase in customer deposits				<u>11,750</u>
Net cash provided by operating activities				<u>\$ 2,189,042</u>



**CITY OF SAGINAW, TEXAS  
 STATEMENT OF FIDUCIARY FUND NET ASSETS  
 FIDUCIARY FUND  
 SEPTEMBER 30, 2011**

	<u>Private Purpose Trust Fund</u>
ASSETS	
Deposits and investments	<u>\$ 4,322</u>
TOTAL ASSETS	<u><u>\$ 4,322</u></u>
NET ASSETS	
Restricted for scholarships	<u>\$ 4,322</u>
TOTAL NET ASSETS	<u><u>\$ 4,322</u></u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Private Purpose Trust Fund</u>
Additions	
Interest income	<u>\$          6</u>
Total additions	<u>                6</u>
Deductions	
Scholarship expense	<u>          500</u>
Total deductions	<u>          500</u>
Change in net assets	(494)
Net assets, beginning of year	<u>          4,816</u>
Net assets, end of year	<u><u>          \$    4,322</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 principles 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 certain 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 Designations of Fund Equity

The City has implemented Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) during the year ending September 30, 2011. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance categories under GASB 54 are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the City classifies governmental fund balances effective with its financial statement ended September 30, 2011, and thereafter, as follows:

1. Nonspendable Fund Balance – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.
2. Spendable Fund Balance
  - a. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.
    - i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
    - ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
    - iii. The proceeds of specific revenue sources that are restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.
  - b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but not specifically limited to, council action regarding construction, claims, and

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

judgments, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

- c. Assigned Fund Balance – Includes amounts intended to be used by the City for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. The City has delegated the City Manager to determine and define the amounts of those components of fund balance that are classified as Assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.
- d. Unassigned Fund Balance – Includes the residual classification of the general fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

At the end of each fiscal year, the General Fund should maintain unassigned fund balance that is no less than 15% of the subsequent year's General Fund appropriated expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

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. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net asset classifications, restricted net assets will be fully utilized first followed by unrestricted as necessary.

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

**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 \$1,132,464 and an amortized value of approximately \$1,107,762 at September 30, 2011. Amortization expense has been included in depreciation expense for the year ended September 30, 2011.

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, 2011:

Year Ending September 30		
2012	\$	244,514
2013		244,514
2014		244,127
		733,155
Less amount representing interest		50,611
Present value of net minimum lease payments	\$	682,544

**NOTE 3. CASH AND INVESTMENTS**

Cash and investments as of September 30, 2011 consist of the following:

Deposits with financial institutions	\$	978,877
Investments		23,209,645
		\$ 24,188,522

**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.

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

**NOTE 3. CASH AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Interest Rate Risk – Continued**

As of September 30, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 23,209,645	33 days

As of September 30, 2011 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.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of September 30, 2011</u>
Texpool	\$ 23,209,645	AAA	AAAm

**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, 2011, 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

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

**NOTE 3. CASH AND INVESTMENTS – CONTINUED**

**Custodial Credit Risk – Continued**

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, 2011, the carrying amount of the City's cash on hand and deposits were \$978,877 and the bank balance was \$1,594,056. The full bank balance was covered by depository insurance under the FDIC Temporary Liquidity Guarantee Program.

**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.

**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	\$ 436,461
Refundable water and wastewater deposits	<u>482,313</u>
	<u>\$ 918,774</u>

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

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011, was as follows:

	Balance October 1, 2010	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,126,653	\$ -	\$ -	\$ 10,126,653
Construction in progress	4,645,664	5,582,736	-	10,228,400
Total capital assets not being depreciated	<u>14,772,317</u>	<u>5,582,736</u>	<u>-</u>	<u>20,355,053</u>
Capital assets being depreciated				
Buildings	16,753,681	32,448	-	16,786,129
Improvements	1,478,603	-	-	1,478,603
Infrastructure	69,716,804	-	-	69,716,804
Equipment	6,634,562	116,953	(1,017,397)	5,734,118
Total capital assets being depreciated	<u>94,583,650</u>	<u>149,401</u>	<u>(1,017,397)</u>	<u>93,715,654</u>
Less accumulated depreciation				
Buildings	3,148,037	475,154	-	3,623,191
Improvements	791,830	67,688	-	859,518
Infrastructure	39,141,166	2,250,336	-	41,391,502
Equipment	4,865,972	439,343	(1,017,397)	4,287,918
Total accumulated depreciation	<u>47,947,005</u>	<u>3,232,521</u>	<u>(1,017,397)</u>	<u>50,162,129</u>
Total capital assets being depreciated, net	<u>46,636,645</u>	<u>(3,083,120)</u>	<u>-</u>	<u>43,553,525</u>
Net governmental activities capital assets	<u>\$ 61,408,962</u>	<u>\$ 2,499,616</u>	<u>\$ -</u>	<u>\$ 63,908,578</u>

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

**NOTE 5. CAPITAL ASSETS – CONTINUED**

	Balance October 1, 2010	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2011
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 5,003	\$ -	\$ -	\$ 5,003
Construction in progress	<u>1,434,171</u>	<u>402,760</u>	<u>(1,043,490)</u>	<u>793,441</u>
Total capital assets not being depreciated	<u>1,439,174</u>	<u>402,760</u>	<u>(1,043,490)</u>	<u>798,444</u>
Capital assets being depreciated				
Buildings	154,587	-	-	154,587
Water and wastewater system	26,886,545	-	1,043,490	27,930,035
Equipment	<u>1,323,676</u>	<u>49,997</u>	<u>-</u>	<u>1,373,673</u>
Total capital assets being depreciated	<u>28,364,808</u>	<u>49,997</u>	<u>1,043,490</u>	<u>29,458,295</u>
Less accumulated depreciation				
Buildings	134,627	3,540	-	138,167
Water and wastewater system	6,991,416	554,105	-	7,545,521
Equipment	<u>772,618</u>	<u>79,601</u>	<u>-</u>	<u>852,219</u>
Total accumulated depreciation	<u>7,898,661</u>	<u>637,246</u>	<u>-</u>	<u>8,535,907</u>
Total capital assets being depreciated, net	<u>20,466,147</u>	<u>(587,249)</u>	<u>1,043,490</u>	<u>20,922,388</u>
Net business-type activities capital assets	<u>\$ 21,905,321</u>	<u>\$ (184,489)</u>	<u>\$ -</u>	<u>\$ 21,720,832</u>

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

Governmental activities	
General administrative office	\$ 69,888
Fire	263,729
Police	227,313
Public works	2,360,947
Recreation and community services	227,534
Library	46,088
Inspections/code enforcement	6,556
Fleet maintenance	<u>30,466</u>
	<u>\$ 3,232,521</u>
Business-type activities	
Water and wastewater	<u>\$ 637,246</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, 2011. Total accumulated commitments for ongoing capital projects are as follows:

Enterprise Fund	\$ 26,578
Capital Projects Fund	383,400

**NOTE 6. LONG-TERM DEBT**

At September 30, 2011, 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%	1,240,000	-
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%	-	670,000
2002 General Obligation Bonds, dated April 2, 2002, due in annual installments through September 1, 2023, bearing interest rates of 4.5% to 6%	3,450,000	-
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%	645,000	-
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%	2,555,000	-

**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%	1,180,000	-
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%	4,270,000	-
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%	1,675,000	-
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%	-	2,200,000
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%	3,295,000	-
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%	1,185,000	-
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%	1,735,000	-
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%	-	2,120,000
Deferred loss on refunding bonds	<u>(158,771)</u>	<u>(117,038)</u>
Total Bonds Payable	<u>\$ 21,071,229</u>	<u>\$ 4,872,962</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, \$805,000 and \$1,770,000 remains outstanding at September 30, 2011, respectively.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2011:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 11,870,000	\$ -	\$ (950,000)	\$ 10,920,000	\$ 990,000
Certificates of obligation	10,865,000	-	(555,000)	10,310,000	585,000
Obligations under capital					
Leases	19,223	-	(19,223)	-	-
Pension obligation payable	307,131	145,913	-	453,044	-
Deferred loss on refunding bonds	(176,840)	-	18,069	(158,771)	(18,069)
<b>Total Governmental Activities</b>	<b>\$ 22,884,514</b>	<b>\$ 145,913</b>	<b>\$ (1,506,154)</b>	<b>\$ 21,524,273</b>	<b>\$ 1,556,931</b>
<b>Business-type Activities</b>					
Revenue bonds	\$ 5,510,000	\$ -	\$ (520,000)	\$ 4,990,000	\$ 535,000
Obligations under capital					
Leases	901,440	-	(218,896)	682,544	219,508
Pension obligation payable	35,447	18,827	-	54,274	-
Deferred loss on refunding bonds	(130,287)	-	13,249	(117,038)	(13,249)
<b>Total Business-type Activities</b>	<b>\$ 6,316,600</b>	<b>\$ 18,827</b>	<b>\$ (725,647)</b>	<b>\$ 5,609,780</b>	<b>\$ 741,259</b>

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.

**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, 2011, are as follows:

General Obligation Bonds

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
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	905,000	315,300	1,220,300
2017-2021	4,230,000	1,004,130	5,234,130
2022-2026	1,915,000	185,241	2,100,241
	<u>\$ 10,920,000</u>	<u>\$ 3,156,266</u>	<u>\$ 14,076,266</u>

Certificates of Obligation

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
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	715,000	324,298	1,039,298
2017-2021	3,035,000	1,204,393	4,239,393
2022-2026	3,125,000	568,462	3,693,462
2027-2031	915,000	68,195	983,195
	<u>\$ 10,310,000</u>	<u>\$ 3,742,883</u>	<u>\$ 14,052,883</u>

Revenue Bonds

Due Fiscal Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
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	490,000	116,463	606,463
2017-2021	1,370,000	376,239	1,746,239
2022-2026	910,000	144,600	1,054,600
2027-2031	190,000	7,600	197,600
	<u>\$ 4,990,000</u>	<u>\$ 1,252,858</u>	<u>\$ 6,242,858</u>

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

**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 (\$129,660 for the General Fund and \$138,168 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.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**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, 2010 valuation is effective for rates beginning January 2012). The annual pension cost and net pension obligation/(asset) are as follows:

Annual required contribution (ARC)	\$	1,240,628
Interest on net pension obligation		25,693
Adjustment to the ARC		<u>21,258</u>
Annual pension cost (APC)		1,245,063
Contributions made		<u>1,080,323</u>
Increase (decrease) in net pension obligation		164,740
Net pension obligation/(asset), beginning of year		<u>342,578</u>
Net pension obligation/(asset), end of year	\$	<u><u>507,318</u></u>

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
2009	\$ 1,117,500	87%	\$ 967,606	\$ 149,894
2010	1,189,601	84%	996,917	342,578
2011	1,245,063	87%	1,080,323	507,318

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

**NOTE 8. PENSION PLAN – CONTINUED**

**Contributions – Continued**

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation date	12/31/08	12/31/09	12/31/2010 - prior to restructuring	12/31/10 - restructured
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	29.0 years; closed period	28.1 years; closed period	27.1 years; closed period	27.1 years; closed period
Asset valuation method	Amortized cost	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions				
Investment rate of return*	7.5%	7.5%	7.5%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%	3.0%
Cost of living adjustments	2.1%	2.1%	2.1%	2.1%

**Funding Status and Funding Progress**

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).



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

**NOTE 8. PENSION PLAN – CONTINUED**

**Funding Status and Funding Progress – Continued**

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented 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
12/31/10 (1)	\$ 10,450,374	\$ 19,339,401	54.0%	\$ 8,889,027	\$ 6,570,499	135.3%
12/31/10 (2)	\$ 12,487,496	\$ 21,846,071	57.2%	\$ 9,358,575	\$ 6,570,499	142.4%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

Actual valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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

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

**NOTE 8. PENSION PLAN – CONTINUED**

**Contributions – Continued**

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

The City's contributions to the TMRS SDBF for the years ended 2011, 2010 and 2009 were \$13,397, \$8,205 and \$13,280, respectively, which equaled the required contributions each year.

**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 wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar (\$25) per meter (4) 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.

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

**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	\$ 768,000
General fund	CCPD fund	782,365
General fund	Drainage utility fund	102,800
Debt service fund	General fund	19,345
Debt service fund	Enterprise fund	307,850
Enterprise fund	Drainage utility fund	<u>46,025</u>
		<u><u>\$ 2,026,385</u></u>

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 Enterprise Fund to the Debt Service Fund for reimbursement of capital lease payments.

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

**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**

**CITY OF SAGINAW, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR  
PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM  
YEAR ENDED SEPTEMBER 30, 2011**

<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>
12/31/08	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	6,839,447	131.1%
12/31/10 (1)	10,450,374	19,339,401	54.0%	8,889,027	6,570,499	135.3%
12/31/10 (2)	12,487,496	21,846,071	57.2%	9,358,575	6,570,499	142.4%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

**CITY OF SAGINAW, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted amounts	
	Original	Final
Revenues		
Taxes	\$ 8,263,195	\$ 8,363,195
Licenses and permits	113,000	183,000
Charges for services	79,250	79,250
Fines and fees	414,000	414,000
Interest income	16,000	16,000
Recreation income	520,000	520,000
Miscellaneous revenues	257,365	419,889
Total revenues	9,662,810	9,995,334
Expenditures		
Current		
General administrative office	956,685	1,213,685
Municipal court	178,445	183,445
Fire	2,301,610	2,289,110
Police	2,919,905	2,920,145
Public works	689,855	689,855
Recreation & community services	761,285	825,285
Library	422,965	425,565
Inspections/code enforcement	488,940	496,690
Fleet maintenance	450,110	515,110
Economic development	7,185	7,185
Non-departmental	2,305,500	2,358,525
Total expenditures	11,482,485	11,924,600
Excess (deficiency) of revenues over expenditures	(1,819,675)	(1,929,266)
Other financing sources (uses)		
Operating transfers in	1,686,020	1,668,620
Operating transfers out	(19,345)	(19,345)
Total other financing sources (uses)	1,666,675	1,649,275
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(153,000)	(279,991)
Fund balances - beginning of year	10,573,844	10,573,844
Fund balances - end of year	\$10,420,844	\$10,293,853

Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over / (Under)
\$ 8,389,939	\$ (6,436)	\$ 8,383,503	\$ 20,308
208,259	-	208,259	25,259
79,250	-	79,250	-
530,286	(115,843)	414,443	443
14,236	(39)	14,197	(1,803)
526,158	(8,810)	517,348	(2,652)
443,119	(60,833)	382,286	(37,603)
<u>10,191,247</u>	<u>(191,961)</u>	<u>9,999,286</u>	<u>3,952</u>
1,965,821	(997,677)	968,144	(245,541)
196,849	(39,152)	157,697	(25,748)
2,419,816	(210,589)	2,209,227	(79,883)
3,347,094	(537,747)	2,809,347	(110,798)
973,762	(329,891)	643,871	(45,984)
927,060	(95,082)	831,978	6,693
501,277	(92,184)	409,093	(16,472)
572,152	(97,559)	474,593	(22,097)
522,760	(43,309)	479,451	(35,659)
142	2,120	2,262	(4,923)
-	2,061,499	2,061,499	(297,026)
<u>11,426,733</u>	<u>(379,571)</u>	<u>11,047,162</u>	<u>(877,438)</u>
<u>(1,235,486)</u>	<u>187,610</u>	<u>(1,047,876)</u>	<u>881,390</u>
1,653,165	-	1,653,165	(15,455)
(19,345)	-	(19,345)	-
<u>1,633,820</u>	<u>-</u>	<u>1,633,820</u>	<u>(15,455)</u>
398,334	187,610	585,944	865,935
<u>10,886,568</u>		<u>10,573,844</u>	<u>-</u>
<u>\$11,284,902</u>		<u>\$ 11,159,788</u>	<u>\$ 865,935</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	\$ 585,944
Record revenues designated for special purposes and recorded through escrow accounts	191,961
Record expenditures from funds collected for special purposes and recorded through escrow accounts	<u>(379,571)</u>
Excess of revenues and other sources over expenditures and other uses – GAAP basis	<u>\$ 398,334</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CITY OF SAGINAW, TEXAS  
 COMBINING BALANCE SHEET -  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2011**

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
<b>ASSETS</b>						
Deposits and investments	\$ 13,257	\$ 794,524	\$ 878,432	\$ 432,699	\$ 303,787	\$ 2,422,699
Receivables						
Other	-	-	50,982	-	30,728	81,710
Taxes	-	140,453	-	55,513	-	195,966
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 13,257</b>	<b>\$ 934,977</b>	<b>\$ 929,414</b>	<b>\$ 488,212</b>	<b>\$ 334,515</b>	<b>\$ 2,700,375</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 536	\$ 5,943	\$ 15,273	\$ 21,752
Total liabilities	-	-	536	5,943	15,273	21,752
<b>Fund balances</b>						
<b>Restricted</b>						
Street maintenance	-	-	-	482,269	-	482,269
Crime prevention	13,257	934,977	-	-	-	948,234
Drainage	-	-	928,878	-	-	928,878
<b>Committed</b>						
Donations	-	-	-	-	319,242	319,242
Total fund balances	13,257	934,977	928,878	482,269	319,242	2,678,623
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,257</b>	<b>\$ 934,977</b>	<b>\$ 929,414</b>	<b>\$ 488,212</b>	<b>\$ 334,515</b>	<b>\$ 2,700,375</b>

## **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, 2011**

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
Revenues						
Taxes	\$ -	\$ 848,052	\$ -	\$ 318,326	\$ -	\$ 1,166,378
Miscellaneous	5,328	6,925	15	-	132,852	145,120
Interest income	13	1,179	900	510	336	2,938
Charges for services	-	-	430,697	-	-	430,697
<b>Total revenues</b>	<b>5,341</b>	<b>856,156</b>	<b>431,612</b>	<b>318,836</b>	<b>133,188</b>	<b>1,745,133</b>
Expenditures						
Current						
General administrative office	-	-	43,273	240,150	67,451	350,874
Police	-	70,033	-	-	-	70,033
Capital outlay	-	57,844	28,654	-	25,558	112,056
<b>Total expenditures</b>	<b>-</b>	<b>127,877</b>	<b>71,927</b>	<b>240,150</b>	<b>93,009</b>	<b>532,963</b>
Excess (deficiency) of revenues over expenditures	5,341	728,279	359,685	78,686	40,179	1,212,170
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(782,365)	(148,825)	-	-	(931,190)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(782,365)</b>	<b>(148,825)</b>	<b>-</b>	<b>-</b>	<b>(931,190)</b>
Net change in fund balances	5,341	(54,086)	210,860	78,686	40,179	280,980
Fund Balances - beginning of year	7,916	989,063	718,018	403,583	279,063	2,397,643
Fund Balances - end of year	<u>\$ 13,257</u>	<u>\$ 934,977</u>	<u>\$ 928,878</u>	<u>\$ 482,269</u>	<u>\$ 319,242</u>	<u>\$ 2,678,623</u>

**CITY OF SAGINAW, TEXAS  
BALANCE SHEET -  
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT  
SEPTEMBER 30, 2011  
WITH COMPARATIVE BALANCES  
FOR SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Deposits and investments	\$ 794,524	\$ 853,828
Receivables		
Taxes, net	<u>140,453</u>	<u>135,898</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 934,977</u>	<u>\$ 989,726</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 663</u>
Total liabilities	<u>-</u>	<u>663</u>
Fund balances		
Restricted for crime prevention	<u>934,977</u>	<u>989,063</u>
Total fund balances	<u>934,977</u>	<u>989,063</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 934,977</u>	<u>\$ 989,726</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, 2011**

	Budgeted amounts	
	Original	Final
Revenues		
Sales taxes	\$ 805,000	\$ 805,000
Miscellaneous revenues	-	8,820
Interest income	3,500	3,500
	<u>808,500</u>	<u>817,320</u>
Total revenues		
Expenditures		
Uniforms	-	8,820
Data processing	30,000	30,000
Officer supplies and equipment	1,000	1,000
Investigator supplies and equipment	1,000	1,000
Crime prevention supplies	2,000	2,000
Maintenance and repairs	-	-
Tactical employee training	10,000	10,000
Capital outlay	90,000	90,000
	<u>134,000</u>	<u>142,820</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>674,500</u>	<u>674,500</u>
Other financing sources (uses)		
Operating transfers out	<u>(782,365)</u>	<u>(782,365)</u>
Total other financing sources (uses)	<u>(782,365)</u>	<u>(782,365)</u>
Net change in fund balance	(107,865)	(107,865)
Fund Balances - beginning of year	<u>989,063</u>	<u>989,063</u>
Fund Balances - end of year	<u>\$ 881,198</u>	<u>\$ 881,198</u>

Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2010
\$ 848,052	\$ 43,052	\$ 825,374
6,925	(1,895)	644
1,179	(2,321)	1,923
<u>856,156</u>	<u>38,836</u>	<u>827,941</u>
8,819	1	2,851
21,188	8,812	23,943
1,385	(385)	1,409
771	229	922
1,650	350	1,350
28,559	(28,559)	-
7,661	2,339	9,224
57,844	32,156	47,720
<u>127,877</u>	<u>14,943</u>	<u>87,419</u>
<u>728,279</u>	<u>53,779</u>	<u>740,522</u>
<u>(782,365)</u>	<u>-</u>	<u>(807,500)</u>
<u>(782,365)</u>	<u>-</u>	<u>(807,500)</u>
(54,086)	53,779	(66,978)
<u>989,063</u>	<u>-</u>	<u>1,056,041</u>
<u>\$ 934,977</u>	<u>\$ 53,779</u>	<u>\$ 989,063</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, 2011  
WITH COMPARATIVE BALANCES  
FOR SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Deposits and investments	\$ 1,184,311	\$ 1,121,903
Receivables		
Taxes, net of allowance	<u>18,282</u>	<u>28,276</u>
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$ 1,202,593</u></b>	<b><u>\$ 1,150,179</u></b>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ -
Deferred revenue	<u>18,281</u>	<u>28,276</u>
Total liabilities	<u>18,281</u>	<u>28,276</u>
Fund balances		
Restricted for debt service	<u>1,184,312</u>	<u>1,121,903</u>
Total fund balances	<u>1,184,312</u>	<u>1,121,903</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,202,593</u></b>	<b><u>\$ 1,150,179</u></b>

**CITY OF SAGINAW, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted amounts	
	Original	Final
Revenues		
Current and delinquent general property tax - debt service portion	\$ 2,249,555	\$ 2,249,555
Penalties, interest and fees on delinquent taxes	6,000	6,000
Interest income	3,000	3,000
Total revenues	2,258,555	2,258,555
Expenditures		
Bond principal payments	1,505,000	1,505,000
Capital lease and note principal payments	233,765	237,330
Total principal payments	1,738,765	1,742,330
Bond interest	976,260	976,260
Capital lease and note interest	31,230	26,535
Fiscal charges and debt issuance costs	15,000	15,000
Total interest payments	1,022,490	1,017,795
Total expenditures	2,761,255	2,760,125
Excess (deficiency) of revenues over expenditures	(502,700)	(501,570)
Other financing sources (uses)		
Operating transfers in	327,195	327,195
Total other financing sources (uses)	327,195	327,195
Net change in fund balance	(175,505)	(174,375)
Fund Balances - beginning of year	1,121,903	1,121,903
Fund Balances - end of year	\$ 946,398	\$ 947,528

Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2010
\$ 2,232,226	\$ (17,329)	\$ 2,255,940
8,018	2,018	6,389
<u>2,308</u>	<u>(692)</u>	<u>7,012</u>
2,242,552	(16,003)	2,269,341
1,505,000	-	1,365,000
<u>19,223</u>	<u>218,107</u>	<u>87,094</u>
1,524,223	218,107	1,452,094
976,258	2	989,280
911	25,624	4,611
<u>5,946</u>	<u>9,054</u>	<u>4,524</u>
<u>983,115</u>	<u>34,680</u>	<u>998,415</u>
<u>2,507,338</u>	<u>252,787</u>	<u>2,450,509</u>
<u>(264,786)</u>	<u>236,784</u>	<u>(181,168)</u>
<u>327,195</u>	<u>-</u>	<u>402,261</u>
<u>327,195</u>	<u>-</u>	<u>402,261</u>
62,409	236,784	221,093
<u>1,121,903</u>	<u>-</u>	<u>900,810</u>
<u>\$ 1,184,312</u>	<u>\$ 236,784</u>	<u>\$ 1,121,903</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, 2011**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current assets		
Deposits and investments	\$ 6,062,986	\$ 6,095,429
Deposits and investments-restricted	436,461	577,205
Receivables		
Accounts receivable, net of allowance of \$79,113 in 2011 and \$47,810 in 2010	644,985	529,450
Unbilled accounts	<u>422,359</u>	<u>381,623</u>
Total current assets	7,566,791	7,583,707
Noncurrent assets		
Capital assets, at cost		
Land and land improvements	5,003	5,003
Buildings and improvements	154,587	154,587
Waterworks and wastewater system	27,930,035	26,886,545
Machinery and equipment	1,373,673	1,323,676
Construction in progress	793,441	1,434,171
Accumulated depreciation	<u>(8,535,907)</u>	<u>(7,898,661)</u>
Total capital assets, net of accumulated depreciation	21,720,832	21,905,321
Deferred charges	59,309	62,813
Deposits and investments-restricted	<u>482,313</u>	<u>470,563</u>
Total noncurrent assets	<u>22,262,454</u>	<u>22,438,697</u>
<b>TOTAL ASSETS</b>	29,829,245	30,022,404
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	594,154	741,464
Accrued interest	36,665	43,398
Revenue bonds payable	521,751	506,751
Capital lease payable	<u>219,508</u>	<u>218,509</u>
Total current liabilities	1,372,078	1,510,122
Noncurrent liabilities		
Revenue bonds payable	4,351,212	4,872,962
Capital lease payable	463,036	682,931
Pension obligation payable	54,274	35,447
Customer deposits	<u>482,313</u>	<u>470,563</u>
Total liabilities	6,722,913	7,572,025
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	16,165,325	15,624,168
Restricted for		
Revenue bond retirement	436,461	577,205
Unrestricted		
Undesignated	<u>6,504,546</u>	<u>6,249,006</u>
Total net assets	<u>\$ 23,106,332</u>	<u>\$ 22,450,379</u>

**CITY OF SAGINAW, TEXAS  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2011  
WITH COMPARATIVE TOTALS  
FOR YEAR ENDED SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
Operating revenue		
Water and sewer sales	\$ 7,180,130	\$ 6,293,191
Penalties	126,415	126,550
Surcharges	666,465	383,134
Miscellaneous	89,469	104,015
	<hr/>	<hr/>
Total operating revenue	8,062,479	6,906,890
Operating expenses		
Cost of sales and services	4,109,003	4,331,587
Administrative	1,494,934	1,434,493
Depreciation	637,246	774,185
	<hr/>	<hr/>
Total operating expenses	6,241,183	6,540,265
Operating income	1,821,296	366,625
Nonoperating revenues (expenses)		
Impact and tap fees	76,931	133,909
Investment income	8,544	15,898
Gain on sale of machinery and equipment	2,356	31,087
Interest expense and agent fees	(223,349)	(244,434)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(135,518)	(63,540)
Income before contributions and transfers	1,685,778	303,085
Capital contributions	-	430,782
Transfers out	(1,075,850)	(1,010,765)
Transfers in	46,025	44,815
	<hr/>	<hr/>
Changes in net assets	655,953	(232,083)
Net Assets, beginning of year	<hr/> 22,450,379	<hr/> 22,682,462
Net Assets, end of year	<hr/> <u>\$ 23,106,332</u>	<hr/> <u>\$ 22,450,379</u>

**CITY OF SAGINAW, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
YEAR ENDED SEPTEMBER 30, 2011  
WITH COMPARATIVE TOTALS FOR  
YEAR ENDED SEPTEMBER 30, 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 7,917,958	\$ 6,658,690
Cash paid to employees	(724,950)	(697,224)
Cash paid to suppliers	<u>(5,003,966)</u>	<u>(4,778,341)</u>
Net cash provided by operating activities	2,189,042	1,183,125
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	(1,075,850)	(1,010,765)
Transfer from other funds	<u>46,025</u>	<u>44,815</u>
Net cash used in noncapital financing activities	(1,029,825)	(965,950)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of machinery and equipment	2,356	31,087
Impact and tap fees	76,931	133,909
Principal paid on revenue bonds	(520,000)	(2,940,000)
Proceeds on debt issue	-	2,505,000
Payments on capital lease obligations	(218,896)	(235,194)
Purchase of capital assets	(452,757)	(574,863)
Interest	(216,136)	(299,376)
Fiscal agent fees	<u>(696)</u>	<u>(4,149)</u>
Net cash used in capital and related financing activities	(1,329,198)	(1,383,586)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>8,544</u>	<u>15,898</u>
Net cash provided by investing activities	<u>8,544</u>	<u>15,898</u>
Net decrease in cash	(161,437)	(1,150,513)
Cash and Cash Equivalents at the beginning of the year	<u>7,143,197</u>	<u>8,293,710</u>
Cash and Cash Equivalents at the end of the year	<u><u>\$ 6,981,760</u></u>	<u><u>\$ 7,143,197</u></u>



**CITY OF SAGINAW, TEXAS**  
**STATEMENT OF CASH FLOWS-continued**  
**ENTERPRISE FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**  
**WITH COMPARATIVE TOTALS FOR**  
**YEAR ENDED SEPTEMBER 30, 2010**

	Current Assets	Restricted Assets	2011 Statement of Cash Flows Totals	2010 Statement of Cash Flows Totals
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET</b>				
Cash and cash equivalents - beginning balance	\$ 6,095,429	\$ 1,047,768	\$ 7,143,197	\$ 8,293,710
Net increase (decrease)	(32,443)	(128,994)	(161,437)	(1,150,513)
Cash and cash equivalents - ending	<u>\$ 6,062,986</u>	<u>\$ 918,774</u>	<u>\$ 6,981,760</u>	<u>\$ 7,143,197</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income			\$ 1,821,296	\$ 366,625
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation			637,246	774,185
(Increase) decrease in accounts receivable			(156,271)	(254,644)
Increase (decrease) in accounts payable and accrued expenses			(124,979)	290,515
Increase in customer deposits			11,750	6,444
Net cash provided by operating activities			<u>\$ 2,189,042</u>	<u>\$ 1,183,125</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES</b>				
Equipment financed under capital lease obligations			\$ -	\$ 287,937
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.

<b>Contents</b>	<b>Page</b>
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.	67-76
Revenue Capacity These schedules contain information to help the reader assess one of the government's most significant local source revenues, property taxes.	77-80
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.	81-84
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.	85-86
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.	87-90

**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 NINE FISCAL YEARS(a)**

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 41,911,912	\$ 42,120,437	\$ 41,392,997	\$ 44,426,385
Restricted	146,316	424,345	538,608	692,411
Unrestricted	5,341,578	6,507,804	8,240,155	9,411,787
Total governmental activities net assets	<u>\$ 47,399,806</u>	<u>\$ 49,052,586</u>	<u>\$ 50,171,760</u>	<u>\$ 54,530,583</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 12,797,445	\$ 13,528,348	\$ 14,111,336	\$ 15,258,061
Restricted	1,315,287	909,398	666,675	486,623
Unrestricted	3,624,263	4,521,022	6,083,686	7,311,453
Total business-type activities net assets	<u>\$ 17,736,995</u>	<u>\$ 18,958,768</u>	<u>\$ 20,861,697</u>	<u>\$ 23,056,137</u>
Primary government				
Invested in capital assets, net of related debt	\$ 54,709,357	\$ 55,648,785	\$ 55,504,333	\$ 59,684,446
Restricted	1,461,603	1,333,743	1,205,283	1,179,034
Unrestricted	8,965,841	11,028,826	14,323,841	16,723,240
Total primary government assets	<u>\$ 65,136,801</u>	<u>\$ 68,011,354</u>	<u>\$ 71,033,457</u>	<u>\$ 77,586,720</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

2007	2008	2009	2010	2011
\$ 43,470,367	\$ 42,189,355	\$ 41,370,363	\$ 42,319,951	\$ 44,362,424
836,097	976,011	852,265	1,300,786	1,348,022
11,355,703	12,696,515	12,736,406	13,800,224	13,807,108
<u>\$ 55,662,167</u>	<u>\$ 55,861,881</u>	<u>\$ 54,959,034</u>	<u>\$ 57,420,961</u>	<u>\$ 59,517,554</u>
\$ 13,210,135	\$ 15,203,616	\$ 16,275,619	\$ 15,624,168	\$ 16,165,325
1,218,878	513,882	518,066	5,772,505	436,461
7,922,263	7,090,928	5,888,777	6,249,006	6,504,546
<u>\$ 22,351,276</u>	<u>\$ 22,808,426</u>	<u>\$ 22,682,462</u>	<u>\$ 27,645,679</u>	<u>\$ 23,106,332</u>
\$ 56,680,502	\$ 57,392,971	\$ 57,645,982	\$ 57,944,119	\$ 60,527,749
2,054,975	1,489,893	1,370,331	7,073,291	1,784,483
19,277,966	19,787,443	18,625,183	20,049,230	20,311,654
<u>\$ 78,013,443</u>	<u>\$ 78,670,307</u>	<u>\$ 77,641,496</u>	<u>\$ 85,066,640</u>	<u>\$ 82,623,886</u>

**CITY OF SAGINAW, TEXAS  
CHANGES IN NET ASSETS  
LAST NINE 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	<u>10,325,251</u>	<u>10,741,482</u>	<u>12,395,303</u>	<u>13,692,410</u>
Business-type activities				
Water and wastewater	<u>4,384,308</u>	<u>4,408,781</u>	<u>4,480,084</u>	<u>5,655,141</u>
Total business-type activities	<u>4,384,308</u>	<u>4,408,781</u>	<u>4,480,084</u>	<u>5,655,141</u>
Total Primary government expenses	<u>14,709,559</u>	<u>15,150,263</u>	<u>16,875,387</u>	<u>19,347,551</u>
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	<u>1,379,319</u>	<u>1,492,612</u>	<u>1,669,815</u>	<u>5,001,203</u>

Table 2  
(page 2 of 4)

	2007	2008	2009	2010	2011
\$	1,510,834	\$ 1,826,087	\$ 1,913,944	\$ 2,262,203	\$ 2,401,322
	173,795	205,773	220,745	225,191	200,323
	2,357,074	2,809,960	2,735,528	2,672,742	2,713,654
	3,383,062	3,452,302	3,519,529	3,667,446	3,698,868
	3,720,923	3,524,022	3,440,255	3,058,371	3,301,972
	1,144,105	1,108,337	1,269,148	1,086,742	1,168,490
	570,070	599,434	563,843	569,505	558,945
	468,160	510,912	542,983	579,670	589,130
	62,883	57,001	-	-	-
	426,217	556,402	426,987	440,832	538,987
	38,076	40,478	30,808	12,439	142
	1,033,565	1,087,008	1,049,129	1,042,557	1,015,329
	<u>14,888,764</u>	<u>15,777,716</u>	<u>15,712,899</u>	<u>15,617,698</u>	<u>16,187,162</u>
	<u>7,130,097</u>	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>	<u>6,464,532</u>
	<u>7,130,097</u>	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>	<u>6,464,532</u>
	<u>22,018,861</u>	<u>21,822,380</u>	<u>21,978,257</u>	<u>22,402,397</u>	<u>22,651,694</u>
	471,283	421,785	422,800	436,988	408,017
	74,250	80,625	73,125	75,250	79,250
	5,615	6,505	5,536	4,359	3,889
	425,386	427,491	446,975	421,802	430,697
	592,727	638,931	650,111	640,832	659,004
	28,630	23,041	31,654	28,357	19,379
	358,065	296,169	344,831	346,402	311,149
	-	-	-	-	-
	85,801	374,297	541,018	310,411	151,412
	109,999	73,477	86,959	80,824	76,223
	87,083	-	-	2,771,279	3,080,767
	<u>2,238,839</u>	<u>2,342,321</u>	<u>2,603,009</u>	<u>5,116,504</u>	<u>5,219,787</u>

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

Table 2  
(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  
(page 4 of 4)

2007	2008	2009	2010	2011
\$ 5,948,134	\$ 6,497,059	\$ 6,550,174	\$ 6,802,875	\$ 7,973,010
-	-	-	-	-
586,282	287,675	94,633	564,691	76,931
<u>6,534,416</u>	<u>6,784,734</u>	<u>6,644,807</u>	<u>7,367,566</u>	<u>8,049,941</u>
<u>8,773,255</u>	<u>9,127,055</u>	<u>9,247,816</u>	<u>12,484,070</u>	<u>13,269,728</u>
(12,649,925)	(13,435,395)	(13,109,890)	(10,501,194)	(10,967,375)
(595,681)	740,070	379,449	582,867	1,585,409
<u>(13,245,606)</u>	<u>(12,695,325)</u>	<u>(12,730,441)</u>	<u>(9,918,327)</u>	<u>(9,381,966)</u>
5,018,022	5,152,750	5,060,742	5,456,995	5,436,698
5,551,551	5,786,363	4,829,521	5,002,665	4,986,291
1,171,259	1,258,549	1,295,929	1,256,027	1,332,768
13,577	13,437	13,580	13,773	11,791
25,359	10,778	16,990	12,622	19,516
804,852	591,222	145,855	39,895	23,208
39,735	14,166	13,030	29,731	23,609
535,813	220,521	211,380	185,473	200,262
621,341	587,323	620,016	965,950	1,029,825
<u>13,781,509</u>	<u>13,635,109</u>	<u>12,207,043</u>	<u>12,963,131</u>	<u>13,063,968</u>
449,755	229,860	69,807	15,898	8,544
-	-	-	31,087	2,356
62,406	74,543	44,796	104,015	89,469
<u>(621,341)</u>	<u>(587,323)</u>	<u>(620,016)</u>	<u>(965,950)</u>	<u>(1,029,825)</u>
<u>(109,180)</u>	<u>(282,920)</u>	<u>(505,413)</u>	<u>(814,950)</u>	<u>(929,456)</u>
<u>13,672,329</u>	<u>13,352,189</u>	<u>11,701,630</u>	<u>12,148,181</u>	<u>12,134,512</u>
1,131,584	199,714	(902,847)	2,461,937	2,096,593
(704,861)	457,150	(125,964)	(232,083)	655,953
<u>\$ 426,723</u>	<u>\$ 656,864</u>	<u>\$ (1,028,811)</u>	<u>\$ 2,229,854</u>	<u>\$ 2,752,546</u>

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

	2002	2003	2004	2005
General Fund				
Unreserved	\$ 4,174,623	\$ 4,459,428	\$ 5,585,720	\$ 6,704,672
Restricted				
Capital projects	-	-	-	-
Municipal court	-	-	-	-
Hotel/motel tax	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 4,174,623</u>	<u>\$ 4,459,428</u>	<u>\$ 5,585,720</u>	<u>\$ 6,704,672</u>
All Other Governmental Funds				
Reserved for:				
Reserved for construction	\$ 5,528,622	\$ 3,788,670	\$ 5,871,618	\$ 5,022,003
Reserved for debt service	35,293	218,074	388,929	505,941
Reserved for police department	28,601	22,716	18,758	16,364
Reserved for Saginaw CCPD	311,664	411,201	612,035	1,065,823
Reserved for drainage projects	-	-	-	117,368
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	-	-	-	-
Restricted				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Street maintenance	-	-	-	-
Crime prevention	-	-	-	-
Drainage	-	-	-	-
Committed				
Donations	-	-	-	-
Total all other governmental funds	<u>\$ 5,904,180</u>	<u>\$ 4,440,661</u>	<u>\$ 6,891,340</u>	<u>\$ 6,727,499</u>

**Note:** The City adopted the provisions of GASB 54 in 2011. Therefore, the fund balances for 2011 were updated to conform with GASB 54.

Table 3

2006	2007	2008	2009	2010	2011
\$ 8,342,180	\$ 9,670,921	\$ 10,300,997	\$ 9,989,714	\$ 10,886,568	\$ -
-	-	-	-	-	403,681
-	-	-	-	-	177,709
-	-	-	-	-	22,280
-	-	-	-	-	1,512,180
-	-	-	-	-	9,169,052
<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>	<u>\$ 11,284,902</u>
\$ 2,368,204	\$ 5,421,657	\$ 4,047,653	\$ 4,239,749	\$ 4,277,000	\$ -
632,707	789,622	943,269	900,810	1,121,903	-
16,637	9,756	6,467	7,510	7,916	-
1,373,281	867,248	1,226,873	1,056,041	989,063	-
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	-
-	-	-	-	670	-
-	-	-	603	2,970	-
-	-	-	-	-	1,184,312
-	-	-	-	-	1,795,653
-	-	-	-	-	482,269
-	-	-	-	-	948,234
-	-	-	-	-	928,878
-	-	-	-	-	319,242
<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>	<u>\$ 5,658,588</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues:				
Taxes	\$ 5,853,808	\$ 6,916,942	\$ 7,898,741	\$ 9,525,772
Licenses and permits	443,361	585,580	644,000	634,093
Charges for services	53,910	52,500	58,125	317,779
Fines and fees	455,289	461,257	522,134	443,175
Interest income	184,953	151,059	122,367	379,588
Rent income- recreation	38,813	44,012	122,864	327,532
Miscellaneous revenues	220,279	327,636	223,499	495,433
Total revenues	<u>7,250,413</u>	<u>8,538,986</u>	<u>9,591,730</u>	<u>12,123,372</u>
Expenditures:				
Current:				
General administrative offices	848,257	1,401,202	978,084	1,219,687
Municipal court	112,923	132,240	122,537	141,270
Fire	1,279,665	1,674,275	1,429,385	1,899,401
Police	1,717,377	1,869,091	2,034,128	2,396,321
Public works	787,463	565,334	751,998	793,417
Recreation	163,490	178,309	246,917	527,983
Library	271,224	307,150	308,733	355,829
Inspection	213,675	245,659	262,987	402,875
Janitorial	55,140	58,750	66,072	77,611
City garage	237,742	240,051	272,243	352,096
Economic development	21,408	30,940	34,316	41,947
Capital outlay	2,112,057	1,881,468	3,071,704	1,302,565
Bond sale expense	43,412	-	-	-
Debt Service:				
Principal retirement	914,368	1,018,454	1,163,421	1,371,089
Interest charges	769,539	925,333	847,374	979,779
Fiscal agent's fees and debt issuance costs	4,657	134,967	68,716	3,942
Total expenditures	<u>9,552,397</u>	<u>10,663,223</u>	<u>11,658,615</u>	<u>11,865,812</u>
Excess (deficiency) of revenues over expenditures	<u>(2,301,984)</u>	<u>(2,124,237)</u>	<u>(2,066,885)</u>	<u>257,560</u>
Other financing sources (uses)				
Capital lease proceeds	-	238,027	-	-
Issuance of debt	-	-	5,035,000	145,400
Bond Proceeds	4,845,000	-	-	-
Proceeds on refunding bonds	-	5,630,000	-	-
Payments to refunded bond escrow agent	-	(5,499,352)	-	-
Transfers in	967,771	912,334	969,913	1,030,587
Transfers out	(387,470)	(335,486)	(361,057)	(478,435)
Total other financing sources (uses)	<u>5,425,301</u>	<u>945,523</u>	<u>5,643,856</u>	<u>697,552</u>
Net change in fund balances	<u>\$ 3,123,317</u>	<u>\$ (1,178,714)</u>	<u>\$ 3,576,971</u>	<u>\$ 955,112</u>
Debt service as a percentage of noncapital expenditures	29.50%	29.00%	30.90%	28.64%

Table 4

2006	2007	2008	2009	2010	2011
\$ 11,270,983	\$ 11,752,870	\$ 12,241,907	\$ 11,395,798	\$ 11,759,167	\$ 11,796,561
470,872	338,520	272,611	305,000	303,744	208,259
475,881	500,938	500,405	520,100	497,052	509,947
459,755	551,067	492,737	499,821	508,003	530,286
702,686	804,852	591,222	145,855	39,895	23,208
342,695	528,746	569,487	544,513	487,707	526,158
738,420	833,394	741,769	957,983	3,377,019	3,669,006
<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>	<u>17,263,425</u>
1,626,702	1,505,262	1,803,525	1,855,477	2,202,389	2,412,083
175,510	173,396	205,373	216,990	219,898	196,849
2,350,782	2,428,970	2,630,835	2,552,394	2,540,632	2,419,816
2,442,792	2,863,106	3,240,527	3,350,395	3,370,025	3,417,127
933,192	1,203,546	924,431	1,261,954	890,697	973,762
516,409	999,445	987,201	1,051,504	841,511	927,060
381,868	520,671	497,036	523,068	512,830	501,277
730,326	471,479	494,175	524,837	555,629	572,152
80,753	62,883	57,001	-	-	-
389,564	432,394	554,219	422,368	435,274	522,760
40,825	38,076	40,478	28,571	12,439	142
4,916,195	4,187,891	1,630,028	1,227,084	4,476,313	5,582,508
-	-	-	-	-	-
1,440,343	1,570,253	1,825,148	1,907,758	1,452,094	1,524,223
922,820	971,387	1,044,075	1,004,545	993,891	977,169
-	-	-	-	-	-
66,165	77,566	3,857	37,958	42,141	5,946
<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>20,032,874</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>	<u>(2,769,449)</u>
-	-	-	-	-	-
1,415,000	5,823,698	-	1,240,000	1,790,000	-
-	-	-	-	-	-
3,580,000	-	-	-	-	-
(3,516,850)	-	-	-	-	-
1,166,457	1,244,685	1,548,513	1,835,464	2,013,286	1,980,360
(596,319)	(623,344)	(961,190)	(1,215,448)	(1,047,336)	(950,535)
<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>1,029,825</u>
<u>\$ (504,666)</u>	<u>\$ 4,249,101</u>	<u>\$ 59,552</u>	<u>\$ 264,183</u>	<u>\$ 1,182,774</u>	<u>\$ (1,739,624)</u>
24.44%	23.76%	25.09%	24.71%	21.12%	20.94%

**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>
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%
2010/11	5,436,187	5,391,855	99.2%	37,111	5,428,966	99.9%	312,159	5.7%

**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	
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
2010/11	882,574,105	882,574,105	245,208,785	245,208,785	1,127,782,890	1,127,782,890	0.484

*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

Fiscal Year	General Fund	Debt Service Fund	Total	School	County (1)	State	Total
2001/02	0.262230	0.257770	0.520000	1.510000	0.644280	0.000000	2.674280
2002/03	0.248600	0.291400	0.540000	1.550000	0.647277	0.000000	2.737277
2003/04	0.272840	0.267160	0.540000	1.605000	0.647200	0.000000	2.792200
2004/05	0.244831	0.295169	0.540000	1.650000	0.647270	0.000000	2.837270
2005/06	0.258670	0.251330	0.510000	1.634500	0.647277	0.000000	2.791777
2006/07	0.242110	0.244890	0.487000	1.535000	0.646277	0.000000	2.668277
2007/08	0.204090	0.251910	0.456000	1.330100	0.636270	0.000000	2.422370
2008/09	0.222150	0.223850	0.446000	1.465800	0.629857	0.000000	2.541657
2009/10	0.263906	0.185209	0.449115	1.465800	0.629567	0.000000	2.544482
2010/11	0.285615	0.198385	0.484000	1.495800	0.629537	0.000000	2.609337

Note: 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

2011			2002		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Wal-Mart	\$ 22,741,271	2.02	Universal Forest Products	\$ 14,454,963	2.85
Conagra Foods	22,202,969	1.97	Farmland Industries	13,540,058	2.67
Horizon Milling	20,214,554	1.79	Cargill	13,325,766	2.85
Ventura Foods	12,127,403	1.08	Suntrust Leasing	9,421,515	1.86
Nustar Marketing	11,146,576	0.99	Trinity Industries	9,005,180	1.78
Norton Metal Products	10,101,565	0.90	TU Electric	7,787,733	1.54
CTI Holdings	10,003,329	0.89	Country Home Milling	7,438,355	1.47
Oncor Electric Delivery	9,468,840	0.84	Norton Metal Products	6,348,962	1.25
DOS Project LP	9,449,345	0.84	Ventura Foods	5,360,149	1.06
BNSF Railway Company	8,712,574	<u>0.77</u>	BNSF Railway Company	4,988,647	<u>0.99</u>
		<u>12.09</u>			<u>18.32</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	Per Capita (a)
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Notes Payable	Water and Sewer Bonds	Capital Leases		
2001/02	13,440,000	4,730,000	156,835	-	5,655,000	-	23,981,835	1,628
2002/03	12,955,000	4,530,000	306,435	-	5,465,000	-	23,256,435	1,467
2003/04	15,560,000	5,895,000	208,245	-	5,190,000	-	26,853,245	1,621
2004/05	14,495,000	5,620,000	322,556	-	4,895,000	-	25,332,556	1,447
2005/06	16,625,000	3,770,000	262,209	-	4,590,000	-	25,247,209	1,372
2006/07	15,420,000	9,220,000	270,652	-	6,795,000	-	31,705,652	1,673
2007/08	14,985,000	7,910,000	190,504	-	6,375,000	-	29,460,504	1,530
2008/09	12,715,000	9,595,000	107,745	-	5,945,000	848,700	29,211,445	1,510
2009/10	11,870,000	10,865,000	19,223	-	5,510,000	901,489	29,165,712	1,496
2010/11	10,920,000	10,310,000	-	-	4,990,000	682,544	26,902,544	1,359

(a) 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>
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
2010/11	19,801	1,127,782,890	21,230,000	1.88%	1,072

**CITY OF SAGINAW, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**YEAR ENDED SEPTEMBER 30, 2011**  
**(Unaudited)**

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Saginaw	Amount Applicable to City of Saginaw
City of Saginaw	\$ 21,230,000	100.00	\$ 21,230,000
Eagle Mountain-Saginaw Independent School District	572,756,419	12.30	70,449,040
Tarrant County	333,561,836	0.86	2,868,632
Tarrant County Hospital District	58,565,000	0.86	503,659
Tarrant County Junior College District	<u>27,327,139</u>	0.86	<u>235,013</u>
Total direct and overlapping debt	<u>\$ 1,013,440,394</u>		<u>\$ 95,286,344</u>
Ratio of direct and overlapping funded debt to taxable assessed valuation			<u>8.45%</u>
Per capita direct and overlapping bonded debt			<u>\$ 4,812</u>

Source: Texas Municipal Advisory Council most recent *Texas Municipal Reports*

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

Table 12

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
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
2010/11	8,150,310	5,603,937	2,546,373	520,000	216,832	736,832	3.46

- 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>
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%
2010/11	19,801	614,900,254	31,054	17,180	8.30%

- 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

<b>2011</b>			<b>2002</b>		
<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>	<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>
Eagle Mountain-Saginaw ISD	2,005	27%	Eagle Mountain-Saginaw ISD	784	13%
Wal Mart	483	7%	Trinity Industries	220	4%
Universal Forest Products	225	3%	International Purity	200	3%
Durham Transportation	217	3%	Universal Forest Products	165	3%
Ranger Fire Protection	200	3%	Trinity Plastics	150	3%
Ventura Foods	172	2%	Cargill, Inc.	145	2%
TX-RSMS Maintenance	170	2%	Bana Box Inc.	120	2%
Anchor Fabrication	160	2%	City of Saginaw	103	2%
Bana Box Inc.	160	2%	Ventura Foods	89	2%
City of Saginaw	136	2%	Payless Cashways	70	1%

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>2011</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>
General government										
Administration	7	7	7	7	6	6	6	5	6	6
Municipal Court	3	3	3	3	3	2	2	2	2	2
Public Safety										
Fire	24	24	24	24	24	24	23	23	21	21
Police	45	49.5	49.5	51.5	46.5	42	41	37	33	33
Public Works										
Streets/Parks Maintenance	12	9	9	9	9	9	8	9	9	9
Building Inspections	4	4	3.5	3.5	3.5	3.5	3.5	3	3	3
Code Enforcement/ Animal control	4	4	4	4	4	4	3	3	2	2
Janitor	0	0	0	0	0	1	1	1	1	1
City Garage	2	2	2	2	2	2	2	2	2	2
Economic Development	0	0.5	1	1	1	1	1	1	1	1
Parks and recreation	6.5	8.5	8.5	9.5	9.5	8	7	6	5	2
Library	9	9	8.5	9	9	9	8.5	7	6	6
Water/Wastewater	16.5	16.5	16.5	16.5	16.5	16.5	15.5	15.5	15	15
Drainage	2.5	2.5	2.5	2.5	2.5	2.5	2.5	0	0	0
Total	<u>135.5</u>	<u>139.5</u>	<u>139</u>	<u>142.5</u>	<u>136.5</u>	<u>130.5</u>	<u>124</u>	<u>114.5</u>	<u>106</u>	<u>103</u>

**Source:** City Budgets



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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police				
Stations	1	1	1	1
Licensed Officers	38	39	39	41
Patrol units on duty at any one time	4	4	4	4
Fire				
Stations	2	2	2	2
Firefighter/paramedics	24	24	24	24
Library				
Number of libraries	1	1	1	1
Volumes in collection	53,756	50,308	50,308	54,853
Average monthly circulation	10,781	12,555	12,555	13,069
Average monthly visitors	12,967	10,356	10,356	8,187
Public works				
Streets (miles)	78.5	78.5	78.5	78.5
Streetlights	716	700	700	700
Parks and recreation				
Acreage	100	100	100	100
Parks	7	7	7	7
Recreation Centers	1	1	1	1
Senior/community Centers	2	2	2	2
Water				
Number of water customers	6,935	6,812	6,812	6,805
Annual water consumption (1,000 gallons)	1,174,505	1,047,830	1,047,830	1,061,546
Daily consumption (1,000 gallons)	3,218	2,871	2,871	2,908
Water mains (miles)	108.6	107.8	107.8	107.8
Fire hydrants	751	741	741	741
Storage capacity (thousands of gallons)	4,250	4,250	4,250	4,250
Wastewater				
Number of wastewater customers	6,830	6,722	6,722	6,717
Wastewater treated annually (1,000 gallons)	785,139	773,199	773,199	788,198
Sanitary sewers (miles)	79.5	79.2	79.2	79.2
Storm sewers (miles)	15.0	14.9	14.9	14.9

**Sources:** Various city departments.

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

Table 16

Fiscal Year					
<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
1	1	1	1	1	1
39	34	30	27	24	24
4	4	4	4	4	4
2	2	2	2	2	2
23	23	23	20	20	19
1	1	1	1	1	1
53,523	51,072	49,180	47,325	45,668	43,165
12,841	12,757	12,267	11,436	10,528	9,190
7,731	7,562	6,882	6,648	6,344	5,756
78.5	78.5	75.1	73.7	72.3	68.3
700	740	705	685	679	642
100	100	100	100	100	100
7	7	7	7	7	7
1	1	1	1	-	-
2	2	2	2	2	2
6,741	6,611	6,384	5,966	5,694	5,344
907,325	1,064,548	902,676	773,380	790,113	718,284
2,485	2,916	2,473	2,119	2,165	1,968
107.6	91.7	88.9	86.7	85.9	77.8
739	739	714	683	630	600
2,750	2,750	2,750	2,750	2,750	2,750
6,656	6,535	6,321	5,917	5,650	5,316
889,600	684,857	675,434	756,137	730,239	731,179
79.0	76.9	74.1	73.0	71.8	65.3
14.8	14.8	13.7	13.5	12.7	11.1

**CITY OF SAGINAW, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
YEAR ENDED SEPTEMBER 30, 2011  
(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 2011 was established at \$.484 per \$100 of assessed valuation based on 100% of appraised value.

**CITY OF SAGINAW, TEXAS**  
**CONTINUING FINANCIAL DISCLOSURE TABLES**  
**YEAR ENDED SEPTEMBER 30, 2011**  
**(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, 2011, 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](http://www.emma.msrb.org).

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

**General Obligation Tables**

<b>ASSESSED VALUATION</b>	<b>TABLE GO-1</b>
2011 Actual Market Value of Taxable Property (100% of Actual)*	\$ 1,329,510,254
Less Adjustments to Market Value:	
Agriculture Productivity Value Loss	14,756,282
Abatement	30,191,524
Disabled and Deceased Veterans' Exemptions	3,888,850
Freeport Property	26,132,840
Local, Option Over-65 / Disabled	43,156,067
Pollution Control	551,339
Cases before ARB, Incompletes, and Other	<u>22,848,317</u>
Total Adjustments to Market Value:	<u>141,525,219</u>
2011 Net Taxable Value	<u>\$ 1,187,985,035</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 County Appraisal District - 2011 Certified Appraisal Roll Valuation Summary dated July 25, 2011 for calculating property tax rates and levy for the 2011-2012 Fiscal Year

<b>GENERAL OBLIGATION BONDED DEBT</b>	<b>TABLE GO-2</b>
<i>(As of September 30, 2011)</i>	
<b>General Obligation Debt Principal Outstanding:</b>	
Certificates of Obligation, Series 1997	\$ 1,240,000
General Obligation Bonds, Series 2002	<u>3,450,000</u>
General Obligation Refunding Bonds, Series 2002	<u>645,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2004	<u>2,555,000</u>
General Obligation Bonds, Series 2004	<u>1,180,000</u>
General Obligation Refunding and Improvement Bonds, Series 2006	<u>4,270,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2006	<u>1,675,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2007	<u>3,295,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2009	<u>1,185,000</u>
Combination Tax and Revenue Certificates of Obligation, Series 2010	<u>1,735,000</u>
Total Gross General Obligation Debt Principal Outstanding:	<u>\$ 21,230,000</u>
Less: Self-Supporting General Obligation Debt	
General Obligation Refunding Bonds, Series 2002 (23.25%)	\$ 149,963
Total Self-Supporting General Obligation Debt Principal	<u>\$ 149,963</u>
Total Net General Obligation Debt Principal Outstanding:	<u>\$ 21,080,038</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2011	<u>\$ 1,184,312</u>
Ratio of Gross General Obligation Debt Principal to 2011 Net Assessed Valuation	<u>1.79%</u>
Ratio of Net General Obligation Debt Principal to 2011 Net Assessed Valuation	<u>1.77%</u>
2011 Net Taxable Value	<u>\$ 1,187,985,035</u>
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; Current (Estimate) -	<u>19,801</u>
Per Capita 2011 Net Assessed Valuation -	<u>\$ 59,996</u>
Per Capita Gross General Obligation Debt Principal -	<u>\$ 1,072</u>
Per Capita Net General Obligation Debt Principal -	<u>\$ 1,065</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 \$1,132,464 and an amortized value of approximately \$1,107,762 as of September 30, 2011.

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, 2011.

<b>Fiscal Year</b>	<b>Future Minimum Payments</b>
2012	\$ 244,514
2013	\$ 244,514
2014	\$ 244,127
2015	\$ -
2016	\$ -
Total minimum lease payments	\$ 733,155
Less: amount representing interest	(50,611)
Present value of future minimum lease payments	<u>\$ 682,544</u>

**FUND BALANCES****TABLE GO-4***(As of September 30, 2011)*

General Operating Fund	\$ 8,631,232
General Obligation Debt Service Fund	1,184,312
Special Revenue Funds	2,678,623
Capital Projects Fund	1,795,653
Enterprise Fund (Undesignated)	2,205,492
Revenue Bond Interest and Sinking Fund	436,461
General Fund Emergency Reserve	2,050,000
General Fund Designated	603,670
Enterprise Fund Emergency Reserve	1,550,000
Enterprise Fund Designated	2,749,054
<b>Total</b>	<u>\$ 23,884,497</u>

**PRINCIPAL TAXPAYERS 2009-2010**

**TABLE GO-5**

<u>Name</u>	<u>Type of Business</u>	<u>2011 Net Taxable Value</u>	<u>% of Total 2011 Net Taxable Value</u>
Wal-Mart	Retail	\$ 22,741,271	1.91%
Conagra Foods	Manufacturing	22,202,969	1.87%
Horizon Milling	Metal Sales	20,214,554	1.70%
Ventura Foods	Manufacturing	12,127,403	1.02%
Nustar Marketing	Food Processing Plant	11,146,576	0.94%
Norton Metal Products	Food Processing Plant	10,101,565	0.85%
CTI Holdings	Electric Service	10,003,329	0.84%
Oncor Electric Delivery	Manufacturing	9,468,840	0.80%
DOS Project LP	Food Processing Plant	9,449,345	0.80%
BNSF Railway Company	Food Processing Plant	8,712,574	0.73%
	<b>Total</b>	<b>\$ 136,168,426</b>	<b>11.46%</b>

2011 Net Taxable Value \$ 1,187,985,035

Source: Tarrant County 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
2010	1,127,782,890	0.4840	5,436,187	99.20%	99.90%	9-30-11

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

**TAX RATE DISTRIBUTION**

**TABLE GO-7**

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
General Fund	\$0.287098	\$0.285615	\$0.263906	\$0.2239	\$0.2041	\$0.2421	\$0.2587
I & S Fund	0.192902	0.198385	0.185209	0.2221	0.2519	0.2449	0.2513
<b>TOTAL</b>	<b>\$0.480000</b>	<b>\$0.484000</b>	<b>\$0.449115</b>	<b>\$0.4460</b>	<b>\$0.4560</b>	<b>\$0.4870</b>	<b>\$0.5100</b>

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

**TABLE GO-8**

	Fiscal Year Ended September 30				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>					
Taxes	\$ 8,389,939	\$ 8,350,134	\$ 7,630,775	\$ 8,007,971	\$ 7,911,461
Licenses and Permits	208,259	303,744	305,000	272,611	338,520
Charges for Services	79,250	75,250	73,125	80,625	74,250
Fines and Fees	530,286	508,003	499,821	482,600	538,467
Interest Income	14,236	20,762	82,659	316,961	489,520
Rent Income - Recreation	526,158	487,707	544,513	569,487	528,746
Miscellaneous Revenues	443,119	611,476	885,074	739,950	833,394
<b>Total Revenues</b>	<b>\$ 10,191,247</b>	<b>\$ 10,357,076</b>	<b>\$ 10,020,967</b>	<b>\$ 10,470,205</b>	<b>\$ 10,714,358</b>
<b>Expenditures:</b>					
Current:					
General Administrative Offices	\$ 1,965,821	\$ 1,672,724	\$ 1,611,531	\$ 1,640,234	\$ 1,458,310
Municipal Court	196,849	219,898	216,990	205,373	173,396
Fire	2,419,816	2,540,632	2,552,394	2,630,835	2,428,970
Police	3,347,094	3,330,045	3,300,624	3,206,377	2,797,240
Public Works	973,762	890,697	1,261,954	924,431	1,203,546
Recreation	927,060	841,511	1,051,504	987,201	999,445
Library	501,277	512,830	523,068	497,036	520,671
Inspection	572,152	555,629	524,837	494,175	471,479
Janitorial	-	-	-	57,001	62,883
Fleet Maintenance	522,760	435,274	422,368	554,219	432,394
Community Development	142	12,439	28,571	40,478	38,076
<b>Total Expenditures</b>	<b>\$ 11,426,733</b>	<b>\$ 11,011,679</b>	<b>\$ 11,493,841</b>	<b>\$ 11,237,360</b>	<b>\$ 10,586,410</b>
Excess (Deficit) of Revenues Over Expenditures	<b>\$ (1,235,486)</b>	<b>\$ (654,603)</b>	<b>\$ (1,472,874)</b>	<b>\$ (767,155)</b>	<b>\$ 127,948</b>
<b>Other Financing Sources (Uses):</b>					
Lease Proceeds	\$ -	\$ -	\$ -	\$ -	\$ 68,698
Operating Transfers In	1,653,165	1,611,025	1,407,896	1,456,808	1,172,326
Operating Transfers Out	(19,345)	(59,568)	(246,305)	(59,577)	(40,231)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,633,820</b>	<b>\$ 1,551,457</b>	<b>\$ 1,161,591</b>	<b>\$ 1,397,231</b>	<b>\$ 1,200,793</b>
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	398,334	896,854	(311,283)	630,076	1,328,741
Fund Balance - Beginning of Year	10,886,568	9,989,714	10,300,997	9,670,921	8,342,180
<b>Fund Balance - September 30</b>	<b>\$ 11,284,902</b>	<b>\$ 10,886,568</b>	<b>\$ 9,989,714</b>	<b>\$ 10,300,997</b>	<b>\$ 9,670,921</b>

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, 2011)*

**Revenue Bond Debt Principal Outstanding:**

Waterworks and Sewer System Revenue Bonds, Series 2001	670,000
Waterworks and Sewer System Revenue Bonds, Series 2006	2,200,000
Waterworks and Sewer System Revenue Bonds, Series 2010	2,120,000
Total Revenue Debt Outstanding	\$ 4,990,000

**CONDENSED WATERWORKS AND WASTEWATER SYSTEM OPERATING STATEMENT**

**TABLE REV-2**

	Fiscal Year Ending September 30				
	2011	2010	2009	2008	2007 <sup>(b)</sup>
Revenues <sup>(a)</sup>	\$ 8,073,379	\$ 6,922,788	\$ 6,664,777	\$ 6,801,462	\$ 6,563,020
Expenses	5,603,937	5,766,080	5,373,031	5,109,375	6,245,497
Net Revenue Available for Debt Service	\$ 2,469,442	\$ 1,156,708	\$ 1,291,746	\$ 1,692,087	\$ 317,523
Annual Revenue Bond Debt Service Requirements	\$ 707,840	\$ 733,410	\$ 729,160	\$ 739,020	\$ 656,798
Revenue Debt Service Coverage	3.49 x	1.58 x	1.77 x	2.29 x	0.48 x
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 769,924	\$ 798,001	\$ 866,051	\$ 875,071	\$ 793,326
Debt Service Coverage on all Bonds Paid from System Revenues	3.21 x	1.45 x	1.49 x	1.93 x	0.40 x
Customer Count :					
Water	6,935	6,810	6,810	6,805	6,642
Wastewater	6,830	6,725	6,725	6,717	6,558
<sup>(a)</sup> Does not include Impact Fees of:	\$ 76,931	\$ 133,909	\$ 94,633	\$ 214,209	\$ 407,695
<sup>(b)</sup> Lower net revenues were due to reduced water sales and an increase in storm water infiltration and inflow into the sewer system, both of which were the result of an abnormally high amount of annual rainfall.					

**COVERAGE OF THE BONDS**

**TABLE REV-3**

*(As of September 30, 2011)*

Fiscal Year 2011 Net Revenues Available for Debt Service	\$ 2,469,442
<b>Following the Issuance of the Bonds:</b>	
Maximum Revenue Debt Service Requirement (2013) Coverage	\$ 719,352 3.43 X
Maximum Debt Service Requirement Including Self-Supporting General Obligation Debt (2013) Coverage	\$ 782,193 3.16 X
Average Annual Revenue Debt Service Requirement (2011-2027) Coverage	\$ 390,178 6.33 X
Average Annual Debt Service Requirement Including Self-Supporting General Obligation Debt (2011-2027) Coverage	\$ 400,204 6.17 X

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

**TABLE REV-4**

(As of September 30, 2011)

	<b>Principal Outstanding</b>	<b>Amount of Principal Self-Supporting</b>
General Obligation Refunding Bonds, Series 2002 (23.25%)	\$ 645,000	\$ 149,963
Total	<u>\$ 645,000</u>	<u>\$ 149,963</u>

<b>Fiscal Year Ending Sept. 30</b>	<b>Self-Supporting General Obligation Debt Requirements</b>	<b>Waterworks and Wastewater System Debt Service</b>	<b>Total Debt Service Being Supported by Net System Revenues</b>
2012	61,335	708,840	770,175
2013	62,841	719,352	782,193
2014	36,235	599,053	635,288
2015	-	610,710	610,710
2016	-	606,462	606,462
2017	-	508,673	508,673
2018	-	324,182	324,182
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>\$ 160,411</u>	<u>\$ 6,242,855</u>	<u>\$ 6,403,266</u>

**REVENUE BONDS AUTHORIZED BUT UNISSUED**

**TABLE REV-5**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Amount Authorized</b>	<b>Issued To Date</b>	<b>Unissued</b>
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, 2010	
<u>Residential</u>	
First 2,000 Gallons	\$12.77 (minimum)
3,000 to 10,000 Gallons	3.95 /M Gallons
Over 10,000 Gallons	4.21 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$12.77 (minimum)
3,000 to 8,000 Gallons	4.21 /M Gallons
Over 8,000 Gallons	5.09 /M Gallons
<u>Commercial / Industrial</u>	
First 2,000 Gallons	\$12.77 (minimum)
3,000 to 10,000 Gallons	4.21 /M Gallons
Over 10,000 Gallons	5.09 /M Gallons

**PRINCIPAL WATER CUSTOMERS 2010-2011**

TABLE REV-7

*(As of September 30, 2011)*

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
CTI Foods	86,345,000	\$ 43,524.30
Ventura Foods, LLC	1,611,000	8,104.15
DOS Project, LP	1,564,500	7,876.52
Saginaw Crossings LLC	997,000	5,289.18
Eagle Mt.-Saginaw ISD	743,250	3,777.19
Williamsburg Village Apartments	637,416	3,587.16
UNKUK Inc	621,167	3,125.00
Camelot Apartments	540,000	3,081.94
Wal-Mart Stores	501,000	2,513.44
Con-Agra Foods	356,840	1,791.70
<b>Total</b>	<u>93,917,173</u>	<u>\$ 82,670.58</u>

**WASTEWATER RATES**

TABLE REV-8

*(Based on Monthly Billing)*

Rates Effective October 1, 2010	
<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 2008-2009**

TABLE REV-9

*(As of September 30, 2011)*

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
DOS Project, LP	\$ 2,651.76
Saginaw Crossing Apartments	4,012.84
Williamsburg Apartments	3,100.20
Unkuk Inc.	1,997.29
Camelot Square Apartments	2,689.03
Walmart	1,198.27
Qualawash	931.83
Seema Khatter	819.46
Trinity Industries	637.05
Madison North Town Center	561.93
<b>Total</b>	<b>\$ 18,599.66</b>

**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>	
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
2010	968,278	2,653	6.7	11-07-09
2011	795,139	2,178	6.5	04-15-11