

CITY OF SAGINAW, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

PREPARED BY
THE CITY OF SAGINAW
FINANCE DEPARTMENT

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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

January 16, 2014

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, 2013. 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, 2013. 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 2012-2013 financial statements.

Basis of Accounting

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

Budgetary Controls

The City Charter requires that the City Manager prepare and submit a proposed budget for the fiscal year beginning October 1st to the City Council at least 45 days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Public hearings are 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

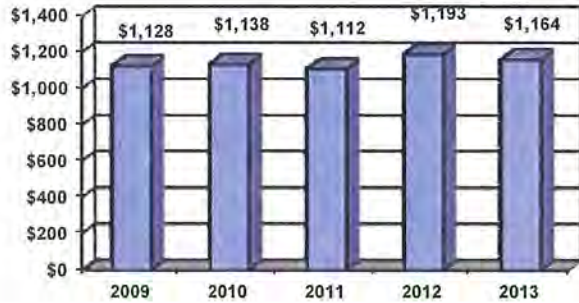
One of the objectives of the City's financial accounting system is to provide an internal control structure designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records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

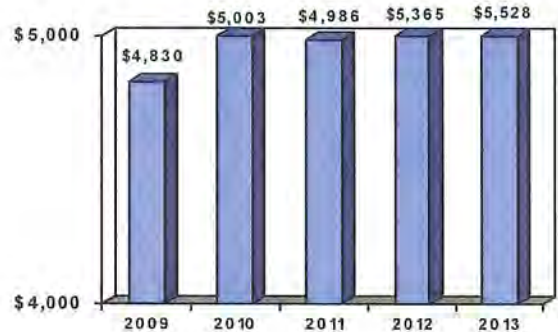
Summary of Local Economy

The local economy in Saginaw remains good. Although taxable values decreased slightly we are seeing added value from new construction. We saw an increase in construction activity this fiscal year in commercial retail and residential projects. Horizon Milling is currently constructing a \$39 million facility expansion and Northwest Pipe is completing a \$10 million expansion of their Saginaw facility. Plans have been submitted for a new 7-11 convenience store and a new Whataburger Restaurant. Construction is underway on a new residential subdivision (Saginaw Springs). Phase I will include 75 of the proposed 162 lots. Construction of Phase 4 of the Creekwood subdivision is underway and will include 98 residential lots. We had an increase in sales tax collections of 3% this year.

TAXABLE PROPERTY VALUES
(in millions)



SALES TAX COLLECTIONS
(in thousands)



Economic Prospects for the Future

A preliminary plat has been approved by the Planning and Zoning Commission for Willow Vista Estates Phase 3 with 173 residential lots. Construction plans are currently being reviewed for The Dominion Phase 2B which will add 96 additional residential lots. Construction totaling \$49 million is underway for expansion of two of our local manufacturers and we expect housing starts to increase with the completion of these new subdivisions. 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. Residential and 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 an Emergency Reserve Fund balance in the General Fund of between 15% and 20% of the operating budget.” The Enterprise Fund Emergency Reserve needs to be sufficient 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.

The City’s Comprehensive Master Plan was updated in 2011 and the five-year Capital Improvement Plan was updated in 2012. 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, the Drainage Utility Fund and the sale of \$8,000,000 in General Obligation bonds approved by voters in May 2013. 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

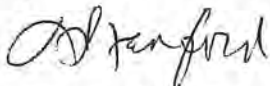
The City of Saginaw was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012 from the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded 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 2012-2013 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, 2013**

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
Chris Barngrover	Councilmember, Place 5
Jackie D. Nethery	Councilmember, Place 6

ADMINISTRATION

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

CITY OF SAGINAW



NCTCOG Maps
www.dfwmaps.com

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





Government Finance Officers Association

**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, 2012

Executive Director/CEO

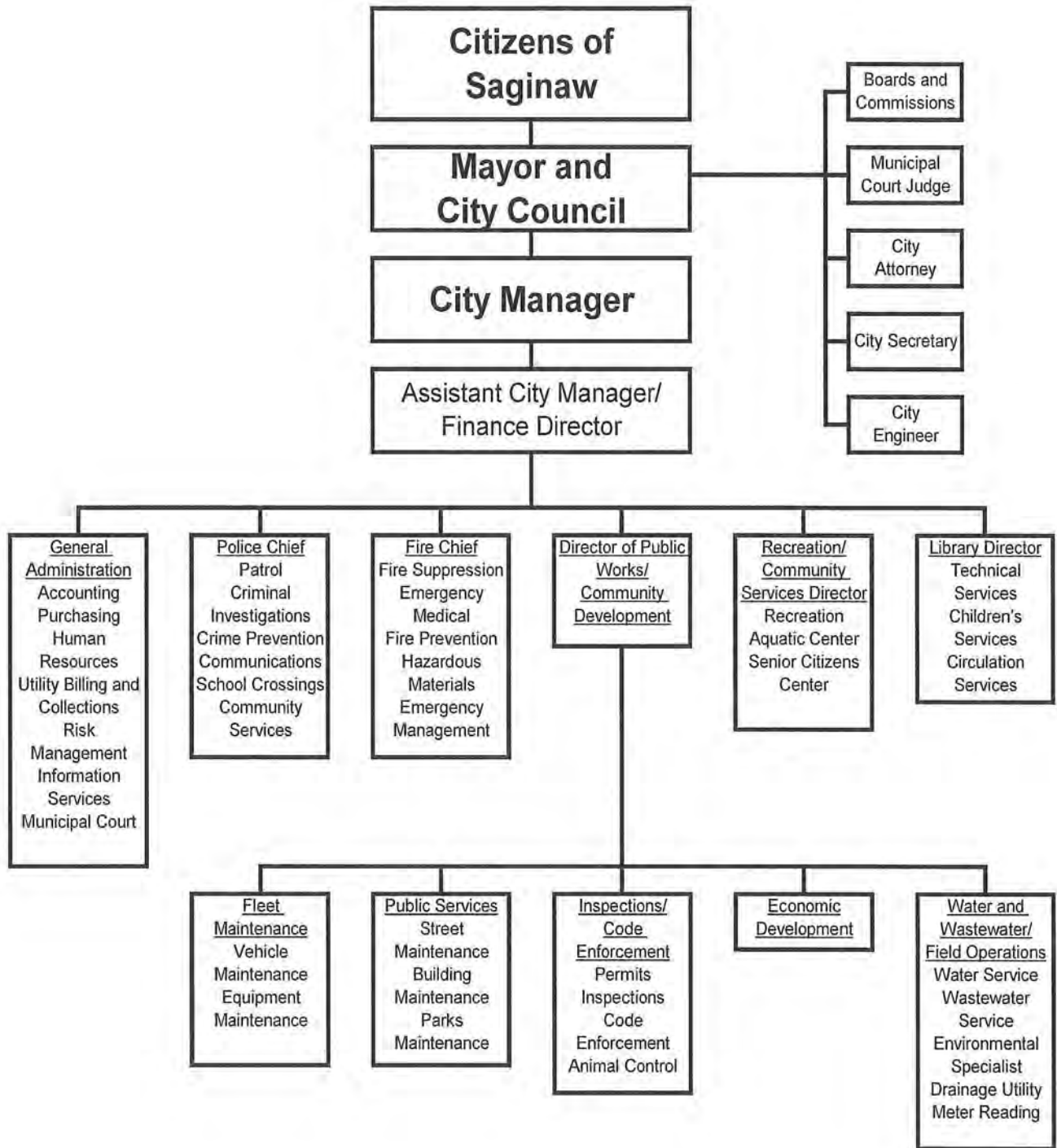
**CITY OF SAGINAW, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
SEPTEMBER 30, 2012**

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, 2012.

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 City of Saginaw, Texas (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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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, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 53 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

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

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standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, TX
January 16, 2014

**CITY OF SAGINAW, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2013
(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, 2013. 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 \$87,497,707 (net position). Of this amount, \$18,241,208 (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 net position increased by \$1,810,322.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$22,241,269. Over 39% of this total amount, or \$8,637,536, 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 \$8,637,536 or 70% 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position 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, parks, 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 13-15 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 16-19.

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 20-23 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 24-25 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 26-51.

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 position may serve over time as a useful indicator of a government’s financial position. As of September 30, 2013, the City of Saginaw’s assets exceeded liabilities by \$87,497,707.

The largest portion of the City’s net assets (77%) 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 Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$25,087,716	\$18,591,522	\$8,343,429	\$8,742,588	\$33,431,145	\$27,334,110
Capital assets	66,761,685	64,131,418	21,781,808	21,513,609	88,543,493	\$85,645,027
Total assets	\$91,849,401	\$82,722,940	\$30,125,237	\$30,256,197	\$121,974,638	\$112,979,137
Deferred outflows of resources	-	-	-	-	-	-
Long term liabilities	\$24,622,547	\$18,227,481	\$3,459,373	\$4,106,567	\$28,081,920	\$22,334,048
Other liabilities	4,480,449	2,953,270	1,914,562	2,004,434	6,395,011	\$4,957,704
Total liabilities	\$29,102,996	\$21,180,751	\$5,373,935	\$6,111,001	\$34,476,931	\$27,291,752
Deferred inflows of resources	-	-	-	-	-	-
Net Position						
Invested in capital assets*	\$49,293,064	\$45,854,628	\$17,714,187	\$16,699,361	\$67,007,251	\$62,553,989
Restricted	1,828,513	1,384,617	420,735	437,166	2,249,248	1,821,783
Unrestricted	11,624,828	14,302,944	6,616,380	7,008,669	18,241,208	21,311,613
Total net position	\$62,746,405	\$61,542,189	\$24,751,302	\$24,145,196	\$87,497,707	\$85,687,385

*Net of related debt

An additional portion of the City's net assets (2.6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$18,241,208 may be used to meet the City's ongoing obligation to citizens and creditors.

As of September 30, 2013, 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, 2013. Overall the City had an increase in net position of \$1,810,322. Governmental activities increased net assets by \$1,204,216. Increases in sales tax collection, construction inspection and building fees and a reduction in interest on long term debt contributed to this increase. Business-type activities increased the City's net assets by \$606,106. An increase in sewer revenues and a decrease in wholesale water expenses contributed to this increase.

City of Saginaw's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$2,183,754	\$1,976,200	\$8,419,089	\$8,374,910	\$10,602,843	\$10,351,110
Operating grants and contributions	132,814	317,862	-	-	132,814	317,862
Capital grants and contributions	1,271,666	1,959,028	88,737	389,921	1,360,403	2,348,949
General revenues:						
Ad valorem taxes	5,750,493	5,758,607	-	-	5,750,493	5,758,607
Sales taxes	5,528,937	5,365,461	-	-	5,528,937	5,365,461
Franchise taxes	1,503,183	1,552,095	-	-	1,503,183	1,552,095
Other taxes	82,634	14,968	-	-	82,634	14,968
Penalties and interest	21,585	8,350	-	-	21,585	8,350
Interest income	16,172	20,389	7,146	5,892	23,318	26,281
Gain/(Loss) on sale of assets	-	-	12,000	2,835	12,000	2,835
Miscellaneous	201,147	120,803	152,392	84,415	353,539	205,218
Total revenues	\$16,692,385	\$17,093,763	\$8,679,364	\$8,857,973	\$25,371,749	\$25,951,736
Expenses:						
General admin. offices	\$ 2,385,797	\$ 2,214,653	\$ -	\$ -	\$ 2,385,797	\$ 2,214,653
Municipal court	185,237	193,082	-	-	185,237	193,082
Fire	2,858,957	2,864,618	-	-	2,858,957	2,864,618
Police	3,860,896	3,848,768	-	-	3,860,896	3,848,768
Public works	3,465,002	3,177,703	-	-	3,465,002	3,177,703
Parks	195,900	-	-	-	195,900	-
Recreation	969,556	1,078,909	-	-	969,556	1,078,909
Library	540,261	524,847	-	-	540,261	524,847
Inspections	583,930	565,326	-	-	583,930	565,326
Fleet maintenance	546,241	566,689	-	-	546,241	566,689
Economic development	64,779	14,504	-	-	64,779	14,504
Interest on long term debt	741,442	866,299	-	-	741,442	866,299
Water and wastewater	-	-	7,163,429	6,972,839	7,163,429	6,972,839
Total expenses	\$16,397,998	\$15,915,398	\$7,163,429	\$6,972,839	\$23,561,427	\$22,888,237
Increases in net assets before transfers	\$294,387	\$1,178,365	\$1,515,935	\$1,885,134	\$1,810,322	\$3,063,499
Transfers	909,829	846,270	(909,829)	(846,270)	-	-
Increase in net position	\$1,204,216	\$2,024,635	\$606,106	\$1,038,864	\$1,810,322	\$3,063,499
Net position - October 1	61,542,189	59,517,554	24,145,196	23,106,332	85,687,385	82,623,886
Net position - September 30	\$62,746,405	\$61,542,189	\$24,751,302	\$24,145,196	\$87,497,707	\$85,687,385

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 \$22,241,269. Approximately 39% of this total (\$8,637,536) 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 \$6,616,380. Total net assets in the Enterprise Fund increased by \$606,106 from fiscal year 2012 to fiscal year 2013. This increase is primarily due to lower wholesale water expenses and an increase in sewer revenue.

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 3.7 % or \$447,000. The majority of the increase was due to the East McLeroy reconstruction project.

The General Fund's budgeted revenues increased 3.4% or \$352,000. The majority of the increase was due to increased sales tax collections, franchise fees, and construction inspections fees.

Debt Service Fund – The Debt Service Fund balance increased from \$1,350,299 to \$1,495,776 from fiscal year 2012 to fiscal year 2013. This increase is due to improved tax collection rate.

Capital Projects Fund – Total fund balance in the Capital Projects Fund increased by \$6,336,523. The increase is due to the sale of voter approved general obligation bonds for street improvements.

CAPITAL ASSETS

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$88,543,493 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

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

- Completed construction of the SE 24" Trunk Main Replacement (\$630,486).
- Completed replacement of water meters (\$133,650).
- Continued Construction of W. Bailey Boswell Road (\$2,304,270).
- Continued City Hall reconstruction (\$2,032,706).
- Completed 16" Longhorn Water Line (\$24,425).
- Began construction of the traffic signal at FM 156 and Western Center (\$298,229).
- Began construction of Opal Street Bridge (\$72,460).
- Completed W. McLeroy drainage improvements (\$90,963).
- Began design of E. Bailey Boswell Road reconstruction (\$280,354).

Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$10,251,800	\$10,247,906	\$16,657	\$5,003	\$10,268,457	\$10,252,909
Improvements	1,485,083	1,478,603	-	-	1,485,083	1,478,603
Buildings	16,711,257	16,637,598	154,587	154,587	16,865,844	16,792,185
Equipment	5,856,762	5,678,700	1,390,273	1,261,988	7,247,035	6,940,688
Infrastructure	81,123,689	81,017,625	29,947,778	29,112,139	111,071,467	110,129,764
Construction in progress	6,314,388	1,273,130	38,000	71,500	6,352,388	1,344,630
Accumulated depreciation	(54,981,294)	(52,202,144)	(9,765,487)	(9,091,608)	(64,746,781)	(61,293,752)
Total	\$66,761,685	\$64,131,418	\$21,781,808	\$21,513,609	\$88,543,493	\$85,645,027

Additional information on the City of Saginaw's capital assets can be found in Note 4 on pages 38-40.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of \$29,819,262. Of this amount, \$25,987,131 comprises bonded debt backed by the full faith and credit of the government and \$3,832,131 represents bonds secured solely by water and wastewater revenues.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligations	\$18,570,000	\$10,925,000	\$ -	\$ -	\$18,570,000	\$10,925,000
Certificates of obligation	7,200,000	8,665,000	-	-	7,200,000	8,665,000
Revenue bonds payable	-	-	3,895,000	4,455,000	3,895,000	4,455,000
Premiums on bonds	464,134	196,296	27,670	32,858	491,804	229,154
Deferred loss on refunding bonds	(247,003)	(241,686)	(90,539)	(103,788)	(337,542)	(345,474)
Total	\$25,987,131	\$19,544,610	\$3,832,131	\$4,384,070	\$29,819,262	\$23,928,680

During the fiscal year, the City's total debt increased by \$5,890,582 or 25% due the sale of general obligation bonds. The City's General Obligation Bonds, and Certificates of Obligation have a Standard and Poor's Ratings Services rating of AA-/Stable and a Moody's Investor Service underlying rating of Aa3. The Revenue bonds have a Standard and Poor's Rating of AA/Stable and a Moody's rating of Aa3.

Additional information on the City of Saginaw's long-term debt can be found on pages 40-43 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2013-2014 budget, General Fund revenues and transfers in are budgeted to increase by \$120,914 (1.0%) from the 2012-2013 adopted budget year with property tax making up 29% and sales tax making up 33% of budgeted revenues. We have budgeted a \$65,000 increase in sales tax revenues from last year's budgeted amount. Certified assessed valuations increased 5% from the preceding year. General Fund expenditures decreased by \$1,840,111 or 12.9%. The decrease is due to completion of capital projects budgeted in 2012-2013. The General Fund budget is balanced with the use of \$383,370 from the beginning fund balance for one time capital projects.

The 2013-2014 budget includes an increase of 15% in water rates and no change in wastewater rates due to changes in rates paid to the City of Fort Worth for water purchases and wastewater treatment costs. The Enterprise Fund is budgeted to break even with the use of \$1,389,220 of the beginning fund balance to be used 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 POSITION
SEPTEMBER 30, 2013**

	Primary Government			Component Unit - Saginaw Industrial Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Deposits and investments	\$ 14,267,411	\$ 6,198,883	\$ 20,466,294	\$ -
Receivables				
Taxes, net of allowance	1,017,844	-	1,017,844	-
Accounts, net of allowance	80,870	1,120,539	1,201,409	-
Other	580,313	1,887	582,200	-
Due from primary government	-	-	-	24,390
Restricted assets				
Deposits and investments	8,720,538	943,814	9,664,352	-
Deferred charges	420,740	78,306	499,046	-
Capital assets				
Land	10,251,800	16,657	10,268,457	-
Improvements	1,485,083	-	1,485,083	-
Buildings	16,711,257	154,587	16,865,844	-
Equipment	5,856,762	1,390,273	7,247,035	-
Infrastructure	81,123,689	29,947,778	111,071,467	-
Construction in progress	6,314,388	38,000	6,352,388	-
Accumulated depreciation	(54,981,294)	(9,765,487)	(64,746,781)	-
Total assets	91,849,401	30,125,237	121,974,638	24,390
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
LIABILITIES				
Accounts payable and accrued liabilities	1,287,806	681,999	1,969,805	-
Accrued interest payable	101,670	27,055	128,725	-
Due to component unit	24,390	-	24,390	-
Unearned revenue	39,500	-	39,500	-
Payable from restricted assets				
Contracts payable	1,038,750	-	1,038,750	-
Current portion of revenue bonds payable	-	446,939	446,939	-
Current portion of capital leases payable	-	235,490	235,490	-
Customer deposits	-	523,079	523,079	-
Noncurrent liabilities				
Debt due within one year	1,988,333	-	1,988,333	-
Debt due in more than one year	24,622,547	3,459,373	28,081,920	-
Total liabilities	29,102,996	5,373,935	34,476,931	-
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	49,293,064	17,714,187	67,007,251	-
Restricted for				
Debt service	1,828,513	420,735	2,249,248	-
Unrestricted	11,624,828	6,616,380	18,241,208	24,390
Total net position	\$ 62,746,405	\$ 24,751,302	\$ 87,497,707	\$ 24,390

**CITY OF SAGINAW, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General administrative offices	\$ 2,385,797	\$ -	\$ -	\$ -
Municipal court	185,237	459,209	-	-
Fire	2,858,957	80,226	57,337	-
Police	3,860,896	3,850	75,477	-
Public works	3,465,002	563,194	-	1,271,666
Parks	195,900	-	-	-
Recreation	969,556	680,961	-	-
Library	540,261	18,668	-	-
Inspection	583,930	377,646	-	-
Fleet maintenance	546,241	-	-	-
Economic development	64,779	-	-	-
Interest on long term debt	741,442	-	-	-
Total governmental activities	<u>16,397,998</u>	<u>2,183,754</u>	<u>132,814</u>	<u>1,271,666</u>
Business-type activities				
Water and wastewater	<u>7,163,429</u>	<u>8,419,089</u>	<u>-</u>	<u>88,737</u>
Total business-type activities	<u>7,163,429</u>	<u>8,419,089</u>	<u>-</u>	<u>88,737</u>
Total government	<u>\$ 23,561,427</u>	<u>\$ 10,602,843</u>	<u>\$ 132,814</u>	<u>\$ 1,360,403</u>

General revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expenses) Revenue and Changes in Net Position			Component Unit - Saginaw Industrial Development Authority
Governmental Activities	Business- type Activities	Total	
\$ (2,385,797)	\$ -	\$ (2,385,797)	\$ -
273,972	-	273,972	-
(2,721,394)	-	(2,721,394)	-
(3,781,569)	-	(3,781,569)	-
(1,630,142)	-	(1,630,142)	-
(195,900)	-	(195,900)	-
(288,595)	-	(288,595)	-
(521,593)	-	(521,593)	-
(206,284)	-	(206,284)	-
(546,241)	-	(546,241)	-
(64,779)	-	(64,779)	-
(741,442)	-	(741,442)	-
<u>(12,809,764)</u>	<u>-</u>	<u>(12,809,764)</u>	<u>-</u>
-	1,344,397	1,344,397	-
-	1,344,397	1,344,397	-
<u>\$ (12,809,764)</u>	<u>\$ 1,344,397</u>	<u>\$ (11,465,367)</u>	<u>\$ -</u>
\$ 5,750,493	\$ -	\$ 5,750,493	\$ -
5,528,937	-	5,528,937	-
1,503,183	-	1,503,183	-
82,634	-	82,634	-
21,585	-	21,585	-
16,172	7,146	23,318	23
-	12,000	12,000	-
201,147	152,392	353,539	-
909,829	(909,829)	-	-
<u>14,013,980</u>	<u>(738,291)</u>	<u>13,275,689</u>	<u>23</u>
1,204,216	606,106	1,810,322	23
<u>61,542,189</u>	<u>24,145,196</u>	<u>85,687,385</u>	<u>24,367</u>
<u>\$ 62,746,405</u>	<u>\$ 24,751,302</u>	<u>\$ 87,497,707</u>	<u>\$ 24,390</u>

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 10,029,887	\$ 1,495,776	\$ -	\$ 2,741,748	\$ 14,267,411
Receivables					
Taxes, net of allowance	770,739	13,667	-	233,438	1,017,844
Accounts	80,870	-	-	-	80,870
Other	40,412	-	456,807	83,094	580,313
Due from other funds	-	-	-	-	-
Restricted assets					
Deposits and investments	-	-	8,720,538	-	8,720,538
TOTAL ASSETS AND OTHER DEBTS	\$ 10,921,908	\$ 1,509,443	\$ 9,177,345	\$ 3,058,280	\$ 24,666,976
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,252,033	\$ -	\$ -	\$ 35,773	\$ 1,287,806
Due to component unit	24,390	-	-	-	24,390
Payable from restricted assets					
Contracts payable	-	-	1,038,750	-	1,038,750
Unearned revenue	61,094	13,667	-	-	74,761
Total liabilities	1,337,517	13,667	1,038,750	35,773	2,425,707
Fund balances					
Restricted					
Debt service	-	1,495,776	-	-	1,495,776
Capital projects	403,681	-	8,138,595	-	8,542,276
Municipal court	142,419	-	-	-	142,419
Hotel/motel tax	17,385	-	-	-	17,385
Street maintenance	-	-	-	721,837	721,837
Crime prevention	-	-	-	836,825	836,825
Drainage	-	-	-	1,139,878	1,139,878
Committed					
Donations	-	-	-	323,967	323,967
Assigned	383,370	-	-	-	383,370
Unassigned	8,637,536	-	-	-	8,637,536
Total fund balances	9,584,391	1,495,776	8,138,595	3,022,507	22,241,269
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 10,921,908	\$ 1,509,443	\$ 9,177,345	\$ 3,058,280	\$ 24,666,976

**CITY OF SAGINAW, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2013**

Total fund balances - governmental funds	\$ 22,241,269
Amounts reported for governmental activities in the statement of net position 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	66,761,685
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.	420,740
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.	(101,670)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	35,261
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>(26,610,880)</u>
Net position of governmental activities	<u><u>\$ 62,746,405</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,318,103	\$ 2,242,331	\$ -	\$ 1,339,456	\$ 12,899,890
Licenses and permits	248,764	-	-	-	248,764
Charges for services	80,226	-	-	563,194	643,420
Fines and fees	606,759	-	-	-	606,759
Interest income	10,306	1,828	1,870	2,168	16,172
Recreation income	519,857	-	-	-	519,857
Miscellaneous revenues	328,257	-	1,271,666	170,658	1,770,581
Total revenues	11,112,272	2,244,159	1,273,536	2,075,476	16,705,443
Expenditures					
Current					
General administrative office	1,855,433	-	-	488,088	2,343,521
Municipal court	184,091	-	-	-	184,091
Fire	2,671,135	-	-	-	2,671,135
Police	3,486,634	-	-	85,292	3,571,926
Public works	1,497,039	-	-	-	1,497,039
Parks	200,943	-	-	-	200,943
Recreation	737,735	-	-	-	737,735
Library	488,445	-	-	-	488,445
Inspection	602,180	-	-	-	602,180
City garage	508,511	-	-	-	508,511
Economic development	64,779	-	-	-	64,779
Capital outlay	-	-	5,066,962	276,806	5,343,768
Debt service					
Principal retirement	-	1,700,000	-	-	1,700,000
Interest charges	-	679,214	-	-	679,214
Fiscal agent's fees and debt issuance costs	-	25,825	157,998	-	183,823
Total expenditures	12,296,925	2,405,039	5,224,960	850,186	20,777,110
Excess (deficiency) of revenues over expenditures	(1,184,653)	(160,880)	(3,951,424)	1,225,290	(4,071,667)
Other financing sources (uses)					
Transfers in	1,572,750	308,500	2,129,949	-	4,011,199
Transfers out	(2,111,120)	-	-	(990,250)	(3,101,370)
Proceeds from bond refunding	-	1,180,000	-	-	1,180,000
Proceeds from bond issuance	-	-	7,895,000	-	7,895,000
Premium on bond refunding	-	39,599	-	-	39,599
Premium on bond issuance	-	-	262,998	-	262,998
Payment to escrow agent	-	(1,221,742)	-	-	(1,221,742)
Total other financing sources (uses)	(538,370)	306,357	10,287,947	(990,250)	9,065,684
Net change in fund balances	(1,723,023)	145,477	6,336,523	235,040	4,994,017
Fund Balances - beginning of year	11,307,414	1,350,299	1,802,072	2,787,467	17,247,252
Fund Balances - end of year	\$ 9,584,391	\$ 1,495,776	\$ 8,138,595	\$ 3,022,507	\$ 22,241,269

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

**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, 2013**

Net change in fund balances - total governmental funds	\$ 4,994,017
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.	5,428,818
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.	(2,798,551)
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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are capitalized and amortized in the statement of activities. This amount consists of repayments of \$1,700,000 less bond proceeds of \$7,895,000 plus issuance costs of \$180,606 less premiums of \$302,597 and amortization of \$18,298, which is the net effect of these differences in the treatment of long-term debt and related items, and \$72,750 in long-term pension obligations.	(6,408,039)
The refunding of long term debt (e.g. bonds) provides current financial resources and consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	41,742
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.	(40,713)
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>(13,058)</u>
Change in net position of governmental activities	<u>\$ 1,204,216</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2013**

	Enterprise Fund
ASSETS	
Current assets	
Deposits and investments	\$ 6,198,883
Deposits and investments-restricted	420,735
Receivables	
Accounts receivable, net of allowance of \$59,633	678,325
Unbilled accounts	442,214
Other	1,887
Total current assets	<u>7,742,044</u>
Noncurrent assets	
Capital assets, at cost	
Land and land improvements	16,657
Buildings and improvements	154,587
Waterworks and sewer system	29,947,778
Machinery and equipment	1,390,273
Construction in progress	38,000
Accumulated depreciation	<u>(9,765,487)</u>
Total capital assets, net of accumulated depreciation	21,781,808
Deferred charges	78,306
Deposits and investments-restricted	<u>523,079</u>
Total noncurrent assets	<u>22,383,193</u>
TOTAL ASSETS	30,125,237
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	681,999
Accrued interest	27,055
Revenue bonds payable	446,939
Capital lease payable	<u>235,490</u>
Total current liabilities	1,391,483
Noncurrent liabilities	
Revenue bonds payable	3,385,192
Pension obligation payable	74,181
Customer deposits	<u>523,079</u>
Total liabilities	5,373,935
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Invested in capital assets, net of related debt	17,714,187
Restricted for	
Revenue bond retirement	420,735
Unrestricted	<u>6,616,380</u>
Total net position	<u>\$ 24,751,302</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2013**

	<u>Enterprise Fund</u>
Operating revenues	
Water and sewer sales	\$ 7,014,794
Penalties	119,919
Surcharges	1,284,376
Miscellaneous	<u>152,392</u>
Total operating revenue	8,571,481
Operating expenses	
Cost of sales and services	4,454,040
Administrative	1,840,364
Depreciation	<u>673,879</u>
Total operating expenses	<u>6,968,283</u>
Operating income	1,603,198
Nonoperating revenues (expenses)	
Impact and tap fees	88,737
Investment income	7,146
Gain on sale of machinery and equipment	12,000
Interest expense and agent fees	<u>(195,146)</u>
Total nonoperating revenues (expenses)	<u>(87,263)</u>
Income before contributions and transfers	1,515,935
Transfers out	(958,329)
Transfers in	<u>48,500</u>
Change in net position	606,106
Net position, beginning of year	<u>24,145,196</u>
Net position, end of year	<u><u>\$ 24,751,302</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 8,511,262
Cash paid to employees	(778,850)
Cash paid to suppliers	(5,533,512)
	<hr/>
Net cash provided by operating activities	2,198,900
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(958,329)
Transfers from other funds	48,500
	<hr/>
Net cash used in noncapital financing activities	(909,829)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of machinery and equipment	12,000
Impact and tap fees	88,737
Principal paid on revenue bonds	(560,000)
Payments on capital lease obligations	(227,546)
Purchase of capital assets	(942,078)
Interest and fees paid on debt issuance	(176,320)
Fiscal agent fees	(1,198)
	<hr/>
Net cash used in capital and related financing activities	(1,806,405)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	7,146
	<hr/>
Net cash provided by investing activities	7,146
	<hr/>
Net change in cash	(510,188)
 Cash and cash equivalents at the beginning of the year	<hr/> 7,652,885
 Cash and cash equivalents at the end of the year	<hr/> <hr/> \$ 7,142,697

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Current Assets	Enterprise Fund Restricted Assets		Statement of Cash Flows Totals
		Current	Noncurrent	
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - beginning	\$ 6,720,117	\$ 437,166	\$ 495,602	\$ 7,652,885
Net increase (decrease)	<u>(521,234)</u>	<u>(16,431)</u>	<u>27,477</u>	<u>(510,188)</u>
Cash and cash equivalents - ending	<u>\$ 6,198,883</u>	<u>\$ 420,735</u>	<u>\$ 523,079</u>	<u>\$ 7,142,697</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income				\$ 1,603,198
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation				673,879
Decrease in accounts receivable				(87,696)
Increase in accounts payable and accrued expenses				(17,958)
Increase in customer deposits				<u>27,477</u>
Net cash provided by operating activities				<u>\$ 2,198,900</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF FIDUCIARY FUND NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2013**

	<u>Private Purpose Trust Fund</u>
ASSETS	
Deposits and investments	<u>\$ 1,077</u>
TOTAL ASSETS	<u><u>\$ 1,077</u></u>
DEFERRED OUTFLOWS OF RESOURCES	-
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Restricted for scholarships	<u>\$ 1,077</u>
TOTAL NET POSITION	<u><u>\$ 1,077</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Private Purpose Trust Fund
Additions	
Interest income	<u>\$ 2</u>
Total additions	<u> 2</u>
Deductions	
Scholarship expense	<u> 2,050</u>
Total deductions	<u> 2,050</u>
Change in net position	(2,048)
Net position, beginning of year	<u> 3,125</u>
Net position, end of year	<u><u> 1,077</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, court, 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) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. 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 there is ongoing financial benefit or burden or operational responsibility. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for 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 and the primary government has operational responsibility. 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 position 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 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 restricted 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 those funds for activities supported by user fees and charges. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. 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 position 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 total net position. 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 services, 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 Balance

The City follows Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for classification of fund balances. 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

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

funds. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications 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 in its financial statements, 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.

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

- b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by use of a resolution, 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 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. Through a resolution, 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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 position is 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 position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of September 30, 2013 consist of the following:

Deposits with financial institutions	\$ 520,666
Investments	<u>29,611,057</u>
	<u>\$ 30,131,723</u>

Disclosures Relating to Interest Rate Risk

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

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

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk – Continued

As of September 30, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 29,611,057	55 days

As of September 30, 2013, 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, 2013</u>
Texpool	\$ 29,611,057	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, 2013, 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

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

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk – Continued

Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2013, the carrying amount of the City's cash on hand and deposits were \$520,666 and the bank balance was \$1,112,459. \$250,000 of the bank balance was covered by depository insurance under the FDIC, with the remaining \$862,459 secured with securities held by pledging financial institutions.

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 3. 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	\$ 420,735
Refundable water and wastewater deposits	<u>523,079</u>
	<u>\$ 943,814</u>

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance October 1, 2012	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2013
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 10,247,906	\$ 3,894	\$ -	\$ 10,251,800
Construction in progress	1,273,130	5,041,258	-	6,314,388
Total capital assets not being depreciated	11,521,036	5,045,152	-	16,566,188
Capital assets being depreciated				
Buildings	16,637,598	73,659	-	16,711,257
Improvements	1,478,603	6,480	-	1,485,083
Infrastructure	81,017,625	106,064	-	81,123,689
Equipment	5,678,700	197,463	(19,401)	5,856,762
Total capital assets being depreciated	104,812,526	383,666	(19,401)	105,176,791
Less accumulated depreciation				
Buildings	3,791,153	483,568	-	4,274,721
Improvements	927,392	67,979	-	995,371
Infrastructure	43,111,621	1,909,015	-	45,020,636
Equipment	4,371,978	337,989	(19,401)	4,690,566
Total accumulated depreciation	52,202,144	2,798,551	(19,401)	54,981,294
Total capital assets being depreciated, net	52,610,382	(2,414,885)	-	50,195,497
Net governmental activities capital assets	<u>\$ 64,131,418</u>	<u>\$ 2,630,267</u>	<u>\$ -</u>	<u>\$ 66,761,685</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance October 1, 2012	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2013
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 5,003	\$ 11,654	\$ -	\$ 16,657
Construction in progress	71,500	668,486	(701,986)	38,000
Total capital assets not being depreciated	76,503	680,140	(701,986)	54,657
Capital assets being depreciated				
Buildings	154,587	-	-	154,587
Water and wastewater system	29,112,139	133,653	701,986	29,947,778
Equipment	1,261,988	128,285	-	1,390,273
Total capital assets being depreciated	30,528,714	261,938	701,986	31,492,638
Less accumulated depreciation				
Buildings	141,717	3,540	-	145,257
Water and wastewater system	8,127,076	600,972	-	8,728,048
Equipment	822,815	69,367	-	892,182
Total accumulated depreciation	9,091,608	673,879	-	9,765,487
Total capital assets being depreciated, net	21,437,106	(411,941)	701,986	21,727,151
Net business-type activities capital assets	<u>\$ 21,513,609</u>	<u>\$ 268,199</u>	<u>\$ -</u>	<u>\$ 21,781,808</u>

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

Governmental activities	
General administrative office	\$ 36,548
Fire	196,570
Police	262,620
Public works	1,988,333
Recreation and community services	226,093
Library	46,088
Inspections/code enforcement	5,424
Fleet maintenance	36,584
Parks	291
	<u>\$ 2,798,551</u>
Business-type activities	
Water and wastewater	<u>\$ 673,879</u>

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

NOTE 4. CAPITAL ASSETS – CONTINUED

The City has active construction projects as of September 30, 2013. Total accumulated commitments for ongoing capital projects are as follows:

Capital Projects Fund	\$1,305,504
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NOTE 5. LONG-TERM DEBT

At September 30, 2013, the City's bonds payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
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%	\$ -	\$ 575,000
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%	2,250,000	-
2006 General Obligation Refunding Bonds, dated April 1, 2006, due in annual installments through September 1, 2026, bearing interest rates of 3.9% to 4.3%	3,485,000	-
2006 Certificates of Obligation Bonds, dated October 1, 2006, due in annual installments through September 1, 2027, bearing interest rates of 4% to 5%	1,525,000	-
2006 Waterworks and Sewer System Revenue Bonds, dated October 1, 2006, due in annual installments through September 30, 2027, bearing interest rates of 4% to 4.9%	-	2,005,000

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

NOTE 5. LONG-TERM DEBT – CONTINUED

	<u>Governmental</u>	<u>Business-type</u>
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%	\$ 3,000,000	\$ -
2009 Certificates of Obligation Bonds, dated May 1, 2009, due in annual installments through September 1, 2025, bearing interest rates of 3.8% to 4.6%	1,065,000	-
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%	1,610,000	-
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%	-	1,315,000
2012 General Obligation Refunding Bonds, dated April 1, 2012, due in annual installments through September 1, 2023, bearing interest rates of 2% to 3%.	3,760,000	-
2013 General Obligation Refunding Bonds, dated August 29, 2013, due in annual installments through September 1, 2033, bearing interest rates of 2% to 4.5%	9,075,000	-
Premium on bonds	464,134	27,670
Deferred loss on refunding bonds	<u>(247,003)</u>	<u>(90,539)</u>
Total bonds payable	<u>\$ 25,987,131</u>	<u>\$ 3,832,131</u>

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

NOTE 5. LONG-TERM DEBT – CONTINUED

During 2013, the City issued \$9,075,000 in General Obligation Refunding and Improvement Bonds with an average interest rate ranging from 2% – 4.125%. \$1,180,000 was used to advance refund the outstanding Series 2002 General Obligation Refunding and Series 2004 Certificate of Obligation Bonds. The average interest rate on the bonds being refunded was 3.875%. The net proceeds of \$1,221,742 (after payment of issuance costs) were used to pay the outstanding balance on the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the government-wide statements. There is no remaining outstanding principal at September 30, 2013 related to the refunded bonds.

The City advance refunded the bonds to reduce its total debt service payments over the next 12 years by \$131,558 and to obtain an economic gain of \$117,066 (the difference between the present value of the debt service payments on the old and new debt).

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2013:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 10,925,000	\$ 9,075,000	\$ (1,430,000)	\$ 18,570,000	\$ 1,605,000
Certificates of obligation	8,665,000	-	(1,465,000)	7,200,000	370,000
Pension obligation payable	550,999	72,750	-	623,749	-
Premiums on bonds	196,296	302,597	(34,759)	464,134	34,759
Deferred loss on refunding bonds	(241,686)	(44,696)	39,379	(247,003)	(21,426)
Total Governmental Activities	<u>\$ 20,095,609</u>	<u>\$ 9,405,651</u>	<u>\$ (2,890,380)</u>	<u>\$ 26,610,880</u>	<u>\$ 1,988,333</u>
Business-type Activities					
Revenue bonds	\$ 4,455,000	\$ -	\$ (560,000)	\$ 3,895,000	\$ 455,000
Obligations under capital leases	463,036	-	(227,546)	235,490	235,490
Pension obligation payable	66,615	7,566	-	74,181	-
Premiums on bonds	32,858	-	(5,188)	27,670	5,188
Deferred loss on refunding bonds	(103,788)	-	13,249	(90,539)	(13,249)
Total Business-type Activities	<u>\$ 4,913,721</u>	<u>\$ 7,566</u>	<u>\$ (779,485)</u>	<u>\$ 4,141,802</u>	<u>\$ 682,429</u>

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 5. LONG-TERM DEBT – CONTINUED

The annual requirements to amortize all debts outstanding as of September 30, 2013, are as follows:

General Obligation Bonds

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2014	1,605,000	653,368	2,258,368
2015	1,485,000	584,901	2,069,901
2016	1,540,000	543,001	2,083,001
2017	1,470,000	499,401	1,969,401
2018	1,285,000	456,166	1,741,166
2019-2023	5,955,000	1,650,321	7,605,321
2024-2028	2,720,000	818,919	3,538,919
2029-2033	2,510,000	325,506	2,835,506
	<u>\$ 18,570,000</u>	<u>\$ 5,531,584</u>	<u>\$ 24,101,584</u>

Certificates of Obligation

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2014	370,000	292,815	662,815
2015	390,000	277,953	667,953
2016	410,000	262,140	672,140
2017	420,000	245,103	665,103
2018	445,000	228,603	673,603
2019-2023	2,550,000	862,099	3,412,099
2024-2028	2,360,000	305,294	2,665,294
2029-2033	255,000	15,400	270,400
	<u>\$ 7,200,000</u>	<u>\$ 2,489,407</u>	<u>\$ 9,689,407</u>

Revenue Bonds

Due Fiscal Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2014	455,000	144,053	599,053
2015	480,000	130,710	610,710
2016	490,000	116,463	606,463
2017	410,000	98,673	508,673
2018	240,000	84,183	324,183
2019-2023	1,110,000	272,983	1,382,983
2024-2028	710,000	72,600	782,600
	<u>\$ 3,895,000</u>	<u>\$ 919,665</u>	<u>\$ 4,814,665</u>

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

NOTE 6. 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 \$1,016,148 at September 30, 2013. Amortization expense has been included in depreciation expense for the year ended September 30, 2013.

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, 2013:

Year Ending September 30	
2014	\$ 244,127
	244,127
Less amount representing interest	8,637
Present value of net minimum lease payments	\$ 235,490

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 (\$148,997 for the General Fund and \$141,621 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.

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

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.

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:

Employee 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.

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

NOTE 8. PENSION PLAN

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.

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, 2011 valuation is effective for rates beginning January 2013). The annual pension cost and net pension obligation/(asset) are as follows:

Annual required contribution (ARC)	\$ 1,238,695
Interest on net pension obligation	49,749
Adjustment to the ARC	<u>(37,984)</u>
Annual pension cost (APC)	1,250,460
Contributions made	<u>1,170,144</u>
Increase (decrease) in net pension obligation	80,316
Net pension obligation/(asset), beginning of year	<u>617,614</u>
Net pension obligation/(asset), end of year	<u><u>\$ 697,930</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
2011	\$ 1,245,063	87%	\$ 1,080,323	\$ 507,318
2012	1,249,998	91%	1,139,702	617,614
2013	1,250,460	94%	1,170,144	697,930

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN – CONTINUED

Contributions – Continued

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	27.1 years; closed period	26.1 years; closed period	25.1 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions			
Investment rate of return*	7.0%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost of living adjustments	2.1%	2.1%	2.1%

Funding Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, 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
12/31/12	\$ 16,388,265	\$ 25,246,473	64.9%	\$ 8,858,208	\$ 6,872,664	128.9%

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

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN – CONTINUED

Funding Status and Funding Progress – Continued

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

Supplemental Death Benefits

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.

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 2013, 2012 and 2011 were \$9,402, \$9,934 and \$14,034, 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 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 monthly service charge.

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

NOTE 10. INTERFUND BALANCES AND 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	\$ 631,000
General Fund	CCPD Fund	827,500
General Fund	Drainage Utility Fund	112,000
General Fund	Donations Fund	2,250
Debt Service Fund	Enterprise Fund	308,500
Enterprise Fund	Drainage Utility Fund	48,500
Capital Project Fund	General Fund	2,111,120
Capital Project Fund	Enterprise Fund	18,829
		<u>\$ 4,059,699</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 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.
- The Donations Fund to the General Fund for reimbursement of a portion of a street light painting project.
- The General Fund to the Capital Projects Fund for reimbursement of the city hall project and Western Center/156 intersection improvements project.
- The Enterprise Fund to the Capital Projects Fund for reimbursement of the city hall project.

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.

NOTE 12. NEW ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2012, the City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective the year ending September 30, 2014. The statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This Statement applies to all state and local governmental entities. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 67, Financial Reporting for Pension Plans, which will be effective for the year ending September 30, 2014. The objective of this Statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement applies to all state and governmental entities and amends Statements 25 and 50. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the year ending September 30, 2015. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which will be effective for the year ending September 30, 2014. This Statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SAGINAW, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR
 PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM**

<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>
12/31/10	\$ 12,487,496	\$ 21,846,071	57.2%	\$ 9,358,575	\$ 6,570,499	142.4%
12/31/11	14,380,219	23,514,216	61.2%	9,133,997	6,704,335	136.2%
12/31/12	16,388,265	25,246,473	64.9%	8,858,208	6,872,664	128.9%

**CITY OF SAGINAW, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted amounts	
	Original	Final
Revenues		
Taxes	\$ 8,859,000	\$ 9,154,000
Licenses and permits	125,000	155,000
Charges for services	80,000	80,000
Fines and fees	440,000	440,000
Interest income	10,000	10,000
Recreation income	520,000	520,000
Miscellaneous revenues	337,481	364,481
Total revenues	<u>10,371,481</u>	<u>10,723,481</u>
Expenditures		
Current		
General administrative office	1,097,415	1,154,415
Municipal court	177,500	177,500
Fire	2,644,550	2,644,550
Police	3,452,500	3,452,500
Public works	878,600	1,368,600
Parks	256,180	256,180
Recreation & community services	722,250	722,250
Library	474,390	474,390
Inspections/code enforcement	609,650	609,650
Fleet maintenance	582,000	532,000
Economic development	84,035	84,035
Non-departmental	1,131,450	1,081,450
Total expenditures	<u>12,110,520</u>	<u>12,557,520</u>
Excess (deficiency) of revenues over expenditures	(1,739,039)	(1,834,039)
Other financing sources (uses)		
Operating transfers in	1,572,750	1,572,750
Operating transfers out	(2,150,000)	(2,150,000)
Total other financing sources (uses)	<u>(577,250)</u>	<u>(577,250)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,316,289)	(2,411,289)
Fund balances - beginning of year	<u>11,284,902</u>	<u>11,284,902</u>
Fund balances - end of year	<u>\$ 8,968,613</u>	<u>\$ 8,873,613</u>

Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over / (Under)
\$ 9,318,103	\$ (7,572)	\$ 9,310,531	\$ 156,531
248,764	-	248,764	93,764
80,226	-	80,226	226
606,759	(29,619)	577,140	137,140
10,306	-	10,306	306
519,857	(8,765)	511,092	(8,908)
328,257	(71,197)	257,060	(107,421)
11,112,272	(117,153)	10,995,119	271,638
1,855,433	(625,165)	1,230,268	75,853
184,091	(11,555)	172,536	(4,964)
2,671,135	(67,354)	2,603,781	(40,769)
3,486,634	(57,252)	3,429,382	(23,118)
1,497,039	(72,981)	1,424,058	55,458
200,943	(2,825)	198,118	(58,062)
737,735	(13,099)	724,636	2,386
488,445	(6,866)	481,579	7,189
602,180	(5,618)	596,562	(13,088)
508,511	(1,248)	507,263	(24,737)
64,779	-	64,779	(19,256)
-	829,397	829,397	(252,053)
12,296,925	(34,566)	12,262,359	(295,161)
(1,184,653)	(82,587)	(1,267,240)	566,799
1,572,750	-	1,572,750	-
(2,111,120)	-	(2,111,120)	38,880
(538,370)	-	(538,370)	38,880
(1,723,023)	(82,587)	(1,805,610)	605,679
11,307,414		11,284,902	-
<u>\$ 9,584,391</u>		<u>\$ 9,479,292</u>	<u>\$ 605,679</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 (deficiency) of revenues and other sources over expenditures and other uses on the budget basis to a GAAP basis are provided below:

Excess (deficiency) of revenues and other sources over expenditures and other uses – budget basis	\$ (1,805,610)
Record revenues designated for special purposes and recorded through escrow accounts	117,153
Record expenditures from funds collected for special purposes and recorded through escrow accounts	<u>(34,566)</u>
Excess of revenues and other sources over expenditures and other uses – GAAP basis	<u>\$ (1,723,023)</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF SAGINAW, TEXAS
 COMBINING BALANCE SHEET -
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
ASSETS						
Deposits and investments	\$ 22,438	\$ 646,648	\$ 1,078,480	\$ 665,661	\$ 328,521	\$ 2,741,748
Receivables						
Other	-	-	63,362	-	19,732	83,094
Taxes	-	171,011	-	62,427	-	233,438
Due to other funds	-	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 22,438	\$ 817,659	\$ 1,141,842	\$ 728,088	\$ 348,253	\$ 3,058,280
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ 3,272	\$ 1,964	\$ 6,251	\$ 24,286	\$ 35,773
Total liabilities	-	3,272	1,964	6,251	24,286	35,773
Fund balances						
Restricted						
Street maintenance	-	-	-	721,837	-	721,837
Crime prevention	22,438	814,387	-	-	-	836,825
Drainage	-	-	1,139,878	-	-	1,139,878
Committed						
Donations	-	-	-	-	323,967	323,967
Total fund balances	22,438	814,387	1,139,878	721,837	323,967	3,022,507
TOTAL LIABILITIES, AND FUND BALANCES	\$ 22,438	\$ 817,659	\$ 1,141,842	\$ 728,088	\$ 348,253	\$ 3,058,280

CITY OF SAGINAW, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue					Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	
Revenues						
Taxes	\$ -	\$ 984,839	\$ -	\$ 354,617	\$ -	\$ 1,339,456
Miscellaneous	8,524	1,000	18	-	161,116	170,658
Interest income	3	603	804	490	268	2,168
Charges for services	-	-	563,194	-	-	563,194
Total revenues	8,527	986,442	564,016	355,107	161,384	2,075,476
Expenditures						
Current						
General administrative office	-	-	43,650	299,545	144,893	488,088
Police	-	85,292	-	-	-	85,292
Capital outlay	-	83,993	144,858	-	47,955	276,806
Total expenditures	-	169,285	188,508	299,545	192,848	850,186
Excess (deficiency) of revenues over expenditures	8,527	817,157	375,508	55,562	(31,464)	1,225,290
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(827,500)	(160,500)	-	(2,250)	(990,250)
Total other financing sources (uses)	-	(827,500)	(160,500)	-	(2,250)	(990,250)
Net change in fund balances	8,527	(10,343)	215,008	55,562	(33,714)	235,040
Fund Balances - beginning of year	13,911	824,730	924,870	666,275	357,681	2,787,467
Fund Balances - end of year	<u>\$ 22,438</u>	<u>\$ 814,387</u>	<u>\$ 1,139,878</u>	<u>\$ 721,837</u>	<u>\$ 323,967</u>	<u>\$ 3,022,507</u>

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
BALANCE SHEET -
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT
SEPTEMBER 30, 2013
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Deposits and investments	\$ 646,648	\$ 675,839
Receivables		
Taxes, net	<u>171,011</u>	<u>149,568</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 817,659</u>	<u>\$ 825,407</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 3,272</u>	<u>\$ 677</u>
Total liabilities	3,272	677
Fund balances		
Restricted for crime prevention	<u>814,387</u>	<u>824,730</u>
Total fund balances	<u>814,387</u>	<u>824,730</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 817,659</u>	<u>\$ 825,407</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, 2013**

	Budgeted amounts	
	Original	Final
Revenues		
Sales taxes	\$ 900,000	\$ 900,000
Miscellaneous revenues	-	-
Interest income	1,000	1,000
Total revenues	901,000	901,000
Expenditures		
Uniforms	6,300	6,300
Data processing	40,000	40,000
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	117,600	117,600
Total expenditures	177,900	177,900
Excess (deficiency) of revenues over expenditures	723,100	723,100
Other financing sources (uses)		
Operating transfers out	(827,500)	(827,500)
Total other financing sources (uses)	(827,500)	(827,500)
Net change in fund balance	(104,400)	(104,400)
Fund Balances - beginning of year	824,730	824,730
Fund Balances - end of year	\$ 720,330	\$ 720,330

Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2012
\$ 984,839	\$ 84,839	\$ 936,569
1,000	1,000	83,441
603	(397)	777
<u>986,442</u>	<u>85,442</u>	<u>1,020,787</u>
7,034	(734)	6,689
37,270	2,730	33,235
978	22	572
-	1,000	1,046
2,223	(223)	1,536
27,933	(27,933)	66,765
9,854	146	9,149
83,993	33,607	199,867
<u>169,285</u>	<u>8,615</u>	<u>318,859</u>
817,157	94,057	701,928
<u>(827,500)</u>	<u>-</u>	<u>(812,175)</u>
<u>(827,500)</u>	<u>-</u>	<u>(812,175)</u>
(10,343)	94,057	(110,247)
<u>824,730</u>	<u>-</u>	<u>934,977</u>
<u>\$ 814,387</u>	<u>\$ 94,057</u>	<u>\$ 824,730</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, 2013
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Deposits and investments	\$ 1,495,776	\$ 1,350,299
Receivables		
Taxes, net of allowance	<u>13,667</u>	<u>19,805</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,509,443</u>	<u>\$ 1,370,104</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ -
Unearned revenue	<u>13,667</u>	<u>19,805</u>
Total liabilities	13,667	19,805
Fund balances		
Restricted for debt service	<u>1,495,776</u>	<u>1,350,299</u>
Total fund balances	<u>1,495,776</u>	<u>1,350,299</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,509,443</u>	<u>\$ 1,370,104</u>

**CITY OF SAGINAW, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted amounts	
	Original	Final
Revenues		
Current and delinquent general property tax - debt service portion	\$ 2,212,000	\$ 2,232,000
Penalties, interest and fees on delinquent taxes	6,000	6,000
Interest income	2,000	2,000
Total revenues	2,220,000	2,240,000
Expenditures		
Bond principal payments	1,700,000	1,700,000
Capital lease principal payments	228,604	228,604
Total principal payments	1,928,604	1,928,604
Bond interest	731,462	679,462
Capital lease and note interest	17,044	17,044
Fiscal charges and debt issuance costs	20,000	42,610
Total interest payments	768,506	739,116
Total expenditures	2,697,110	2,667,720
Excess (deficiency) of revenues over expenditures	(477,110)	(427,720)
Other financing sources (uses)		
Operating transfers in	308,500	308,500
Proceeds from bond refunding	-	1,180,000
Premium on bond refunding	-	40,000
Payment on bond refunding	-	(1,221,745)
Total other financing sources (uses)	308,500	306,755
Net change in fund balance	(168,610)	(120,965)
Fund Balances - beginning of year	1,350,299	1,350,299
Fund Balances - end of year	\$ 1,181,689	\$ 1,229,334

Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2012
\$ 2,232,625	\$ 625	\$ 2,312,354
9,706	3,706	3,663
1,828	(172)	2,304
<u>2,244,159</u>	<u>4,159</u>	<u>2,318,321</u>
1,700,000	-	1,610,000
-	228,604	-
<u>1,700,000</u>	<u>228,604</u>	<u>1,610,000</u>
679,214	248	836,587
-	17,044	-
25,825	16,785	104,626
<u>705,039</u>	<u>34,077</u>	<u>941,213</u>
<u>2,405,039</u>	<u>262,681</u>	<u>2,551,213</u>
(160,880)	266,840	(232,892)
308,500	-	305,965
1,180,000	-	4,445,000
39,599	(401)	215,926
(1,221,742)	3	(4,568,012)
<u>306,357</u>	<u>(398)</u>	<u>398,879</u>
145,477	266,442	165,987
<u>1,350,299</u>	<u>-</u>	<u>1,184,312</u>
<u>\$ 1,495,776</u>	<u>\$ 266,442</u>	<u>\$ 1,350,299</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 POSITION
SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Current assets		
Deposits and investments	\$ 6,198,883	\$ 6,720,117
Deposits and investments-restricted	420,735	437,166
Receivables		
Accounts receivable, net of allowance of \$59,633 in 2013 and \$62,383 in 2012	678,325	594,826
Unbilled accounts	442,214	438,017
Other	1,887	1,887
Total current assets	<u>7,742,044</u>	<u>8,192,013</u>
Noncurrent assets		
Capital assets, at cost		
Land and land improvements	16,657	5,003
Buildings and improvements	154,587	154,587
Waterworks and wastewater system	29,947,778	29,112,139
Machinery and equipment	1,390,273	1,261,988
Construction in progress	38,000	71,500
Accumulated depreciation	<u>(9,765,487)</u>	<u>(9,091,608)</u>
Total capital assets, net of accumulated depreciation	21,781,808	21,513,609
Deferred charges	78,306	87,831
Deposits and investments-restricted	<u>523,079</u>	<u>495,602</u>
Total noncurrent assets	<u>22,383,193</u>	<u>22,097,042</u>
TOTAL ASSETS	30,125,237	30,289,055
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	681,999	707,523
Accrued interest	27,055	27,013
Revenue bonds payable	446,939	551,939
Capital lease payable	<u>235,490</u>	<u>227,545</u>
Total current liabilities	1,391,483	1,514,020
Noncurrent liabilities		
Revenue bonds payable	3,385,192	3,832,131
Capital lease payable	-	235,491
Pension obligation payable	74,181	66,615
Customer deposits	<u>523,079</u>	<u>495,602</u>
Total liabilities	5,373,935	6,143,859
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	17,714,187	16,666,503
Restricted for		
Revenue bond retirement	420,735	437,166
Unrestricted		
Undesignated	<u>6,616,380</u>	<u>7,041,527</u>
Total net position	<u>\$ 24,751,302</u>	<u>\$ 24,145,196</u>

**CITY OF SAGINAW, TEXAS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>2013</u>	<u>2012</u>
Operating revenue		
Water and sewer sales	\$ 7,014,794	\$ 6,880,979
Penalties	119,919	119,404
Surcharges	1,284,376	1,374,527
Miscellaneous	<u>152,392</u>	<u>84,415</u>
Total operating revenue	8,571,481	8,459,325
Operating expenses		
Cost of sales and services	4,454,040	4,474,129
Administrative	1,840,364	1,621,895
Depreciation	<u>673,879</u>	<u>667,386</u>
Total operating expenses	<u>6,968,283</u>	<u>6,763,410</u>
Operating income	1,603,198	1,695,915
Nonoperating revenues (expenses)		
Impact and tap fees	88,737	122,824
Investment income	7,146	5,892
Gain on sale of machinery and equipment	12,000	2,835
Interest expense and agent fees	<u>(195,146)</u>	<u>(209,429)</u>
Total nonoperating revenues (expenses)	<u>(87,263)</u>	<u>(77,878)</u>
Income before contributions and transfers	1,515,935	1,618,037
Capital contributions	-	267,097
Transfers out	(958,329)	(892,965)
Transfers in	<u>48,500</u>	<u>46,695</u>
Changes in net position	606,106	1,038,864
Net Position, beginning of year	<u>24,145,196</u>	<u>23,106,332</u>
Net Position, end of year	<u>\$ 24,751,302</u>	<u>\$ 24,145,196</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 8,511,262	\$ 8,505,228
Cash paid to employees	(778,850)	(755,649)
Cash paid to suppliers	<u>(5,533,512)</u>	<u>(5,214,665)</u>
Net cash provided by operating activities	2,198,900	2,534,914
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(958,329)	(892,965)
Transfer from other funds	<u>48,500</u>	<u>46,695</u>
Net cash used in noncapital financing activities	(909,829)	(846,270)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of machinery and equipment	12,000	2,835
Impact and tap fees	88,737	122,824
Principal paid on revenue bonds	(560,000)	(535,000)
Payments on capital lease obligations	(227,546)	(219,508)
Purchase of capital assets	(942,078)	(193,066)
Interest	(176,320)	(200,298)
Fiscal agent fees	<u>(1,198)</u>	<u>(1,198)</u>
Net cash used in capital and related financing activities	(1,806,405)	(1,023,411)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>7,146</u>	<u>5,892</u>
Net cash provided by investing activities	<u>7,146</u>	<u>5,892</u>
Net change in cash	(510,188)	671,125
Cash and Cash Equivalents at the beginning of the year	<u>7,652,885</u>	<u>6,981,760</u>
Cash and Cash Equivalents at the end of the year	<u>\$ 7,142,697</u>	<u>\$ 7,652,885</u>

CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS-continued
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2012

	Current Assets	Restricted Assets	2013 Statement of Cash Flows Totals	2012 Statement of Cash Flows Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents - beginning balance	\$ 6,720,117	\$ 932,768	\$ 7,652,885	\$ 6,981,760
Net increase (decrease)	(521,234)	11,046	(510,188)	671,125
Cash and cash equivalents - ending	<u>\$ 6,198,883</u>	<u>\$ 943,814</u>	<u>\$ 7,142,697</u>	<u>\$ 7,652,885</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income			\$ 1,603,198	\$ 1,695,915
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation			673,879	667,386
(Increase) decrease in accounts receivable			(87,696)	32,614
Increase (decrease) in accounts payable and accrued expenses			(17,958)	125,710
Increase in customer deposits			27,477	13,289
Net cash provided by operating activities			<u>\$ 2,198,900</u>	<u>\$ 2,534,914</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers			\$ -	\$ 267,097

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends	68-77
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	78-81
These schedules contain information to help the reader assess one of the government's most significant local source revenues, property taxes.	
Debt Capacity	82-86
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.	
Demographic and Economic Information	87-88
This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	89-91
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.	

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 42,120,437	\$ 41,392,997	\$ 44,426,385	\$ 43,470,367
Restricted	424,345	538,608	692,411	836,097
Unrestricted	6,507,804	8,240,155	9,411,787	11,355,703
Total governmental activities net position	<u>\$ 49,052,586</u>	<u>\$ 50,171,760</u>	<u>\$ 54,530,583</u>	<u>\$ 55,662,167</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 13,528,348	\$ 14,111,336	\$ 15,258,061	\$ 13,210,135
Restricted	909,398	666,675	486,623	1,218,878
Unrestricted	4,521,022	6,083,686	7,311,453	7,922,263
Total business-type activities net position	<u>\$ 18,958,768</u>	<u>\$ 20,861,697</u>	<u>\$ 23,056,137</u>	<u>\$ 22,351,276</u>
Primary government				
Invested in capital assets, net of related debt	\$ 55,648,785	\$ 55,504,333	\$ 59,684,446	\$ 56,680,502
Restricted	1,333,743	1,205,283	1,179,034	2,054,975
Unrestricted	11,028,826	14,323,841	16,723,240	19,277,966
Total primary government net position	<u>\$ 68,011,354</u>	<u>\$ 71,033,457</u>	<u>\$ 77,586,720</u>	<u>\$ 78,013,443</u>

Table 1

2008	2009	2010	2011	2012	2013
\$ 42,189,355	\$ 41,370,363	\$ 42,319,951	\$ 44,362,424	\$ 45,854,628	\$ 49,293,064
976,011	852,265	1,300,786	1,348,022	1,384,617	1,828,513
12,696,515	12,736,406	13,800,224	13,807,108	14,302,944	11,624,828
<u>\$ 55,861,881</u>	<u>\$ 54,959,034</u>	<u>\$ 57,420,961</u>	<u>\$ 59,517,554</u>	<u>\$ 61,542,189</u>	<u>\$ 62,746,405</u>
\$ 15,203,616	\$ 16,275,619	\$ 15,624,168	\$ 16,165,325	\$ 16,699,361	\$ 17,714,187
513,882	518,066	577,205	436,461	437,166	420,735
7,090,928	5,888,777	6,249,006	6,504,546	7,008,669	6,616,380
<u>\$ 22,808,426</u>	<u>\$ 22,682,462</u>	<u>\$ 22,450,379</u>	<u>\$ 23,106,332</u>	<u>\$ 24,145,196</u>	<u>\$ 24,751,302</u>
\$ 57,392,971	\$ 57,645,982	\$ 57,944,119	\$ 60,527,749	\$ 62,553,989	\$ 67,007,251
1,489,893	1,370,331	1,877,991	1,784,483	1,821,783	2,249,248
19,787,443	18,625,183	20,049,230	20,311,654	21,311,613	18,241,208
<u>\$ 78,670,307</u>	<u>\$ 77,641,496</u>	<u>\$ 79,871,340</u>	<u>\$ 82,623,886</u>	<u>\$ 85,687,385</u>	<u>\$ 87,497,707</u>

**CITY OF SAGINAW, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Table 2
(page 1 of 4)

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General administrative office	\$ 1,018,175	\$ 1,258,791	\$ 1,662,869	\$ 1,510,834
Municipal court	122,537	139,495	175,909	173,795
Fire	1,581,919	2,000,796	2,109,883	2,357,074
Police	2,161,383	2,497,751	2,596,794	3,383,062
Public works	3,690,933	3,550,185	3,772,225	3,720,923
Recreation	262,467	664,246	742,411	1,144,105
Library	376,618	415,265	435,045	570,070
Inspection	264,101	390,154	730,758	468,160
Janitorial	66,072	77,611	80,753	62,883
Fleet maintenance	270,433	352,296	389,764	426,217
Economic development	34,316	41,947	40,825	38,076
Interest on long term debt	892,528	1,006,766	955,174	1,033,565
Total governmental activities	10,741,482	12,395,303	13,692,410	14,888,764
Business-type activities				
Water and wastewater	4,408,781	4,480,084	5,655,141	7,130,097
Total business-type activities	4,408,781	4,480,084	5,655,141	7,130,097
Total Primary government expenses	15,150,263	16,875,387	19,347,551	22,018,861
Program Revenues				
Governmental activities:				
Fines, Fees and charges for Services				
Municipal court	345,344	319,140	299,763	471,283
Fire	58,125	60,000	69,000	74,250
Police	4,274	4,837	4,064	5,615
Public works	142,969	323,534	505,705	425,386
Recreation	199,390	253,822	405,401	592,727
Library	21,094	29,330	26,373	28,630
Inspection	652,453	646,821	484,333	358,065
Operating Grants and Contributions				
General administrative offices	250	-	-	-
Fire	-	-	171,706	85,801
Police	29,940	32,331	64,226	109,999
Public Works	-	-	-	-
Capital Grants and Contributions				
Public works	38,773	-	2,970,632	87,083
Total governmental activities program revenues	1,492,612	1,669,815	5,001,203	2,238,839

Table 2
(page 2 of 4)

	2008	2009	2010	2011	2012	2013
\$	1,826,087	\$ 1,913,944	\$ 2,262,203	\$ 2,401,322	\$ 2,214,653	\$ 2,385,797
	205,773	220,745	225,191	200,323	193,082	185,237
	2,809,960	2,735,528	2,672,742	2,713,654	2,864,618	2,858,957
	3,452,302	3,519,529	3,667,446	3,698,868	3,848,768	3,860,896
	3,524,022	3,440,255	3,058,371	3,301,972	3,177,703	3,465,002
	1,108,337	1,269,148	1,086,742	1,168,490	1,078,909	1,165,456
	599,434	563,843	569,505	558,945	524,847	540,261
	510,912	542,983	579,670	589,130	565,326	583,930
	57,001	-	-	-	-	-
	556,402	426,987	440,832	538,987	566,689	546,241
	40,478	30,808	12,439	142	14,504	64,779
	1,087,088	1,049,129	1,042,557	1,015,329	866,299	741,442
	<u>15,777,796</u>	<u>15,712,899</u>	<u>15,617,698</u>	<u>16,187,162</u>	<u>15,915,398</u>	<u>16,397,998</u>
	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>	<u>6,464,532</u>	<u>6,972,839</u>	<u>7,163,429</u>
	<u>6,044,664</u>	<u>6,265,358</u>	<u>6,784,699</u>	<u>6,464,532</u>	<u>6,972,839</u>	<u>7,163,429</u>
	<u>21,822,460</u>	<u>21,978,257</u>	<u>22,402,397</u>	<u>22,651,694</u>	<u>22,888,237</u>	<u>23,561,427</u>
	421,785	422,800	436,988	408,017	476,100	459,209
	80,625	73,125	75,250	79,250	80,000	80,226
	6,505	5,536	4,359	3,889	4,814	3,850
	427,491	446,975	421,802	430,697	431,564	563,194
	638,931	650,111	640,832	659,004	669,578	680,961
	23,041	31,654	28,357	19,379	17,730	18,668
	296,169	344,831	346,402	311,149	296,414	377,646
	-	-	-	-	-	-
	374,297	541,018	310,411	151,412	76,328	57,337
	73,477	86,959	80,824	76,223	156,535	75,477
	-	-	-	-	84,999	-
	-	-	2,771,279	3,080,767	1,959,028	1,271,666
	<u>2,342,321</u>	<u>2,603,009</u>	<u>5,116,504</u>	<u>5,219,787</u>	<u>4,253,090</u>	<u>3,588,234</u>

**CITY OF SAGINAW, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Table 2
(page 3 of 4)

	Fiscal Year			
	2004	2005	2006	2007
Business-type activities				
Charges for services				
Water and wastewater	\$ 4,945,120	\$ 5,528,411	\$ 6,395,934	\$ 5,948,134
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,205,487	1,256,816	1,732,134	586,282
Total business-type activities program revenues	<u>6,150,607</u>	<u>6,785,227</u>	<u>8,128,068</u>	<u>6,534,416</u>
Total primary government program revenues	<u>7,643,219</u>	<u>8,455,042</u>	<u>13,129,271</u>	<u>8,773,255</u>
Net (Expenses) Revenue				
Governmental Activities	(9,248,870)	(10,725,488)	(8,691,207)	(12,649,925)
Business-type Activities	1,741,826	2,305,143	2,472,927	(595,681)
Total Primary governmental net expenses	<u>(7,507,044)</u>	<u>(8,420,345)</u>	<u>(6,218,280)</u>	<u>(13,245,606)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Ad valorem	4,025,691	4,316,475	4,779,910	5,018,022
Sales	2,834,150	4,155,762	5,339,856	5,551,551
Franchise taxes	903,696	1,009,157	1,190,759	1,171,259
Other taxes	3,494	4,496	9,630	13,577
Penalties and interest	38,094	25,334	19,502	25,359
Interest income	122,367	327,532	702,686	804,852
Gain on sale of assets	2,287,295	934,800	39,735	39,735
Miscellaneous revenues	78,010	518,951	397,814	535,813
Transfers	608,856	552,152	570,138	621,341
Total Governmental Activities	<u>10,901,653</u>	<u>11,844,659</u>	<u>13,050,030</u>	<u>13,781,509</u>
Business-type Activities:				
Interest income	58,715	124,748	262,208	449,755
Gain on Sale of Assets	-	-	-	-
Miscellaneous revenues	30,088	25,190	29,443	62,406
Transfers	(608,856)	(552,152)	(570,138)	(621,341)
Total Business-type Activities	<u>(520,053)</u>	<u>(402,214)</u>	<u>(278,487)</u>	<u>(109,180)</u>
Total Primary Government	<u>10,381,600</u>	<u>11,442,445</u>	<u>12,771,543</u>	<u>13,672,329</u>
Changes in Net Position				
Governmental Activities	1,652,783	1,119,171	4,358,823	1,131,584
Business-type Activities	1,221,773	1,902,929	2,194,440	(704,861)
Total Primary Government	<u>\$ 2,874,556</u>	<u>\$ 3,022,100</u>	<u>\$ 6,553,263</u>	<u>\$ 426,723</u>

Source: Comprehensive Annual Financial Reports

Table 2
(page 4 of 4)

2008	2009	2010	2011	2012	2013
\$ 6,497,059	\$ 6,550,174	\$ 6,802,875	\$ 7,973,010	\$ 8,374,910	\$ 8,419,089
-	-	-	-	-	-
287,675	94,633	564,691	76,931	389,921	88,737
<u>6,784,734</u>	<u>6,644,807</u>	<u>7,367,566</u>	<u>8,049,941</u>	<u>8,764,831</u>	<u>8,507,826</u>
9,127,055	9,247,816	12,484,070	13,269,728	13,017,921	12,096,060
(13,435,475)	(13,109,890)	(10,501,194)	(10,967,375)	(11,662,308)	(12,809,764)
740,070	379,449	582,867	1,585,409	1,791,992	1,344,397
<u>(12,695,405)</u>	<u>(12,730,441)</u>	<u>(9,918,327)</u>	<u>(9,381,966)</u>	<u>(9,870,316)</u>	<u>(11,465,367)</u>
5,152,750	5,060,742	5,456,995	5,436,698	5,758,607	5,750,493
5,786,363	4,829,521	5,002,665	4,986,291	5,365,461	5,528,937
1,258,549	1,295,929	1,256,027	1,332,768	1,552,095	1,503,183
13,437	13,580	13,773	11,791	14,968	82,634
10,778	16,990	12,622	19,516	8,350	21,585
591,222	145,855	39,895	23,208	20,389	16,172
14,166	13,030	29,731	23,609	-	-
220,521	211,380	185,473	200,262	120,803	201,147
587,323	620,016	965,950	1,029,825	846,270	909,829
<u>13,635,109</u>	<u>12,207,043</u>	<u>12,963,131</u>	<u>13,063,968</u>	<u>13,686,943</u>	<u>14,013,980</u>
229,860	69,807	15,898	8,544	5,892	7,146
-	-	31,087	2,356	2,835	12,000
74,543	44,796	104,015	89,469	84,415	152,392
<u>(587,323)</u>	<u>(620,016)</u>	<u>(965,950)</u>	<u>(1,029,825)</u>	<u>(846,270)</u>	<u>(909,829)</u>
<u>(282,920)</u>	<u>(505,413)</u>	<u>(814,950)</u>	<u>(929,456)</u>	<u>(753,128)</u>	<u>(738,291)</u>
13,352,189	11,701,630	12,148,181	12,134,512	12,933,815	13,275,689
199,634	(902,847)	2,461,937	2,096,593	2,024,635	1,204,216
457,150	(125,964)	(232,083)	655,953	1,038,864	606,106
<u>\$ 656,784</u>	<u>\$ (1,028,811)</u>	<u>\$ 2,229,854</u>	<u>\$ 2,752,546</u>	<u>\$ 3,063,499</u>	<u>\$ 1,810,322</u>

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

	2004	2005	2006	2007
General Fund				
Unreserved	\$ 5,585,720	\$ 6,704,672	\$ 8,342,180	\$ 9,670,921
Restricted				
Capital projects	-	-	-	-
Municipal court	-	-	-	-
Hotel/motel tax	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 5,585,720</u>	<u>\$ 6,704,672</u>	<u>\$ 8,342,180</u>	<u>\$ 9,670,921</u>
All Other Governmental Funds				
Reserved for:				
Reserved for construction	\$ 5,871,618	\$ 5,022,003	\$ 2,368,204	\$ 5,421,657
Reserved for debt service	388,929	505,941	632,707	789,622
Reserved for police department	18,758	16,364	16,637	9,756
Reserved for Saginaw CCPD	612,035	1,065,823	1,373,281	867,248
Reserved for drainage projects	-	117,368	194,495	417,401
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>\$ 6,891,340</u>	<u>\$ 6,727,499</u>	<u>\$ 4,585,324</u>	<u>\$ 7,505,684</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

2008	2009	2010	2011	2012	2013
\$ 10,300,997	\$ 9,989,714	\$ 10,886,568	\$ -	\$ -	\$ -
-	-	-	403,681	403,681	403,681
-	-	-	177,709	178,379	142,419
-	-	-	22,280	24,814	17,385
-	-	-	1,512,180	2,222,595	383,370
-	-	-	9,169,052	8,477,945	8,637,536
<u>\$ 10,300,997</u>	<u>\$ 9,989,714</u>	<u>\$ 10,886,568</u>	<u>\$ 11,284,902</u>	<u>\$ 11,307,414</u>	<u>\$ 9,584,391</u>
\$ 4,047,653	\$ 4,239,749	\$ 4,277,000	\$ -	\$ -	\$ -
943,269	900,810	1,121,903	-	-	-
6,467	7,510	7,916	-	-	-
1,226,873	1,056,041	989,063	-	-	-
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	1,350,299	1,495,776
-	-	-	1,795,653	1,802,072	8,138,595
-	-	-	482,269	666,275	721,837
-	-	-	948,234	838,641	836,825
-	-	-	928,878	924,869	1,139,878
-	-	-	319,242	357,682	323,967
<u>\$ 6,935,160</u>	<u>\$ 7,510,626</u>	<u>\$ 7,796,546</u>	<u>\$ 5,658,588</u>	<u>\$ 5,939,838</u>	<u>\$ 12,656,878</u>

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

	2004	2005	2006	2007
Revenues:				
Taxes	\$ 7,898,741	\$ 9,525,772	\$ 11,270,983	\$ 11,752,870
Licenses and permits	644,000	634,093	470,872	338,520
Charges for services	58,125	317,779	475,881	500,938
Fines and fees	522,134	443,175	459,755	551,067
Interest income	122,367	379,588	702,686	804,852
Rent income- recreation	122,864	327,532	342,695	528,746
Miscellaneous revenues	223,499	495,433	738,420	833,394
Total revenues	9,591,730	12,123,372	14,461,292	15,310,387
Expenditures:				
Current:				
General administrative offices	978,084	1,219,687	1,626,702	1,505,262
Municipal court	122,537	141,270	175,510	173,396
Fire	1,429,385	1,899,401	2,350,782	2,428,970
Police	2,034,128	2,396,321	2,442,792	2,863,106
Public works	751,998	793,417	933,192	1,203,546
Parks and Recreation	246,917	527,983	516,409	999,445
Library	308,733	355,829	381,868	520,671
Inspection	262,987	402,875	730,326	471,479
Janitorial	66,072	77,611	80,753	62,883
City garage	272,243	352,096	389,564	432,394
Economic development	34,316	41,947	40,825	38,076
Capital outlay	3,071,704	1,302,565	4,916,195	4,187,891
Bond sale expense	-	-	-	-
Debt Service:				
Principal retirement	1,163,421	1,371,089	1,440,343	1,570,253
Interest charges	847,374	979,779	922,820	971,387
Fiscal agent's fees and debt issuance costs	68,716	3,942	66,165	77,566
Total expenditures	11,658,615	11,865,812	17,014,246	17,506,325
Excess (deficiency) of revenues over expenditures	(2,066,885)	257,560	(2,552,954)	(2,195,938)
Other financing sources (uses)				
Capital lease proceeds	-	-	-	-
Issuance of debt	5,035,000	145,400	1,415,000	5,823,698
Bond Proceeds	-	-	-	-
Proceeds on refunding bonds	-	-	3,580,000	-
Premium on bond issuance	-	-	-	-
Payments to refunded bond escrow agent	-	-	(3,516,850)	-
Transfers in	969,913	1,030,587	1,166,457	1,244,685
Transfers out	(361,057)	(478,435)	(596,319)	(623,344)
Total other financing sources (uses)	5,643,856	697,552	2,048,288	6,445,039
Net change in fund balances	\$ 3,576,971	\$ 955,112	\$ (504,666)	\$ 4,249,101
Debt service as a percentage of noncapital expenditures	23.27%	22.73%	20.26%	19.83%

Table 4

2008	2009	2010	2011	2012	2013
\$ 12,241,907	\$ 11,395,798	\$ 11,759,167	\$ 11,796,561	\$ 12,695,493	\$ 12,899,890
272,611	305,000	303,744	208,259	263,964	248,764
500,405	520,100	497,052	509,947	511,564	643,420
492,737	499,821	508,003	530,286	526,280	606,759
591,222	145,855	39,895	23,208	20,389	16,172
569,487	544,513	487,707	526,158	530,051	519,857
741,769	957,983	3,377,019	3,669,006	1,133,483	1,770,581
<u>15,410,138</u>	<u>14,369,070</u>	<u>16,972,587</u>	<u>17,263,425</u>	<u>15,681,224</u>	<u>16,705,443</u>
1,803,525	1,855,477	2,202,389	2,412,083	2,648,603	2,343,521
205,373	216,990	219,898	196,849	191,515	184,091
2,630,835	2,552,394	2,540,632	2,419,816	2,615,170	2,671,135
3,240,527	3,350,395	3,370,025	3,417,127	3,563,149	3,571,926
924,431	1,261,954	890,697	973,762	1,353,299	1,497,039
987,201	1,051,504	841,511	927,060	848,830	938,678
497,036	523,068	512,830	501,277	470,013	488,445
494,175	524,837	555,629	572,152	554,909	602,180
57,001	-	-	-	-	-
554,219	422,368	435,274	522,760	525,903	508,511
40,478	28,571	12,439	142	14,504	64,779
1,630,028	1,227,084	4,476,313	5,582,508	979,538	5,343,768
-	-	-	-	-	-
1,825,148	1,907,758	1,452,094	1,524,223	1,610,000	1,700,000
1,044,075	1,004,545	993,891	977,169	836,587	679,214
<u>3,857</u>	<u>37,958</u>	<u>42,141</u>	<u>5,946</u>	<u>104,626</u>	<u>183,823</u>
<u>15,937,909</u>	<u>15,964,903</u>	<u>18,545,763</u>	<u>20,032,874</u>	<u>16,316,646</u>	<u>20,777,110</u>
<u>(527,771)</u>	<u>(1,595,833)</u>	<u>(1,573,176)</u>	<u>(2,769,449)</u>	<u>(635,422)</u>	<u>(4,071,667)</u>
-	-	-	-	-	-
-	1,240,000	1,790,000	-	-	7,895,000
-	-	-	-	-	-
-	-	-	-	92,914	1,180,000
-	-	-	-	-	302,597
-	-	-	-	-	(1,221,742)
1,548,513	1,835,464	2,013,286	1,980,360	1,813,360	4,011,199
(961,190)	(1,215,448)	(1,047,336)	(950,535)	(967,090)	(3,101,370)
<u>587,323</u>	<u>1,860,016</u>	<u>2,755,950</u>	<u>1,029,825</u>	<u>939,184</u>	<u>9,065,684</u>
<u>\$ 59,552</u>	<u>\$ 264,183</u>	<u>\$ 1,182,774</u>	<u>\$ (1,739,624)</u>	<u>\$ 303,762</u>	<u>\$ 4,994,017</u>
20.53%	21.08%	18.11%	17.49%	16.56%	15.50%

**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>
2003/04	4,024,112	3,938,943	97.9%	64,077	4,003,020	99.5%	21,092	0.5%
2004/05	4,302,271	4,235,430	98.4%	42,914	4,278,344	99.4%	23,927	0.6%
2005/06	4,708,777	4,623,656	98.2%	74,428	4,698,084	99.8%	10,693	0.2%
2006/07	4,992,355	4,922,329	98.6%	62,233	4,984,562	99.8%	7,793	0.2%
2007/08	5,138,154	5,081,928	98.9%	46,736	5,128,664	99.8%	9,490	0.2%
2008/09	5,241,665	5,170,741	98.6%	67,544	5,238,285	99.9%	3,380	0.1%
2009/10	5,444,770	5,390,942	99.0%	41,552	5,432,494	99.8%	12,276	0.2%
2010/11	5,436,187	5,391,855	99.2%	20,716	5,412,571	99.6%	23,616	0.4%
2011/12	5,724,960	5,691,320	99.4%	1,951	5,693,272	99.4%	31,688	0.6%
2012/13	5,739,750	5,704,489	99.4%	-	5,704,489	99.4%	35,261	0.6%

**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	
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	892,955,279	892,955,279	235,076,728	235,076,728	1,128,032,007	1,128,032,007	0.446
2009/10	873,263,617	873,263,617	264,608,841	264,608,841	1,137,872,458	1,137,872,458	0.449
2010/11	867,157,651	867,157,651	245,208,785	245,208,785	1,112,366,436	1,112,366,436	0.484
2011/12	889,390,320	889,390,320	303,309,705	303,309,705	1,192,700,025	1,192,700,025	0.480
2012/13	863,406,401	863,406,401	300,718,127	300,718,127	1,164,124,528	1,164,124,528	0.490

Note: Assessed values are established by a central appraisal district on the basis of 100% of its appraised value. 9/1 Certified Net Taxable 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
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
2011/12	0.287098	0.192902	0.480000	1.530000	0.640867	0.000000	2.650867
2012/13	0.300075	0.189925	0.490000	1.540000	0.640867	0.000000	2.670867

Note(1): Column includes 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

2013			2003		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Conagra Foods	\$ 33,861,409	2.91	Cargill	\$ 11,899,091	1.61
Ventura Foods	24,205,868	2.08	Country Home Milling	9,226,058	1.25
Walmart	23,306,165	2.00	Oncor Electric Delivery	8,190,618	1.11
Horizon Milling	21,154,474	1.82	Albertson's Inc.	7,849,144	1.07
Farmland Industries	19,499,275	1.68	Universal Forest Products	6,560,834	0.89
CTI Holdings	13,624,630	1.17	Norton Metal Products	6,483,017	0.88
BNSF Railway Company	11,901,446	1.02	Ventura Foods	6,302,901	0.86
Trinity Industries	11,133,570	0.96	Trinity Industries	6,181,111	0.84
GE Credit Corporation	10,788,176	0.93	Farmland Industries	6,064,373	0.82
Gavilon Grain	10,720,239	0.92	BNSF Railway Company	5,618,650	0.76
		<u>15.49</u>			<u>10.09</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			% of Personal Income (a)	Per Capita (b)
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Water and Sewer Bonds	Capital Leases	Pension Obligation Payable	Premiums/ Loss on Refundings	Total All types of Debt		
2003/04	15,560,000	5,895,000	208,245	5,190,000	-	-	(100,048)	26,753,197	7.94%	1,615
2004/05	14,495,000	5,620,000	322,556	4,895,000	-	-	(89,614)	25,242,942	5.54%	1,442
2005/06	16,625,000	3,770,000	262,209	4,590,000	-	-	(256,480)	24,990,729	5.22%	1,358
2006/07	15,420,000	9,220,000	270,652	6,795,000	-	-	(236,956)	31,468,696	6.22%	1,661
2007/08	14,985,000	7,910,000	190,504	6,375,000	-	-	(217,429)	29,243,075	5.69%	1,518
2008/09	12,715,000	9,595,000	107,745	5,945,000	848,700	149,894	(197,901)	29,163,438	5.65%	1,507
2009/10	11,870,000	10,865,000	19,223	5,510,000	901,489	342,578	(307,127)	29,201,163	5.61%	1,497
2010/11	10,920,000	10,310,000	-	4,990,000	682,544	507,278	(275,809)	27,134,013	5.10%	1,370
2011/12	6,695,000	12,895,000	-	4,455,000	463,036	617,614	(116,320)	25,009,330	4.66%	1,251
2012/13	18,570,000	7,200,000	-	3,895,000	235,490	697,930	154,262	30,752,682	5.69%	1,527

(a) See Schedule of Demographic Statistics on Table 14 for personal income data.

(b) See Schedule of Demographic Statistics on Table 14 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>
2003/04	16,568	736,896,290	21,567,793	2.93%	1,302
2004/05	17,510	788,788,137	20,352,028	2.58%	1,162
2005/06	18,404	913,985,248	20,404,305	2.23%	1,109
2006/07	18,950	1,025,476,543	24,676,761	2.41%	1,302
2007/08	19,260	1,117,122,137	22,870,630	2.05%	1,187
2008/09	19,350	1,128,032,007	22,355,003	1.98%	1,155
2009/10	19,500	1,137,872,458	22,884,514	2.01%	1,174
2010/11	19,801	1,112,366,436	21,524,273	1.93%	1,087
2011/12	19,995	1,192,700,025	20,095,609	1.68%	1,005
2012/13	20,140	1,164,124,528	26,610,880	2.29%	1,321

General Bonded Debt total includes Pension Obligation Payable, Premiums and Deferred Loss on Refunding Bonds.

**CITY OF SAGINAW, TEXAS
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 YEAR ENDED SEPTEMBER 30, 2013
 (Unaudited)**

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Saginaw	Amount Applicable to City of Saginaw
City of Saginaw	\$ 26,610,880	100.00	\$ 26,610,880
Subtotal: City of Saginaw direct debt			\$ 26,610,880
Eagle Mountain-Saginaw Independent School District	566,932,101	12.30	69,732,648
Tarrant County	336,134,218	0.86	2,890,754
Tarrant County Hospital District	49,780,000	0.86	428,108
Tarrant County Junior College District	14,091,612	0.86	121,188
Subtotal: overlapping debt			\$ 73,172,698
Total direct and overlapping debt			<u>\$ 99,783,578</u>
Ratio of direct and overlapping funded debt to taxable assessed valuation			<u>8.57%</u>
Per capita direct and overlapping bonded debt			<u>\$ 4,954.50</u>

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
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
2011/12	8,590,876	6,096,024	2,494,852	535,000	209,429	744,429	3.35
2012/13	8,679,364	6,294,404	2,384,960	560,000	195,146	755,146	3.16

- 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
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)**

Table 13

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 2013 was established at \$.490 per \$100 of assessed valuation based on 100% of appraised value.

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

Table 14

<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>
2003/04	16,568	336,926,848	20,336	9,431	7.00%
2004/05	17,510	455,487,630	26,013	10,413	5.50%
2005/06	18,404	478,743,252	26,013	12,573	4.60%
2006/07	18,950	505,908,150	26,697	13,423	4.30%
2007/08	19,260	514,184,220	26,697	15,292	5.50%
2008/09	19,350	516,586,950	26,697	16,087	8.30%
2009/10	19,500	520,591,500	26,697	16,663	8.40%
2010/11	19,801	531,538,044	26,844	17,180	8.30%
2011/12	19,995	536,745,780	26,844	17,600	7.80%
2012/13	20,140	540,638,160	26,844	18,132	6.00%

- Notes:
1. US Census American Community Survey
 2. Eagle Mountain-Saginaw Independent School District
 3. Bureau of Labor Statistics

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

Table 15

2013			2002		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Eagle Mountain-Saginaw ISD	2,176	25%	Eagle Mountain-Saginaw ISD	784	13%
Wal Mart	500	6%	Trinity Industries	220	4%
Trinity Industry	381	4%	International Purity	200	3%
Texas National Guard	245	3%	Universal Forest Products	165	3%
Bana Box Inc.	218	2%	Trinity Plastics	150	3%
Ventura Foods	215	2%	Cargill, Inc.	145	2%
Russo Corporation	200	2%	Bana Box Inc.	120	2%
CTI Chefco	200	2%	City of Saginaw	103	2%
Ranger Fire	200	2%	Ventura Foods	89	2%
DOS Project	189	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>2013</u>	<u>2012</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>
General government										
Administration	7	7	7	7	7	7	6	6	6	5
Municipal Court	2	2	3	3	3	3	3	2	2	2
Public Safety										
Fire	27	27	27	26	26	25	25	24	23	23
Police	44.5	44.5	43.5	43.5	49.5	51.5	46.5	42	41	37
Public Works										
Streets	9	9	11	9	9	9	9	9	8	9
Parks Maintenance (a)	2	2	0	0	0	0	0	0	0	0
Building Inspections (b)	3	3	4	4	3.5	3.5	3.5	3.5	3.5	3
Code Enforcement	2	2	0	0	0	0	0	0	0	0
Animal Control	3	3	4	4	4	4	4	4	3	3
Janitor	0	0	0	0	0	0	0	1	1	1
City Garage	2	2	2	2	2	2	2	2	2	2
Economic Development	0	0	0	0.5	1	1	1	1	1	1
Recreation and Community Services	6	6	6	8.5	8.5	9.5	9.5	8	7	6
Library	9	9	9	9	8.5	9	9	9	8.5	7
Water/Wastewater	16	16	16.5	16.5	16.5	16.5	16.5	16.5	15.5	15.5
Drainage	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	0
Total	<u>134.5</u>	<u>134.5</u>	<u>135.5</u>	<u>135.5</u>	<u>141</u>	<u>143.5</u>	<u>137.5</u>	<u>130.5</u>	<u>124</u>	<u>114.5</u>

Source: City Budgets/Human Resources
(a) Previously reported in Streets
(b) Previously reported in Bldg Inspections

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police					
Stations	1	1	1	1	1
Licensed Officers	38	38	38	39	39
Patrol units on duty at any one time	4	4	4	4	4
Fire					
Stations	2	2	2	2	2
Firefighter/paramedics	24	24	24	24	24
Library					
Number of libraries	1	1	1	1	1
Volumes in collection	56,420	55,838	54,830	53,358	50,308
Average monthly circulation	11,590	9,877	12,200	11,500	12,555
Average monthly visitors	15,485	13,749	12,967	10,356	10,356
Public works					
Streets (miles)	79.2	79.2	78.5	78.5	78.5
Streetlights	726	726	716	700	700
Parks and recreation					
Acreage	100	100	100	100	100
Parks	7	7	7	7	7
Recreation Centers	1	1	1	1	1
Senior/community Centers	2	2	2	2	2
Water					
Number of water customers	7,042	6,964	6,935	6,812	6,805
Annual water consumption (1,000 gallons)	1,032,241	1,109,997	1,174,505	1,047,830	1,047,830
Daily consumption (1,000 gallons)	2,828	3,041	3,218	2,871	2,871
Water mains (miles)	109.5	109.5	108.6	107.8	107.8
Fire hydrants	766	766	751	741	741
Storage capacity (thousands of gallons)	4,250	4,250	4,250	4,250	4,250
Wastewater					
Number of wastewater customers	6,930	6,859	6,830	6,722	6,722
Wastewater treated annually (1,000 gallons)	750,644	858,778	785,139	773,199	773,199
Sanitary sewers (miles)	79.8	79.8	79.5	79.2	79.2
Storm sewers (miles)	15.9	15.9	15.0	14.9	14.9

Sources: Various city departments.

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

Table 17

Fiscal Year				
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
1	1	1	1	1
41	39	34	30	27
4	4	4	4	4
2	2	2	2	2
24	23	23	23	20
1	1	1	1	1
54,853	53,523	51,072	49,180	47,325
13,069	12,841	12,757	12,267	11,436
8,187	7,731	7,562	6,882	6,648
78.5	78.5	78.5	75.1	73.7
700	700	740	705	685
100	100	100	100	100
7	7	7	7	7
1	1	1	1	1
2	2	2	2	2
6,750	6,741	6,611	6,384	5,966
1,061,546	907,325	1,064,548	902,676	773,380
2,908	2,485	2,916	2,473	2,119
107.8	107.6	91.7	88.9	86.7
741	739	739	714	683
4,250	2,750	2,750	2,750	2,750
6,717	6,656	6,535	6,321	5,917
788,198	889,600	684,857	675,434	756,137
79.2	79.0	76.9	74.1	73.0
14.9	14.8	14.8	13.7	13.5

**CITY OF SAGINAW, TEXAS
CONTINUING FINANCIAL DISCLOSURE TABLES
YEAR ENDED SEPTEMBER 30, 2013
(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, 2013, from the last debt issues that were sold in fiscal year ending September 30, 2013. This information is also sent to the Municipal Securities Rule Making Board (the "MSRB") or filed with the United States Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12. The information is also available to the public on the MSRB's Internet Website www.emma.msrb.org.

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

General Obligation Tables

ASSESSED VALUATION **TABLE GO-1**

2012 Actual Total Appraised Value of Taxable Property (100% of Actual)*		\$ 1,391,300,780
Less Adjustments to Market Value:		
Agriculture Productivity Value Loss	14,741,760	
Abatement	27,272,802	
Disabled and Deceased Veterans' Exemptions	4,412,186	
Freeport Property	60,925,415	
Local, Option Over-65 / Disabled	44,903,927	
Pollution Control	801,050	
Totally Exempt Property	62,559,121	
Cases before ARB, Incompletes, and Other	11,559,991	
Total Adjustments to Market Value:		227,176,252
2012 Certified Net Taxable Assessed Valuation		\$ 1,164,124,528

*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 - 2012 Certified Appraisal Roll Valuation Summary dated September 30, 2012 for calculating property tax rates and levy for the 2012-2013 Fiscal Year

GENERAL OBLIGATION BONDED DEBT **TABLE GO-2**
(As of September 30, 2013)

General Obligation Debt Principal Outstanding:		
General Obligation Bonds, Series 2004		\$ 2,250,000
General Obligation Refunding Bonds, Series 2006		3,485,000
Certificates of Obligation Bonds, Series 2006		1,525,000
Certificates of Obligation Bonds, Series 2007		3,000,000
Certificates of Obligation Bonds, Series 2009		1,065,000
Certificates of Obligation Bonds, Series 2010		1,610,000
Certificates of Obligation Refunding Bonds, Series 2012		3,760,000
General Obligation and Refunding Bonds, Series 2013		9,075,000
Total Gross General Obligation Debt Principal Outstanding:		\$ 25,770,000
Less: Self-Supporting General Obligation Debt Principal		
General Obligation Refunding & Improvement Bonds, Series 2013		\$ 34,875
Total Self-Supporting General Obligation Debt Principal		\$ 34,875
Total Net General Obligation Debt Principal Outstanding:		\$ 25,735,125
General Obligation Interest and Sinking Fund Balance as of September 30, 2013		\$ 1,495,776
Ratio of Gross General Obligation Debt Principal to 2012 Net Assessed Valuation		2.21%
Ratio of Net General Obligation Debt Principal to 2012 Net Assessed Valuation		2.21%
2012 Net Taxable Value		\$ 1,164,124,528
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; Current (Estimate) -		20,140
Per Capita 2012 Net Assessed Valuation -		\$ 57,802
Per Capita Gross General Obligation Debt Principal -		\$ 1,280
Per Capita Net General Obligation Debt Principal -		\$ 1,278

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 \$1,016,148 as of September 30, 2013.

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, 2013.

<u>Fiscal Year</u>	<u>Future Minimum Payments</u>
2014	\$ 244,127
Total minimum lease payments	\$ 244,127
Less: amount representing interest	<u>(8,637)</u>
Present value of future minimum lease payments	<u>\$ 235,490</u>

FUND BALANCES

TABLE GO-4

(As of September 30, 2013)

General Operating Fund (Undesignated)	\$ 6,132,167
General Obligation Debt Service (I&S) Fund	<u>1,495,776</u>
Special Revenue Funds	<u>3,022,507</u>
Capital Projects Fund	<u>8,138,595</u>
Enterprise Fund (Undesignated)	<u>2,552,062</u>
Revenue Bond Debt Service (I&S) Fund	<u>420,735</u>
General Fund Emergency Reserve	<u>2,250,000</u>
General Operating Fund (Designated)	<u>1,202,224</u>
Enterprise Fund Emergency Reserve	<u>1,700,000</u>
Enterprise Fund Designated	<u>2,364,318</u>
Total	<u><u>\$ 29,278,384</u></u>

PRINCIPAL TAXPAYERS 2012-2013

TABLE GO-5

Name	Type of Business	2012 Net Taxable Value	% of Total 2012 Net Taxable Value
Conagra Foods	Manufacturing	\$ 33,861,409	2.91%
Ventura Foods	Food Processing Plant	24,205,868	2.08%
Walmart	Retail	23,306,165	2.00%
Horizon Milling	Food Processing Plant	21,154,474	1.82%
Farmland Industries	Agribusiness	19,499,275	1.68%
CTI Holdings	Food Processing Plant	13,624,630	1.17%
BNSF Railway Company	Transportation	11,901,446	1.02%
Trinity Industries	Manufacturing	11,133,570	0.96%
GE Credit Corporation	Finance	10,788,176	0.93%
Gavilon Grain	Agribusiness	10,720,239	0.92%
Total		\$ 180,195,252	15.49%

2012 Net Taxable Value on Sept. 01 \$ 1,164,124,528

Source: Tarrant County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE GO-6

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections		Fiscal Year Ended
				Current	Total	
2003	736,896,290	0.5400	4,024,112	97.88%	99.48%	9-30-04
2004	788,788,137	0.5400	4,302,271	98.45%	99.44%	9-30-05
2005	913,985,248	0.5100	4,708,777	98.19%	99.77%	9-30-06
2006	1,025,476,543	0.4870	4,992,355	98.60%	99.84%	9-30-07
2007	1,117,122,137	0.4560	5,138,154	98.91%	99.82%	9-30-08
2008	1,128,032,007	0.4460	5,241,665	98.65%	99.94%	9-30-09
2009	1,137,872,458	0.4491	5,444,770	99.01%	99.77%	9-30-10
2010	1,112,366,436	0.4840	5,436,187	99.18%	99.57%	9-30-11
2011	1,192,700,025	0.4800	5,724,960	99.41%	99.45%	9-30-12
2012	1,164,124,528	0.4900	5,739,750	99.39%	99.39%	9-30-13

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

TAX RATE DISTRIBUTION

TABLE GO-7

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
General Fund	\$0.300075	\$0.2871	\$0.2856	\$0.2639	\$0.2239	\$0.2041	\$0.2421
I & S Fund	0.189925	\$0.1929	\$0.1984	\$0.1852	0.2221	0.2519	0.2449
TOTAL	\$0.490000	\$0.480000	\$0.484000	\$0.4491	\$0.4460	\$0.4560	\$0.4870

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

TABLE GO-8

	Fiscal Year Ended September 30				
	2013	2012	2011	2010	2009
Revenues:					
Taxes	\$ 9,318,103	\$ 9,102,223	\$ 8,389,939	\$ 8,350,134	\$ 7,630,775
Licenses and Permits	248,764	263,964	208,259	303,744	305,000
Charges for Services	80,226	80,000	79,250	75,250	73,125
Fines and Fees	606,759	526,280	530,286	508,003	499,821
Interest Income	10,306	13,385	14,236	20,762	82,659
Recreation Income	519,857	530,051	526,158	487,707	544,513
Miscellaneous Revenues	328,257	284,863	443,119	611,476	885,074
Total Revenues	\$ 11,112,272	\$ 10,800,766	\$ 10,191,247	\$ 10,357,076	\$ 10,020,967
Expenditures:					
Current:					
General Administrative Offices	\$ 1,855,433	\$ 2,267,349	\$ 1,965,821	\$ 1,672,724	\$ 1,611,531
Municipal Court	184,091	191,515	196,849	219,898	216,990
Fire	2,671,135	2,615,170	2,419,816	2,540,632	2,552,394
Police	3,486,634	3,444,157	3,347,094	3,330,045	3,300,624
Public Works	1,497,039	1,353,299	973,762	890,697	1,261,954
Parks	200,943	-	-	-	-
Recreation	737,735	848,830	927,060	841,511	1,051,504
Library	488,445	470,013	501,277	512,830	523,068
Inspection	602,180	554,909	572,152	555,629	524,837
Fleet Maintenance	508,511	525,903	522,760	435,274	422,368
Economic Development	64,779	14,504	142	12,439	28,571
Total Expenditures	\$ 12,296,925	\$ 12,285,649	\$ 11,426,733	\$ 11,011,679	\$ 11,493,841
Excess (Deficit) of Revenues Over Expenditures	\$ (1,184,653)	\$ (1,484,883)	\$ (1,235,486)	\$ (654,603)	\$ (1,472,874)
Other Financing Sources (Uses):					
Lease Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	1,572,750	1,507,395	1,653,165	1,611,025	1,407,896
Operating Transfers Out	(2,111,120)	-	(19,345)	(59,568)	(246,305)
Total Other Financing Sources (Uses)	\$ (538,370)	\$ 1,507,395	\$ 1,633,820	\$ 1,551,457	\$ 1,161,591
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	(1,723,023)	22,512	398,334	896,854	(311,283)
Fund Balance - Beginning of Year	11,307,414	11,284,902	10,886,568	9,989,714	10,300,997
Fund Balance - September 30	<u>\$ 9,584,391</u>	<u>\$ 11,307,414</u>	<u>\$ 11,284,902</u>	<u>\$ 10,886,568</u>	<u>\$ 9,989,714</u>

Source: The Issuer's Comprehensive Annual Financial Reports

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

Revenue Debt Tables

REVENUE BOND DEBT PRINCIPAL DATA

TABLE REV-1

(As of September 30, 2013)

Revenue Bond Debt Principal Outstanding:

Waterworks and Sewer System Revenue Bonds, Series 2001	575,000
Waterworks and Sewer System Revenue Bonds, Series 2006	2,005,000
Waterworks and Sewer System Revenue Bonds, Series 2010	1,315,000
Total Revenue Debt Principal Outstanding	\$ 3,895,000

CONDENSED WATERWORKS AND WASTEWATER SYSTEM OPERATING STATEMENT

TABLE REV-2

	Fiscal Year Ending September 30				
	2013	2012	2011	2010	2009
Revenues ^(a)	\$ 8,621,454	\$ 8,507,922	\$ 8,102,183	\$ 6,970,088	\$ 6,701,665
Expenses	6,294,404	6,096,024	5,603,937	5,766,080	5,373,031
Net Revenue Available for Debt Service	\$ 2,327,050	\$ 2,411,898	\$ 2,498,246	\$ 1,204,008	\$ 1,328,634
Annual Revenue Bond Debt Service Requirements	\$ 639,677	\$ 708,840	\$ 707,840	\$ 733,410	\$ 729,160
Revenue Debt Service Coverage	3.64 x	3.40 x	3.53 x	1.64 x	1.82 x
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 700,061	\$ 770,175	\$ 769,924	\$ 798,001	\$ 866,051
Debt Service Coverage on all Bonds Paid from System Revenues	3.32 x	3.13 x	3.24 x	1.51 x	1.53 x
Customer Count :					
Water	7,042	6,964	6,935	6,812	6,805
Wastewater	6,930	6,859	6,830	6,722	6,717
^(a) Does not include Impact Fees of:	\$ 57,909	\$ 82,953	\$ 48,127	\$ 86,608	\$ 57,745

COVERAGE OF THE BONDS

TABLE REV-3

(As of September 30, 2013)

Fiscal Year 2013 Net Revenues Available for Debt Service	\$ 2,327,050
Following the Issuance of the Bonds:	
Maximum Revenue Debt Service Requirement Excluding Self-Supporting General Obligation Debt (2015) Coverage	\$ 610,710 3.81 X
Maximum Debt Service Requirement Including Self-Supporting General Obligation Debt (2014) Coverage	\$ 636,267 3.66 X
Average Annual Revenue Debt Service Requirement Excluding General Obligation Debt (2014-2027) Coverage	\$ 343,904 6.77 X
Average Annual Debt Service Requirement Including Self-Supporting General Obligation Debt (2014-2027) Coverage	\$ 346,563 6.71 X

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

TABLE REV-4

(As of September 30, 2012)

	<u>Principal Outstanding</u>	<u>Amount of Principal Self-Supporting</u>
General Obligation Refunding & Improvement Bonds, Series 2013	\$ 9,075,000	\$ 34,875
Total	\$ 9,075,000	\$ 34,875

<u>Fiscal Year Ending Sept. 30</u>	<u>Self-Supporting General Obligation Debt Requirements</u>	<u>Waterworks and Wastewater System Debt Service</u>	<u>Total Debt Service Being Supported by Net System Revenues</u>
2014	\$ 37,214	\$ 599,053	\$ 636,267
2015	-	610,710	610,710
2016	-	606,463	606,463
2017	-	508,673	508,673
2018	-	324,183	324,183
2019	-	319,495	319,495
2020	-	319,610	319,610
2021	-	274,278	274,278
2022	-	274,800	274,800
2023	-	194,800	194,800
2024	-	193,400	193,400
2025	-	196,800	196,800
2026	-	194,800	194,800
2027	-	197,600	197,600
	<u>\$ 37,214</u>	<u>\$ 4,814,663</u>	<u>\$ 4,851,877</u>

REVENUE BONDS AUTHORIZED BUT UNISSUED

TABLE REV-5

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

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

WATER RATES

TABLE REV-6

(Based on Monthly Billing)

Rates Effective October 1, 2012	
<u>Residential</u>	
First 2,000 Gallons	\$12.13 (minimum)
3,000 to 10,000 Gallons	3.75 /M Gallons
Over 10,000 Gallons	4.00 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$12.13 (minimum)
3,000 to 8,000 Gallons	4.00 /M Gallons
Over 8,000 Gallons	4.83 /M Gallons
<u>Commercial / Industrial</u>	
First 2,000 Gallons	\$12.13 (minimum)
3,000 to 10,000 Gallons	4.00 /M Gallons
Over 10,000 Gallons	4.83 /M Gallons

PRINCIPAL WATER CUSTOMERS 2012-2013

TABLE REV-7

(As of September 30, 2013)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
CTI Foods	10,329,667	\$ 49,926
DOS Project	2,448,167	11,820
Ventura Foods	1,851,000	8,828
Eagle Mnt/Saginaw ISD	1,235,917	5,962
Saginaw Crossing Apartments	790,667	4,061
Williamsburg Village Apartments	696,250	3,734
Camelot Square Apartments	586,917	3,163
Unkuk Inc	576,583	2,779
Blueknight Energy Partners	445,333	2,152
Cargill Inc	414,167	1,996
Total	<u>19,374,667</u>	<u>\$ 94,422</u>

WASTEWATER RATES

TABLE REV-8

(Based on Monthly Billing)

Rates Effective October 1, 2012	
<u>Residential</u>	
First 2,000 Gallons	\$16.07 (minimum)
Next 18,000 Gallons	2.53 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$16.07 (minimum)
Over 2,000 Gallons	4.39 /M Gallons
<u>Commercial / Industrial (Non-Monitored)</u>	
First 2,000 Gallons	\$17.65 (minimum)
Over 2,000 Gallons	4.39 /M Gallons
<u>Commercial / Industrial (Monitored)</u>	
First 2,000 Gallons	Based on Formula
Over 2,000 Gallons	4.39 /M Gallons

PRINCIPAL WASTEWATER CUSTOMERS 2012-2013

TABLE REV-9

(As of September 30, 2013)

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
Saginaw Crossing Apartments	\$ 4,200.03
Williamsburg Apartments	4,196.05
Camelot Square Apartments	3,575.29
Unkuk Inc.	2,319.47
Eagle Mnt/Saginaw ISD	2,142.57
Trinity Industries	1,475.47
Walmart	1,385.14
Qualwash Inc.	1,327.33
Centennial Cross Pointe Center	973.57
Seema Khatter	864.91
Total	\$ 22,459.84

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>
2004	756,137	2,072	7.3 06-09-04
2005	675,434	1,850	5.0 11-23-04
2006	684,857	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	785,139	2,178	6.5 04-15-11
2012	858,778	2,353	8.2 03-20-12
2013	750,644	2,056	6.6 09-25-13