# City of Sachse, Texas

## Meeting Agenda

## City Council

| Monday, May 1, 2017 | 7:30 PM | Council Chambers |
|---|---|---|

*The Mayor and Sachse City Council request that all cell phones be turned off or set to vibrate. Members of the audience are requested to step outside the Council Chambers to respond or to conduct a phone conversation.*

The City Council of the City of Sachse will hold a Regular Meeting on Monday, May 1, 2017, at 7:30 p.m. in the Council Chambers at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas to consider the following items of business:

**Invocation and Pledges of Allegiance to U.S. and Texas Flags.**

**A. Pledge of Allegiance to the Flag of the United States of America: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands: one nation under God, indivisible, with liberty and justice for all.**

**B. Pledge of Allegiance to the Texas State Flag: Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.**

**1. CONSENT AGENDA.**

*All items listed on the consent agenda will be considered by the City Council and will be enacted on by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests.*

17-3782 Approve the minutes of the April 17, 2017 workshop meeting.

***Attachments:*** 04.17.17 Minutes Workshop

17-3783 Approve the minutes of the April 17, 2017 regular meeting.

***Attachments:*** 04.17.17 Minutes

17-3785 Approve an Interlocal Agreement with Cedar Hill, Texas for the purchase of medical goods and services.

***Attachments:*** Interlocal Agreement

17-3792 Renew standard professional services agreement with Bureau Veritas North America, Inc. for backup plan review and inspection services.

***Attachments:*** Professional Services Agreement

17-3794 Accept the Monthly Revenue and Expenditure Report for the period ending March 31, 2017.

***Attachments:*** GF 03-31-17

UF 03-31-17

DS 03-31-17

SEDC 03-31-17

Sales Tax Analysis May 2017

**2. MAYOR AND CITY COUNCIL ANNOUNCEMENTS REGARDING SPECIAL EVENTS, CURRENT ACTIVITIES, AND LOCAL ACHIEVEMENTS.**

Receive update from the Sachse Park Pals regarding the dog park.

17-3788 Recognize Michael Crank for completing his Eagle Scout project for the City of Sachse Animal Shelter.

***Attachments:*** Proclamation

17-3790 Proclamation declaring the week of May 8, 2017 Economic Development Week in the City of Sachse.

***Attachments:*** Proclamation

**3. CITIZEN INPUT.**

*The public is invited at this time to address the Council. The Mayor will ask you to come to the microphone and state your name and address for the record. If your remarks pertain to a specific agenda item, please hold them until that item, at which time the Mayor may solicit your comments. Time limit is 3 minutes per speaker. The City Council is prohibited by state law from discussing any item not posted on the agenda according to the Texas Open Meetings Act, but may take them under advisement.*

**4. REGULAR AGENDA ITEMS.**

17-3795 Consider receiving the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2016.

***Attachments:*** Presentation

9.30.2016 Final CAFR

Council and Management Letter

Financial Statement Audit Letter

Management Letter Signed Final

17-3791 Presentation of the Police Department Summer Children's Camp, "Cops and Campers".

***Attachments:*** Presentation

17-3786 Receive the 2016 Year in Review from the Fire Department.

***Attachments:*** Presentation

17-3797 Receive and discuss update of the City's Strategic Plan.

***Attachments:*** Presentation

**5. ADJOURNMENT.**

*Vision Statement: Sachse is a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home.*

The City of Sachse reserves the right to reconvene, recess or realign the regular session or called Executive Session or order of business at any time prior to adjournment.

As authorized by Section 551.072(2) of the Texas Government Code, this meeting may be convened into closed Executive Session at any time during the City Council workshop or regular meeting for the purpose of seeking confidential legal advice from the City Attorney on any workshop or regluar meeting agenda item listed herein.

Posted: April 28, 2017; 5:00 p.m.

______________________________
Michelle Lewis Sirianni, City Secretary

If you plan to attend this public meeting and you have a disability that requires special arrangements, please contact Michelle Lewis Sirianni, City Secretary, at (972) 495-1212, 48 business hours prior to the scheduled meeting date.

# City of Sachse, Texas

## Legislation Details (With Text)

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|---|---|---|---|---|---|
| **File #:** | 17-3782 | **Version:** 1 | **Name:** | April 17, 2017 Council workshop minutes. | |
| **Type:** | Agenda Item | | **Status:** | Agenda Ready | |
| **File created:** | 4/19/2017 | | **In control:** | City Council | |
| **On agenda:** | 5/1/2017 | | **Final action:** | | |
| **Title:** | Approve the minutes of the April 17, 2017 workshop meeting. | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | 04.17.17 Minutes Workshop | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
April 17, 2017 workshop minutes.

Background
Minutes of the April 17, 2017 workshop meeting.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Approve the minutes of the April 17, 2017 workshop meeting.

**CITY COUNCIL OF THE CITY OF SACHSE**

**WORKSHOP MEETING MINUTES**

**APRIL 17, 2017**

The City Council of the City of Sachse held a workshop meeting on Monday, April 17, 2017 at 6:30 p.m. at Sachse City Hall, 3815-B Sachse Road, Sachse, Texas. Those present were Mayor Mike Felix, Mayor Pro Tem Charlie Ross, Council Members Brett Franks, Paul Watkins, Bill Adams, Cullen King, and Jeff Bickerstaff. City Manager, Gina Nash; City Secretary, Michelle Lewis Sirianni; Community Development Director, Dusty McAfee; Parks and Recreation Director, Lance Whitworth; Parks and Recreation Supervisor, Cynthia Wiseman; Finance Director, Teresa Savage; Human Resources Director, Melinda Walter; Police Chief, Bryan Sylvester, and Fire Chief, Marty Wade.

Mayor Felix called the meeting to order at 6:31 p.m.

**SCHOLARSHIP APPLICATIONS:** Discuss and review the applications for the 2017 City of Sachse scholarship.

Council discussed and reviewed the applications submitted to the Parks and Recreation Department.

No further comments were made.

**COMMUNITY DEVELOPMENT REPORT:** Receive presentation regarding the 2016 Annual Community Development Report.

Mrs. Nash introduced this item stating that Community Development has put together an annual report. Mr. McAfee will provide a brief overview of the report and highlight activity that has occurred within 2016. The report will be available on the website.

Mr. McAfee stated that Community Development has been compiling monthly reports and this is the first year of the annual report. Mr. McAfee highlighted the following items located within the report: the City’s population, sales and property tax, residential development, community development, building permits and fees, code compliance, restaurant scores, awards received, top employers within Sachse, Economic Development, and CIP projects.

No further comments were made.

**ADJOURNMENT:** At 7:09 p.m. Mayor Felix adjourned the meeting.

MIKE J. FELIX, MAYOR

ATTEST:

Michelle Lewis Sirianni, City Secretary

# City of Sachse, Texas

## Legislation Details (With Text)

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|---|---|---|---|---|---|
| **File #:** | 17-3783 | **Version:** 1 | **Name:** | April 3, 2017 Council minutes. | |
| **Type:** | Agenda Item | | **Status:** | Agenda Ready | |
| **File created:** | 4/19/2017 | | **In control:** | City Council | |
| **On agenda:** | 5/1/2017 | | **Final action:** | | |
| **Title:** | Approve the minutes of the April 17, 2017 regular meeting. | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | 04.17.17 Minutes | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
April 17, 2017 regular minutes.

Background
Minutes of the April 17, 2017 regular meeting.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Approve the minutes of the April 17, 2017 regular meeting.

**CITY COUNCIL OF THE CITY OF SACHSE**

**MEETING MINUTES**

**APRIL 17, 2017**

The City Council of the City of Sachse held a regular meeting on Monday, April 17, 2017 at 7:30 p.m. in the Council Chambers at Sachse City Hall, 3815-B Sachse Road, Sachse, Texas. Those present were Mayor Mike Felix, Mayor Pro Tem Charlie Ross, Council Members Brett Franks, Paul Watkins, Bill Adams, Cullen King, and Jeff Bickerstaff. City Manager, Gina Nash; City Secretary, Michelle Lewis Sirianni; Community Development Director, Dusty McAfee; Parks and Recreation Director, Lance Whitworth; Finance Director, Teresa Savage; Human Resources Director, Melinda Walter; Director of Public Works and Engineering, Greg Peters; Fire Chief, Marty Wade, and Police Chief, Bryan Sylvester.

Mayor Felix opened the meeting at 7:34 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND STATE FLAG:** The invocation was offered by Councilman Bickerstaff and the pledges by Councilman Watkins.

**CONSENT AGENDA:** All items listed on the Consent Agenda are considered routine and will be acted on by one motion, with no separate discussion of these items unless a Council member or citizen so requests.

**17-3761 Approve the minutes of the April 3, 2017 workshop meeting.**

**17-3762 Approve the minutes of the April 3, 2017 regular meeting.**

Councilman Adams made a motion to approve items 17-3761 and 17-3762 as submitted. Councilman King seconded that motion and the motion was unanimously approved.

**MAYOR AND CITY COUNCIL ANNOUNCEMENTS REGARDING SPECIAL EVENTS:**

Mayor Pro Tem Ross stated on Saturday, April 29, the Library will host the Perot Tech Truck at 1:00 p.m., and on Tuesday, May 2 at 6:00 p.m., Knights and Princess Academy sponsored by Medieval Times.

Mayor Felix thanked the Parks and Recreation Department and all who helped with the Easter events. It was very well attended. The Vietnam Moving Wall will be here Memorial Day weekend. On June 3, Movie in the Park will show Stars Wars: The Force Awakens, and on July 3 the annual Red, White, and Blue Blast at Heritage Park.

**CITIZENS INPUT:**

Ben Peacock, 5108 Brook Hollow, thanked Council for help fixing the drainage/run-off on his property.

Bobby Tillman, 6314 Ben Road, stated the Sachse Historical Society is hosting the Vietnam Moving Wall on Memorial Day weekend. He thanked Council, staff, and all involved for the support of the event.

**REGULAR AGENDA ITEMS:**

**17-3765 Discuss and consider approval of a contract for Professional Services with Gateway Planning Group, Inc. for services of crafting zoning regulations for the PGBT and Old Town areas.**

Mrs. Nash presented this item stating that Comprehensive Plan recently approved by Council, prioritizes the framework for Old Town and PGBT areas by looking at zoning amendments. The consultant team is familiar with the City and the vision of the catalytic areas due to their involvement over the past year with the Comprehensive Plan with such crafting being a specialty. The project scope would include both the PGBT and Old Town, would involve public input and a meeting with stakeholders and staff, a joint Planning and Zoning and Council meeting with public hearings being held at a Planning and Zoning and Council meeting. Staff is recommending approval of the agreement.

Council discussed the timeline of the project with Mrs. Nash noting that the earliest being by mid to late fall or by the end of 2017.

Councilman Franks made a motion to approve a contract for Professional Services with Gateway Planning Group, Inc. for services of crafting zoning regulations for the PGBT and Old Town areas. Councilman King seconded that motion and the motion was unanimously approved.

**17-3763 Receive presentation regarding the 2016 Annual Community Development Report.**

Mayor Felix stated this item was completed in the work session.

No further comments were made.

**17-3759 Receive presentation regarding the Police Department Volunteers in Policing Program.**

Chief Sylvester presented Council with an overview of the Volunteer Police Program, which included benefits of the program, requirements, the application process, training and commitment for the volunteers, and available duties the volunteers will be assigned. Chief Sylvester stated they also will have a volunteer vehicle and uniforms for those in the field.

Council discussed how this program compares to others in surrounding communities, anticipated amount of volunteers, and resources. Council expressed their appreciation to the Police Department and individuals involved in getting the program up and going.

**17-3774 Consider approval of an amended and restated license agreement by and between the City of Sachse, Texas, and Dallas MTA, L.P. d/b/a Verizon Wireless for the construction of a cellular network device located at 6420 Sachse Road.**

Mr. Peters introduced this item stating that Verizon currently has an agreement with the City. Since the construction of the P-25 radio tower, Verizon is seeking to place their equipment on top of the water tower, which is a very common practice versus the initial standalone tower they proposed. Verizon will still need a ground storage building, which will be located near the current box trailers. There is no change to the amount received from Verizon and the City has reviewed the preliminary plans and recommends approval of the amended and restated agreement.

Council discussed if there would be any increased maintenance costs, security concerns with access, if any additional companies have requested the same and how that is coordinated, and if subleasing was permissible.

Mr. Peters addressed these concerns by stating that there would be no increased maintenance costs, that Verizon would have their own lock to the gates and could come and go as needed. However, the City could ask them to notify when they would access the premise. Additional companies could ask to have their equipment on the tower, but would be done separately per each entity and any subleasing would have to be coordinated with the City.

Council requested that additional language be added to the agreement regarding access to the premise.

Councilman Watkins made a motion to approve an amended and restated license agreement by and between the City of Sachse, Texas, and Dallas MTA, L.P. d/b/a Verizon Wireless for the construction of a cellular network device located at 6420 Sachse Road adding additional language that 'they shall notify the City before entering the premise'. Councilman Franks seconded that motion and the motion was unanimously approved.

**17-3775 Discuss infrastructure related to development in the President George Bush Turnpike (PGBT) District.**

Mrs. Nash introduced this item stating that this item is to discuss the infrastructure needs of the PGBT. Each item presented is necessary to be done, but options will be presented for the water, sewer and roads. Staff is seeking feedback on which option(s) to continue working on.

Mr. Peters presented Council with an overview of the ten year Capital Improvement Plan and Impact Fee study, which staff is currently working on with a consultant to update. The update to the study will include updated costs for all capital road, water, and sanitary sewer projects. Mr. Peters highlighted the existing and needed infrastructure for the street system. Mr. Peters stated that the Finance Department reviewed the current status of the Utility Fund and in accordance with the rate structure approved by Council in 2014, there is capacity to issue $12 million in debt service. Mr. Peters stated that it is important to note that debt issued through the Utility Fund is paid back through the water and sewer rates, and is not paid through property taxes, sales taxes, or the General Fund. Mr. Peters highlighted the existing and needed infrastructure regarding the water and sewer system. Three options were presented regarding the sewer system. The first option would fund and construct 100% of the projects totaling $11 million, the second option would fund and construct only the portions of the Sewer Capital Improvements needed to provide sewer to the PGBT totaling $6 million, and the third option would fund and construct only a portion of the PGBT sewer, with a temporary lift station and force main to facilitate development.

Mrs. Nash stated that staff is seeking feedback on moving forward with the design and construction of infrastructure needs related to development in the turnpike district specifically regarding the options presented.

Council discussed the options and how they related to construction costs, the timeframe to complete, funding/financing, and phasing option one into two phases.

Council agreed on option two with the possibility of doing option one depending on funding. Council requested more information regarding the financials of doing option one.

Mrs. Nash that staff would bring back in May a more refined plan and how to move forward regarding the infrastructure development.

**17-3776 Discuss landscaping for the upcoming construction of 5th Street and Sachse Road.**

Mr. Peters presented Council with an update of the project status for the road improvements at 5th Street and Sachse Road. The project is partnered with Dallas County for 50% of the funding for paving and drainage. The City will contribute the remaining 50% and be responsible for 100% of funding for the landscaping and utility upgrades. Mr. Peters provided examples of recently landscaped corridors that used different elements and stated that staff is looking for feedback on landscaping elements they would like to see incorporated into the project. Staff is recommending to limit grass areas to small patches and utilize drought tolerant groundcover where possible to lessen water needs, utilize mulch beds instead of decomposed granite to minimize weeds and maintenance, include trees along the trail and in the medians, select trees that do not have root structures, include flowering trees, bushes, and plants to bring color to the corridor, and maximize efficiency of irrigation with Drip irrigation and bubblers.

Council discussed cost differentials of decomposed granite versus grass, monies spent on man hours versus mowing, and seeing a centerpiece/focal point in the center of the round-about. Councilman Franks would like to see grass or some kind of centerpiece in the middle of the round-about. Councilman King likes the xeriscape option, but prefers not to use decomposed granite, but another xeriscape option that would be cost effective. Mayor Pro Tem Ross stated any low cost and low maintenance options that seem reasonable and sensible. Councilman Watkins would like to see color within the round-about and/or a centerpiece area and use drought tolerant items within the medians.

No further comments were made.

**ADJOURNMENT:**

Mayor Felix adjourned the meeting at 9:57 p.m.

____________________________________

MIKE J FELIX, MAYOR

ATTEST:

________________________________________

Michelle Lewis Sirianni, City Secretary

# City of Sachse, Texas

## Legislation Details (With Text)

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|---|---|---|---|---|---|
| **File #:** | 17-3785 | **Version:** 1 | **Name:** | Interlocal Agreement - Cedar Hill, Texas | |
| **Type:** | Agenda Item | | **Status:** | Agenda Ready | |
| **File created:** | 4/20/2017 | | **In control:** | City Council | |
| **On agenda:** | 5/1/2017 | | **Final action:** | | |

**Title:** Approve an Interlocal Agreement with Cedar Hill, Texas for the purchase of medical goods and services.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** Interlocal Agreement

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Interlocal Agreement with Cedar Hill, Texas

Background
The City of Sachse currently does not have a purchasing agreement to buy medical supplies for Emergency Medical Services. This Interlocal agreement with Cedar Hill allows for the purchase of medical supplies and other goods at reduced prices due to the buying power of the CO-OP.

Policy Considerations
None.

Budgetary Considerations
Savings of up to 20% may be realized when purchasing medical supplies.

Staff Recommendations
Approve entering into an Interlocal agreement with Cedar Hill, Texas for the purchase of medical goods and services.

**INTERLOCAL AGREEMENT**

This Interlocal Agreement ("the Agreement") is made and entered into by and between the CITY OF SACHSE, TEXAS, a municipal corporation ("the CITY") and the CITY OF CEDAR HILL, TEXAS ("the CO-OP ENTITY"), each organized and existing under the laws of the State of Texas, and acting by, through and under the authority of their respective governing bodies and official in accordance with the "Interlocal Cooperation Act," Chapter 791 of the Texas Government Code (the "Act").

WHEREAS, the CITY and the CO-OP ENTITY are both governmental entities engaged in the purchase of goods and services, which is a recognized governmental function; and

WHEREAS, the CITY and the CO-OP ENTITY wish to enter into this Agreement to set forth the terms and conditions upon which they may purchase various goods and services commonly utilized by each entity; and

WHEREAS, participation in this Agreement will be highly beneficial to the taxpayers of the CITY and the CO-OP ENTITY through the anticipated savings to be realized and is of mutual concern to the parties; and

WHEREAS, the CITY and the CO-OP ENTITY have current funds available to satisfy any fees owed pursuant to this Agreement.

NOW THEREFORE, the CITY and the CO-OP ENTITY, for and in consideration of the premises and the mutual covenants set forth in this Agreement, and the pursuant to the authority granted by the governing bodies of each of the parties herto, do hereby agree as follows:

1. The CITY and the CO-OP ENTITY may cooperate in the purchase of various goods and services commonly utilized by the parties, where available and applicable, and may purchase goods and services from vendors under present and future contracts;
2. The CITY and the CO-OP ENTITY shall each be individually responsible for payments directly to the vendor and for the vendor's compliance with all conditions of delivery and quality of the purchased items under such contracts. The CITY AND THE CO-OP ENTITY shall each make their respective payments from current revenues available to the paying party;
3. The Agreement shall be in full force and effect until terminated by either party;
4. Notwithstanding anything herein to the contrary, participation in this Agreement may be terminated by either party upon thirty (30) days written notice to the other party;
5. The undersigned officer and/or agents of the party(ies) hereto are duly authorized officials and possess the requisite authority to execute this Agreement on behalf of the parties;
6. This Agreement may be executed separately by the parties, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement to be effective upon execution and dating by each party. This Agreement shall be effective from the last date signed and marked on this Agreement by a participating party.

**APPROVED BY THE CITY COUNCIL OF THE CITY OF SACHSE, TEXAS:**

**BY:**

_______________________________________________ DATE:_________________________

Gina Nash (or Her Designee), CITY MANAGER

**APPROVED AS TO FORM:**

_______________________________________________

CITY ATTORNEY

APPROVED BY _________________________________________________________________

**BY:**

_______________________________________________ DATE:_________________________

**ATTEST:**

_______________________________________________

# City of Sachse, Texas

## Legislation Details (With Text)

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|---|---|---|---|
| **File #:** | 17-3792 **Version:** 1 | **Name:** | Bureau Veritas PSA 5-01-17 |
| **Type:** | Agenda Item | **Status:** | Agenda Ready |
| **File created:** | 4/24/2017 | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | **Final action:** | |
| **Title:** | Renew standard professional services agreement with Bureau Veritas North America, Inc. for backup plan review and inspection services. | | |
| **Sponsors:** | | | |
| **Indexes:** | | | |
| **Code sections:** | | | |
| **Attachments:** | Professional Services Agreement | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Renew standard professional services agreement with Bureau Veritas North America, Inc. for backup plan review and inspection services.

Background
- The City contracts with Bureau Veritas for emergency backup plan review and building inspections.
- The current contract has expired.
- The standard professional services agreement revises the contract term to be on-going, yet with standard protection clauses that allow for early termination by Client and other typical clauses, as developed by the City's legal counsel.
- Bureau Veritas fees will remain the same

Policy Considerations
- N/A

Budget Considerations
- The FY17 budget includes funding for services performed under this contract.

Next Steps
- Renew the standard professional services agreement with Bureau Veritas North America, Inc. for backup plan review and inspection services.

# STANDARD PROFESSIONAL SERVICES AGREEMENT

This STANDARD PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this__________ day of ____________________, 2017, by and between Bureau Veritas North America, Inc., (herein called "BVNA"), and the City of Sachse, Texas, (herein called "Client" or "City").

## RECITALS

WHEREAS, the Client desires that BVNA provide independent professional services for Client under the terms of a Standard Professional Services Agreement;

WHEREAS, BVNA represents that it is a professional independent consulting firm and is willing and able to perform such services upon terms and conditions hereinafter set forth;

WHEREAS, all services will be conducted in accordance with these terms and conditions and the agreed upon Scope of Services and Fee Schedule the forms of which are attached as Attachments "A" and "B" respectively.

NOW, THEREFORE, in consideration of the foregoing and of the benefits to each of the parties accruing, the parties hereto do mutually agree as follows:

## AGREEMENT

1. **Scope of Services.** During the term of this Agreement, Client may call upon BVNA to perform specific work from the scope to be defined per project in accordance with the agreed upon fees. Individual projects may be delineated via a specific proposal in accordance with the terms and conditions set forth in this Agreement. BVNA agrees to furnish services in conformity with the terms hereof and the following documents which are incorporated by reference and made a part hereof. No subsequent amendment to this Agreement shall be binding on either BVNA or Client unless reduced to writing and signed by an authorized Representative of BVNA and Client. Any pre-printed forms including, but not limited to: purchase orders, shipping instructions, or sales acknowledgment forms of either party containing terms or conditions at variance with or in addition to those set forth herein shall not in any event be deemed to modify or vary the terms of this Standard Professional Services Agreement.

2. **Term.** This Agreement shall remain in effect from the effective date of the Agreement unless terminated by written notice to the other party at least thirty (30) days prior to termination.

3. **Compensation.** Client shall pay, and BVNA shall accept in full consideration for the performance of the Services, the sum of the reimbursable costs submitted per proposal in accordance with the agreed upon fee schedule per project.

4. **Terms of Payment.** BVNA shall invoice Client and Client shall pay to BVNA for its consulting services as follows:

   (a) Fees and all other charges will be billed to Client monthly.

   (b) Fees shall be paid by Client within thirty (30) days of being invoiced by BVNA. If the invoice is not paid within such period, Client shall be liable to BVNA for a late charge accruing from the date of such invoice to the date of payment at the lower of eighteen (18) percent per annum or the maximum rate allowed by law.

   (c) If Client fails to pay any invoice fully within thirty (30) days after invoice date, BVNA may, at any time, and without waiving any other rights or claims against Client and without thereby incurring any liability to Client, elect to terminate performance of services immediately following written notice from BVNA to Client. Notwithstanding any such termination of services, Client shall pay BVNA for all services rendered by BVNA up to the date of termination of services plus all interest, termination costs and expenses incurred by BVNA. Client shall reimburse BVNA for all costs and expenses of collection, including reasonable attorney's fees.

5. **Responsibilities of Client.** Client shall, at such times as may be reasonably required by BVNA for the successful and continuous prosecution of the services set forth in Attachment A (referred to as "Services"), do the following:

(a) Where the performance of the Services require BVNA's presence on the Client's premises, provide adequate space on or in the immediate vicinity of where the Services are to be performed ("Site") to accommodate BVNA's needs;

(b) Provide and maintain suitable access to the Site for BVNA's personnel, equipment and materials;

(c) Supply permits and licenses required to be taken out in Client's name which are necessary to the completion of the Services;

(d) Appoint an individual hereafter referred to as "Client's Project Manager" who shall be authorized to act on behalf of Client and with whom BVNA may consult at reasonable times.

6. **Ownership of Documents.** All plans, studies, documents and other writings prepared by BVNA, its officers, Employees, agents and subcontractors in the course of implementing this Agreement are "works for hire" and shall upon payment become the property of the City. City shall have the right to publish, disclose, distribute and otherwise use such materials and reports. In the event of any re-use or alteration of the documents, such re-use or alteration shall be the responsibility of Client. BVNA shall upon completion of the services, or earlier termination, provide the City with reproductions of all materials, reports, and exhibits prepared by BVNA pursuant to this Agreement, and in electronic format if requested by the City. The Client acknowledges that all intellectual property rights related to the performance of the Agreement, including but not limited to the names, service marks, trademarks, inventions, logos and copyrights of BVNA and its affiliates, (collectively, the "**Rights**") are and shall remain the sole property of BVNA or its affiliates.

7. **Use of Data or Services.** BVNA shall not be responsible for any loss, liability, damage, expense or cost arising from any use of BVNA's analyses, reports, certifications, advice or reliance upon BVNA's services, which is contrary to, or inconsistent with, or beyond the provisions and purposes set forth therein or included in these Terms and Conditions. Client understands and agrees that BVNA's analyses, reports, certifications and services shall be and remain the property of BVNA and shall be used solely by the Client, and only the Client is allowed to rely on such work product. If the Client re-uses or modifies or a third party relies on the services, analyses, reports or certifications without BVNA's written permission, then Client agrees to defend and indemnify BVNA from any claims or actions that are brought and any costs, damages, expenses or liabilities, including reasonable attorneys' fees, arising out of or related to such reliance or such re-use or modification. The Client recognizes that data, documents, or other information recorded on or transmitted as electronic media are subject to undetectable alteration, either intentional or unintentional due to, among other causes, transmission, conversion, media degradation, software error, or human alteration. Accordingly, any electronic documents provided to the Client are for informational purposes only and are not intended as an end-product. BVNA makes no warranties, either expressed or implied, regarding the fitness or suitability of the electronic documents. Accordingly, the Client agrees to waive any and all claims against BVNA and BVNA's Consultants relating in any way to the unauthorized use, reuse or alteration of the electronic documents.

8. **Relationship of Parties.** BVNA is an independent contractor, and nothing contained herein shall be construed as constituting any other relationship with Client, nor shall it be construed as creating any relationship whatsoever between Client and BVNA's employees. BVNA shall not be entitled, under this contract or otherwise, to any of the benefits under any employee benefit plan which Client or its affiliates or subsidiaries presently has in effect or may put into effect; nor will BVNA be considered an employee for purposes of any tax or contribution levied by any federal, state or local government. BVNA has sole authority and responsibility to hire, fire and otherwise control its employees, and neither BVNA nor any of its employees are employees of Client. BVNA agrees to comply with laws, rules, regulations and ordinances applicable to it as an employer.

9. **Standard of Care. BVNA REPRESENTS THAT THE SERVICES, FINDINGS, RECOMMENDATIONS AND/OR ADVICE PROVIDED TO CLIENT WILL BE PREPARED, PERFORMED, AND RENDERED IN ACCORDANCE WITH PROCEDURES, PROTOCOLS AND PRACTICES ORDINARILY EXERCISED BY PROFESSIONALS IN BVNA'S PROFESSION FOR USE IN SIMILAR ASSIGNMENTS, AND PREPARED UNDER SIMILAR CONDITIONS AT THE SAME TIME AND LOCALITY. CLIENT ACKNOWLEDGES AND AGREES THAT BVNA HAS MADE NO OTHER IMPLIED OR EXPRESSED REPRESENTATION, WARRANTY OR CONDITION WITH RESPECT TO**

**THE SERVICES, FINDINGS, RECOMMENDATIONS OR ADVICE TO BE PROVIDED BY BVNA PURSUANT TO THIS AGREEMENT.**

10. **Indemnity.** Subject to the Limitation of Liability included in this Agreement, BVNA shall indemnify, defend and hold harmless Client from and against losses, liabilities, and reasonable costs and expenses (for property damage and bodily injury, including reasonable attorney's fees), to the extent directly and proximately arising from BVNA's negligent performance of services or material breach under this Agreement Client shall defend, indemnify and hold harmless BVNA, its employees, directors, officers, and agents, from and against claims, losses, liabilities, and reasonable costs and expenses (including reasonable attorney's fees) that are: i) related to, or caused by the negligence or willful misconduct of Client, its employees, or agents; ii) related to this Agreement or the work to be performed by BVNA for which BVNA is not expressly responsible; or iii) the expressed responsibility of the Client under this Agreement.

11. **Intentionally Omitted.**

12. **Consequential and Punitive Damages.** Neither BVNA nor Client shall be liable under any circumstances for loss of profits, loss of product, consequential damages of any kind, indirect damages of any kind or special damages of any kind to the other party, or to any third party. No punitive or exemplary damages of any kind shall be recoverable against either party under any circumstances.

13. **Insurance.** BVNA, at BVNA's own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance Policies with insurers possessing a Best's rating of no less than A:VII:

(a) **Workers' Compensation Coverage:** BVNA shall maintain Workers' Compensation and Employer's Liability Insurance for its employees in accordance with the laws of the state where the services are being performed. Any notice of cancellation or non-renewal of all Workers' Compensation policies will be sent to the Client in accordance with the policy provisions.

(b) **General Liability Coverage:** BVNA shall maintain Commercial General Liability insurance in an amount not less than one million dollars ($1,000,000) per occurrence for bodily injury, personal injury and property damage.

(c) **Automobile Liability Coverage:** BVNA shall maintain Automobile Liability insurance covering bodily injury and property damage for activities of BVNA employee arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount not less than one million dollars ($1,000,000) combined single limit for each occurrence.

(d) **Professional Liability Coverage:** BVNA shall maintain Professional Errors and Omissions Liability for protection against claims alleging negligent acts, errors or omissions which may arise from BVNA's services under this Agreement. The amount of this insurance shall not be less than one million dollars ($1,000,000) on a claims-made annual aggregate basis.

BVNA shall name Client as additional insured and other parties that it deems appropriate to be additionally insured under BVNA's Commercial General Liability policy and Automobile Liability policy, if requested to do so by Client. The Client, on its own behalf and on the behalf of any others that are named as additionally insured at Client's request, agrees that providing such insurance or the additional insured endorsement shall in no way be construed as an assumption by BVNA of any liability for the negligence or willful misconduct or any wrongful behavior on the part of Client or others that are named additionally insured. Client shall name BVNA as additional insured on its Builder's Risk policy.

14. **Cause of Action.** If Client makes a claim against BVNA, for any alleged error, omission, or other act arising out of the performance of its professional services and to the extent the Client fails to prove such claim, then the Client shall pay all costs including attorney's fees incurred by BVNA in defending the claim. Any cause of action brought against BVNA shall be brought within one (1) year of the work or services performed under this Agreement.

15. **Compliance with Laws.** BVNA shall use the standard of care in its profession to comply with all applicable Federal, State and local laws, codes, ordinance and regulations in effect as of the date services provided.

16. **Resolution of Disputes.** All claims, disputes, controversies or matters in question arising out of, or relating to,

this Agreement or any breach thereof, including but not limited to disputes arising out of alleged design defects, breaches of contract, errors, omissions, or acts of professional negligence, except those disputes which arise out of or are related to collection matters or fees alone under this Agreement, (collectively "Disputes") shall be submitted to non-binding mediation before and as a condition precedent to the initiation of legal proceedings. In no event shall any Disputes be subject to binding arbitration. Upon written request by either party to this Agreement for mediation of any dispute, Client and BVNA shall select a neutral mediator by mutual agreement. Such selection shall be made within ten (10) calendar days of the date of receipt by the other party of the written request for mediation. In the event of failure to reach such agreement or in any instance when the selected mediator is unable or unwilling to serve and a replacement mediator cannot be agreed upon by Client and BVNA within ten (10) calendar days, a mediator shall be chosen as specified in the Mediation Rules of the American Arbitration Association then in effect, or any other appropriate rules upon which the parties may agree.

17. **Choice of Forum.** This Agreement shall be governed by and construed in accordance with the laws of the state of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

18. **Releases.** All lien releases will be limited to payment issues; no additional terms and conditions may be added to a release of lien.

19. a. **Termination for Convenience.** Either party may terminate the Services under this Agreement other than by reason of default, at any time, by sending written notice thereof thirty (30) days in advance of the termination date. Upon such termination, Client shall pay BVNA for the Services performed to and including the date of termination. In addition, Client shall pay BVNA for any materials, supplies or equipment which are in transit or under commitment; all other fees and expenses BVNA incurs because of the termination; and a termination charge which, in the absence of agreement to the contrary, shall be ten percent (10%) of the amount which would be required to compensate BVNA for completing the Services.

b. **Termination for Cause.** BVNA may suspend or terminate the Services under this Agreement for cause upon thirty (30) days written notice to Client in the event Client fails to substantially perform Client's obligations under this Agreement. Such failure by Client shall include, but is not limited to, the failure to make payments to BVNA in accordance with the requirements of this Agreement. Client may suspend or terminate the Services under this Agreement for cause upon thirty (30) days written notice to BVNA in the event BVNA fails to substantially perform BVNA's obligations under this Agreement. Such failure shall include, but is not limited to, BVNA's failure to perform the Services under this Agreement in accordance with the standard of care set forth in this Agreement. Upon receipt of written notice, the receiving party shall have thirty (30) days to cure the failure. In the event either party terminates this Agreement for cause and it is later determined or agreed that the non-terminating party had not failed to substantially perform its obligations under the Agreement, the termination shall be treated as a termination for convenience.

c. **Termination by Client.** If the Client terminates this agreement without cause, the Client shall have two options concerning work and assignments that are in-progress. The Client shall select from: (1) Allowing BVNA the opportunity to complete all work and assignments in-progress that may be completed by another provider after the effective date of BVNA's termination; or (2) Providing BVNA with a complete and unconditional release from any and all liability and indemnification requirements regarding all work and assignments that remain in-progress upon BVNA's termination effective date. In the event that Client is silent on termination or does not make an affirmative selection, option (2) providing BVNA with a complete and unconditional release from any and all liability and indemnification requirements will be the default and active selection.

d. **Termination by BVNA.** If BVNA terminates without cause, BVNA will provide client with a thirty (30) day transition period from the notice of termination to allow Client sufficient time to secure a new Service Provider. During this transition period, BVNA and Client's responsibilities under this agreement will remain in full force and effect. At the end of the thirty (30) day transition period BVNA will cease all activities. In the event Client shall request BVNA to continue to provide any Services beyond the expiration of the transition period, including any extensions, then BVNA and Client may negotiate in good faith terms of any such extension, including the pricing of Services

20. **Force Majeure.** A delay in, or failure of, performance of either party hereto shall not constitute a default hereunder or give rise to any claim for damage if and to the extent such delay or failure is caused by (an) occurrence(s) beyond the reasonable control of the party affected, including, but not limited to, act(s) of God, or the public enemy,

expropriation or confiscation of facilities or compliance with any order or request of governmental authority or person(s) purporting to act therefore affecting to a degree not presently existing the supply, availability, or use of engineering personnel or equipment, act(s) of war, public disorder(s), insurrection(s), rebellion(s), or sabotage, flood(s), riot(s), strike(s), or any cause(s), whether or not of the class or kind of those specifically named above, not within the reasonable control of the party affected, and which, by the exercise of reasonable diligence, said party is unable to prevent. A party who is prevented from performing for any reason shall immediately notify the other party in writing of the cause of such non-performance and the anticipated extent of the delay.

21. **Audit.** Client shall have the right during the course of the Work and until one (1) year after acceptance of the Services to audit BVNA's books and records relating to the costs to be reimbursed pursuant to Article 3. BVNA shall, during the progress of the Services, provide Client with evidence of payment for and records of receipt of materials, supplies and equipment as they become available and are presented for payment, together with such other data as Client may reasonably request.

22. **Remedies.** The obligations and remedies provided herein are exclusive and in lieu of any other rights or remedies available at law or in equity.

23. **Waiver.** No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.

24. **Written Notification.** Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing and either served personally or sent prepaid, first class mail. Any such notice, demand, etc., shall be addressed to the other party at the address set forth herein below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this section.

| | |
|---|---|
| *If to Client:* | City Manager<br>3815-B Sachse Road<br>Sachse, TX 75048 |
| *If to BVNA:* | Bureau Veritas North America, Inc.<br>Attn: Contract Processing<br>1000 Jupiter Road, Suite 800<br>Plano, Texas 75074 |
| *With cc to:* | Bureau Veritas North America, Inc.<br>Attention: Legal Department<br>1601 Sawgrass Corporate Parkway, Suite 400<br>Fort Lauderdale, FL 33323 |

25. **Confidential Information.** Neither party shall disclose information identified as confidential to anyone except those individuals who need such information to perform the Services; nor should either party use such confidential information, except in connection with the Work, the performance of the Services or as authorized by the other party in writing. Regardless of the term of this Agreement, each party shall be bound by this obligation until such time as the confidential information shall become part of the public domain. Confidential information shall not include information which is either: (i) known to the public; (ii) was known to the receiving party prior to its disclosure; or (iii) received in good faith from a third party. If either party is required to produce information by valid subpoena or Court order, parties agree to first provide prompt notice to other party in order to allow the party to seek a protective order or other appropriate remedy. This shall not prevent either party from disclosing information to the extent reasonably necessary to substantiate a claim or defense in any adjudicatory proceeding. Client agrees that BVNA shall be permitted to use Client's name and logos in BVNA's marketing materials unless advised or prohibited against it by the Client in writing. The technical and pricing information contained in any proposal or other documents submitted to Client by BVNA is to be considered confidential and proprietary and shall not be released or disclosed to a third party without BVNA's written consent.

26. **Miscellaneous.** This Agreement constitutes the entire agreement between the parties and shall supersede other agreements and representations made prior to the date hereof. No amendments to this contract or changes in the Scope of the Services shall be valid unless made in writing and signed by the parties. Pre-printed terms and conditions (including, but not limited to, waivers of rights and remedies, and variations from any of the warranty, guarantee, standard of care, indemnity, and liability provisions) contained in purchase orders, work orders, invoices or other documents issued by Client with respect to any Services shall have no force or effect and shall be superseded by the terms and conditions herein. The captions in this Agreement are for purposes of convenience only and form no part of this Agreement. In no event shall they be deemed to limit or modify the text of this Agreement. The invalidity or unenforceability of any portion(s) or provision(s) of this Agreement shall in no way affect the validity or enforceability of any other portion(s) or provision(s) hereof. Any invalid or unenforceable provision(s) shall be severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain a particular portion(s) or provision(s) held to be invalid or unenforceable. In the event the terms and conditions of this Standard Professional Services Agreement conflict with the terms and conditions of any other agreement, this Agreement shall govern and control over any such conflicts.

**27. Non-Solicitation / Hiring of Employees.**

(a) To promote an optimum working relationship, the Client agrees in good faith that for the term of this Agreement and one year after the completion or termination of the Agreement not to directly or indirectly employ or otherwise engage any current employee of BVNA or any former employee of BVNA who left the employ of BVNA within the six (6) months prior to and including the date of the execution of the Agreement. The loss of any such employee would involve considerable financial loss of an amount that could not be readily established by BVNA. Therefore, in the event that Client should breach this provision and without limiting any other remedy that may be available to BVNA, the Client shall pay to BVNA a sum equal to the employee's current annual salary plus twelve (12) additional months of the employee's current annual salary for training of a new employee as liquidated damages.

(b) BVNA's employees shall not be retained as expert witnesses except by separate written agreement. Client agrees to pay BVNA's legal expenses, administrative costs and fees pursuant to BVNA's then current fee schedule for BVNA to respond to any subpoena.

28. **Prevailing Wage.** This Agreement and any proposals hereunder specifically exclude compliance with any project labor agreement or other union or apprenticeship requirements. In addition, unless explicitly agreed to in the body of the proposal, this Agreement and any proposals hereunder specifically exclude compliance with any State or Federal prevailing wage law or associated requirements, including the Davis Bacon Act. Due to the professional nature of its services, BVNA is generally exempt from the Davis Bacon Act and other prevailing wage schemes. It is agreed that no applicable prevailing wage classification or wage rate has been provided to BVNA, and that all wages and cost estimates contained herein are based solely upon standard, no-prevailing wage rates. Should it later be determined by the Client or any applicable agency that in fact prevailing wage applies, then it is agreed that the contract value of this agreement shall be equitably adjusted to account for such changed circumstance. These exclusions shall survive the completion of the project and shall be merged into any subsequently executed documents between the parties, regardless of the terms of such agreement. Client will reimburse, defend, indemnify and hold harmless BVNA from any liability resulting from a subsequent determination that prevailing wage regulations cover the Projects, including all costs, fines and reasonable attorney's fees.

29. **Interpretation of Agreement.** This Agreement shall be interpreted as though prepared by all parties and shall not be construed unfavorably against either party.

30. **Waiver of Jury Trial.** Each party waives its right to a jury trial in any court action arising between the parties, whether under this Agreement or otherwise related to the work being performed under this Agreement.

31. **Third Party Beneficiary.** It is expressly understood and agreed that the enforcement of these terms and conditions shall be reserved to the Client and BVNA. Nothing contained in the agreement shall give or allow any claim or right of action whatsoever by any third person. It is the express intent of the Client and BVNA that any such person or entity, other than Client or BVNA, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary.

32. **Assignment.** Neither party may assign this Agreement or any right or obligation hereunder without the prior written consent of the other party, which shall not be unreasonably withheld or delayed; provided, however, that no

consent shall be necessary in the event of an assignment to a successor entity resulting from a merger, acquisition or consolidation by BVNA or an assignment to an Affiliate of BVNA if such successor or Affiliate assumes all obligations under this Agreement. Any attempted assignment, which requires consent hereunder, shall be void and shall constitute a material breach of this Agreement if such consent is not obtained.

| **CLIENT** | **BVNA** |
|---|---|
| By:________________________________ | By:________________________________ |
| Print Name:__________________________ | Print Name:__________________________ |
| Title:_______________________________ | Title:_______________________________ |
| Date:_______________________________ | Date:_______________________________ |
| | DTQRR:____________________________ |
| | Date:_______________________________ |

Attachment A - Scope of Services
Attachment B – Fee Schedule

**ATTACHMENT A**
SCOPE OF SERVICES

BVNA and the representatives of BVNA are charged with the enforcement of the provisions of the Jurisdiction's Building Code, Residential Code, Mechanical Code, Electrical Code, Plumbing Code, Fuel Gas Code and Energy Code, acting in good faith and without malice in the discharge of the duties required by these codes or other pertinent law or ordinance shall not thereby be rendered personally liable for damages that may accrue to persons or property as a result of an act or by reason of an act or omission in the discharge of such duties.

**Plan Review**

Non-Structural Plan Review services shall be conducted as required by the Jurisdiction's Building Code, Residential Code, Mechanical Code, Electrical Code, Plumbing Code, Fuel Gas Code and Energy Code, and other provided code related documents, as approved by the Jurisdiction. Applicants will be notified of Plan Review Comments and are responsible for addressing comments to the satisfaction of the Jurisdiction. The Jurisdiction has final interpretive authority over all plans and specifications. Permits are issued by the Jurisdiction.

**Inspections**

Inspection services shall be conducted as required by the Jurisdiction's Building Code, Residential Code, Mechanical Code, Electrical Code, Plumbing Code, Fuel Gas Code and Energy Code. Special inspections as specified in chapter 17 and non-prescriptive structural inspections of the adopted International Building Code are not included and may be required as specified in the International Building Code. Any violations of the Jurisdiction's codes or concealment of any work prior to approval by BVNA will be reported to the Building Official of the Jurisdiction. The Building Official of the Jurisdiction is the final interpretive authority and the Certificate of Occupancy will be issued at the discretion of the Jurisdiction.

**CLIENT INITIALS**:_________

**BVNA INITIALS**:___________

**ATTACHMENT B**
FEE SCHEDULE

**Commercial and Multi-Family construction plan review**

| Valuation | Fee |
|---|---|
| $1.00 to $10,000.00 | $50.00 |
| $10,001.00 to $25,000.00 | $70.69 for the first $10,000.00 plus $5.46 for each additional $1000.00 |
| $25,001.00 to $50,000.00 | $152.59 for the first $25,000.00 plus $3.94 for each additional $1000.00 |
| $50,001.00 to $100,000.00 | $251.09 for the first $50,000.00 plus $2.73 for each additional $1000.00 |
| $100,001.00 to $500,000.00 | $387.59 for the first $100,000.00 plus $2.19 for each additional $1000.00 |
| $500,001.00 to $1,000,000.00 | $1,263.59 for the first $500,000.00 plus $1.85 for each additional $1000.00 |
| $1,000,001.00 and up | $2,188.59 for the first $1,000,000.00 plus $1.23 for each additional $1000.00 |

**Single Family Residential construction plan review and inspection**
**Commercial and Multi-Family construction inspection**

| Valuation | Fee |
|---|---|
| $1.00 to $10,000.00 | $76.92 |
| $10,001.00 to $25,000.00 | $108.75 for the first $10,000.00 plus $8.40 for each additional $1000.00 |
| $25,001.00 to $50,000.00 | $234.75 for the first $25,000.00 plus $6.06 for each additional $1000.00 |
| $50,001.00 to $100,000.00 | $386.25 for the first $50,000.00 plus $4.20 for each additional $1000.00 |
| $100,001.00 to $500,000.00 | $596.25 for the first $100,000.00 plus $3.36 for each additional $1000.00 |
| $500,001.00 to $1,000,000.00 | $1,940.25 for the first $500,000.00 plus $2.85 for each additional $1000.00 |
| $1,000,001.00 and up | $3,365.25 for the first $1,000,000.00 plus $1.89 for each additional $1000.00 |

∗ All fees billed upon issuance of the permit by the jurisdiction

**Back-up inspections**
∗ Backup inspections will be performed during times of inspector absence due to illness, vacation or training at the listed rates. All other project activity will utilize the tables above.

| | |
|---|---|
| Single Family Residential | $76.92 per address/building |
| Commercial and non-Single Family Residential | $125.00 per address/building/unit |

**CLIENT INITIALS**:_________

**BVNA INITIALS**:___________

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3794 | **Version:** 1 | | **Name:** | Monthly Budget Report for March 2017 |
| **Type:** | Agenda Item | | | **Status:** | Agenda Ready |
| **File created:** | 4/25/2017 | | | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | | | **Final action:** | |

**Title:** Accept the Monthly Revenue and Expenditure Report for the period ending March 31, 2017.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** GF 03-31-17
UF 03-31-17
DS 03-31-17
SEDC 03-31-17
Sales Tax Analysis May 2017

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Monthly Revenue and Expenditure Report for the period ending March 31, 2017.

Background
The Finance Department prepares a report each month to update the City Council regarding revenues and expenditures for the City. Included in the report are unaudited summaries for the General Fund, Utility Fund, Debt Service Fund, and Sachse Economic Development Corporation for the period ended March 31, 2017, and an analysis of year-to-date sales tax receipts compared to prior year.

Policy Considerations
City Charter requires that the City Manager submit monthly a report covering revenues and expenditures.

Staff Recommendations
Accept the Monthly Revenue and Expenditure Report for the period ending March 31, 2017.

# City of Sachse

Monthly Revenue and Expenditure Report

March 31, 2017

(Unaudited)

## GENERAL FUND

50% of Year Completed

| | | Annual Budget | | Current Month Actual | | Actual YTD | YTD Actual as a Percent of Budget | Note Reference 50% |
|---|---|---|---|---|---|---|---|---|
| **Revenue Summary** | | | | | | | | |
| Property Tax | $ | 10,076,929 | $ | 100,727 | $ | 10,274,765 | 101.96% | A |
| Sales Tax | | 1,417,851 | | 103,856 | | 776,073 | 54.74% | |
| Franchise Fees | | 1,690,233 | | 233,926 | | 980,522 | 58.01% | |
| Licenses and Permits | | 757,000 | | 99,380 | | 382,211 | 50.49% | |
| Service Fees | | 721,500 | | 77,106 | | 419,326 | 58.12% | |
| Fines | | 280,000 | | 26,609 | | 133,026 | 47.51% | |
| Interest Income | | 12,000 | | 5,271 | | 21,677 | 180.64% | |
| Miscellaneous Income | | 350,946 | | 4,638 | | 144,477 | 41.17% | |
| Intergovernmental Revenue | | 1,024,611 | | 85,384 | | 512,306 | 50.00% | |
| **Total Revenue** | **$** | **16,331,070** | **$** | **736,897** | **$** | **13,644,382** | **83.55%** | |
| **Expenditure Summary** | | | | | | | | |
| City Manager | $ | 383,103 | $ | 24,074 | $ | 152,366 | 39.77% | |
| City Secretary | | 148,553 | | 14,831 | | 82,139 | 55.29% | |
| Human Resources | | 337,607 | | 21,439 | | 140,935 | 41.75% | |
| Finance | | 548,026 | | 50,966 | | 296,146 | 54.04% | |
| Municipal Court | | 217,130 | | 19,364 | | 100,734 | 46.39% | |
| Parks & Recreation | | 1,164,914 | | 134,081 | | 554,044 | 47.56% | |
| Senior Programs | | 150,433 | | 32,531 | | 86,338 | 57.39% | |
| Library Services | | 458,091 | | 41,276 | | 227,798 | 49.73% | |
| Community Development | | 844,546 | | 88,965 | | 440,659 | 52.18% | |
| Streets & Drainage | | 1,691,786 | | 194,109 | | 683,225 | 40.38% | |
| Facilities Maintenance | | 538,068 | | 75,613 | | 288,191 | 53.56% | |
| Police | | 4,811,657 | | 437,121 | | 2,461,409 | 51.16% | |
| Animal Control | | 210,614 | | 10,057 | | 109,096 | 51.80% | |
| Fire/EMS | | 3,740,453 | | 461,141 | | 1,952,419 | 52.20% | |
| Combined Services | | 381,203 | | 14,342 | | 234,604 | 61.54% | B |
| City Engineer | | 239,302 | | 37,698 | | 130,891 | 54.70% | |
| Information Technology | | 385,183 | | 65,147 | | 247,820 | 64.34% | C |
| **Total Expenditures** | **$** | **16,250,669** | **$** | **1,722,755** | **$** | **8,188,813** | **50.39%** | |
| **Total Revenue Over/Under Expenses** | **$** | **80,401** | **$** | **(985,858)** | **$** | **5,455,569** | | |

**Explanation of Major Variances:**

**A** Property Tax receipts peak in December and January

**B** Total annual property and liability premium paid in October

**C** New department for FY2017

# City of Sachse

Monthly Revenue and Expenditure Report
March 31, 2017
(Unaudited)

## UTILITY FUND

50% of Year Completed

| | Annual Budget | Current Month Actual | Actual YTD | YTD Actual as a Percent of Budget | Note Reference |
|---|---|---|---|---|---|
| | | | | | 50% |
| **Revenue Summary** | | | | | |
| Water Revenue | $ 5,602,656 | $ 425,628 | $ 2,748,929 | 49.06% | |
| Sewer Revenue | 4,355,842 | 366,183 | 2,188,868 | 50.25% | |
| Fees | 158,500 | 15,773 | 99,259 | 62.62% | |
| Interest Income | 1,500 | 3,443 | 10,863 | 724.20% | |
| Transfer In-Debt Service | | | | | |
| Miscellaneous Income | - | - | 13,969 | | |
| **Total Revenue** | **$ 10,118,498** | **$ 811,027** | **$ 5,061,887** | **50.03%** | |
| | | | | | |
| **Expenditure Summary** | | | | | |
| Utility Administration | $ 360,973 | $ 22,581 | $ 150,892 | 41.80% | |
| Water Operations | 7,043,677 | 395,592 | 2,592,568 | 36.81% | |
| Sewer Operations | 3,737,513 | 447,999 | 1,987,804 | 53.19% | |
| Meter Reading | 576,755 | 14,400 | 231,185 | 40.08% | |
| **Total Expenditures** | **$ 11,718,918** | **$ 880,571** | **$ 4,962,449** | **42.35%** | |
| | | | | | |
| **Total Revenue Over/Under Expenses** | **$ (1,600,420)** | **$ (69,544)** | **$ 99,438** | | |

**Explanation of Major Variances:**

Monthly Revenue and Expenditure Report

March 31, 2017

(Unaudited)

## DEBT SERVICE FUND

50% of Year Completed

| | Annual Budget | Current Month Actual | Actual YTD | YTD Actual as a Percent of Budget | Note Reference 50% |
|---|---|---|---|---|---|
| **Revenue Summary** | | | | | |
| Property Tax | $ 3,522,138 | $ 34,971 | $ 3,569,711 | 101.35% | |
| Interest Income | 1,000 | 288 | 347 | 34.72% | |
| Miscellaneous Receipts | | - | 4,073 | | |
| **Total Revenue** | **$ 3,523,138** | **$ 35,260** | **$ 3,574,131** | **101.45%** | |
| **Expenditure Summary** | | | | | |
| Fees | $ 3,500 | $ - | $ 806 | 23.04% | |
| Principal | 2,325,000 | - | 2,325,000 | 100.00% | **A** |
| Interest | 1,180,897 | - | 599,224 | 50.74% | **A** |
| Transfer Out | 1,202,427 | - | 1,202,427 | 100.00% | **B** |
| **Total Expenditures** | **$ 4,711,824** | **$ -** | **$ 4,127,457** | **$ 3** | |
| **Total Revenue Over/Under Expenses** | **$ (1,188,686)** | **$ 35,260** | **$ (553,326)** | | |

**A** Principal payments are due in February and interest payments in February and August

**B** Transfer proceeds from 2016 Tax Notes to Capital Projects for prepayment of Fire Apparatus

# City of Sachse

Monthly Revenue and Expenditure Report

March 31, 2017

(Unaudited)

## SACHSE ECONOMIC DEVELOPMENT CORPORATION

50% of Year Completed

| | Annual Budget | Current Month Actual | Actual YTD | YTD Actual as a Percent of Budget | Note Reference 50% |
|---|---|---|---|---|---|
| **Revenue Summary** | | | | | |
| Sales Tax | $ 691,944 | $ 57,825 | $ 390,237 | 56.40% | |
| Other Income | $ - | $ - | $ 502,845 | | **A** |
| Interest Income | 3,000 | 271 | 1,156 | 38.54% | |
| **Total Revenue** | **$ 694,944** | **$ 58,095** | **$ 894,238** | **128.68%** | |
| | | | | | |
| **Expenditure Summary** | | | | | |
| Expenditures | 688,809 | 29,394 | 143,564 | 20.84% | |
| **Total Expenditures** | **$ 688,809** | **$ 29,394** | **$ 143,564** | **20.84%** | |
| | | | | | |
| **Total Revenue Over/Under Expenses** | **$ 6,135** | **$ 28,701** | **$ 750,674** | | |

**Explanation of Major Variances:**

**A** Proceeds from sale of land

# CITY OF SACHSE
# 2016/2017 SALES TAX ANALYSIS

| FY 2016 | Total Sales Tax | General Fund Sales Tax | General Fund Year-To-Date | YTD Percent of Budget | FY 2017 | Total Sales Tax | General Fund Sales Tax | General Fund Year-To-Date | YTD Percent of Budget |
|---|---|---|---|---|---|---|---|---|---|
| October | 156,703 | 89,540 | 89,540 | 7.34% | October | 204,011 | 116,572 | 116,572 | 9.56% |
| November | 223,828 | 127,895 | 217,435 | 17.83% | November | 269,073 | 153,748 | 270,320 | 19.53% |
| December | 162,793 | 93,020 | 310,455 | 25.46% | December | 195,780 | 111,868 | 382,188 | 27.62% |
| January | 198,309 | 113,314 | 423,769 | 34.75% | January | 198,694 | 113,534 | 495,722 | 35.82% |
| February | 278,265 | 159,001 | 582,769 | 47.79% | February | 295,944 | 169,102 | 664,824 | 48.04% |
| March | 168,935 | 96,530 | 679,299 | 55.70% | March | 202,397 | 115,649 | 780,473 | 56.40% |
| April | 165,486 | 94,559 | 773,858 | 63.46% | April | 169,232 | 96,699 | 877,172 | 63.38% |
| May | 269,268 | 153,860 | 927,718 | 76.07% | May | | | | |
| June | 190,617 | 108,919 | 1,036,636 | 85.00% | June | | | | |
| July | 189,206 | 108,113 | 1,144,749 | 93.87% | July | | | | |
| August | 265,824 | 151,892 | 1,296,641 | 106.32% | August | | | | |
| September | 196,876 | 112,495 | 1,409,136 | 115.55% | September | | | | |
| TOTAL | 2,466,111 | 1,409,136 | | | TOTAL | 1,535,131 | 877,172 | | |
| BUDGET | | 1,219,518 | | | BUDGET | | 1,383,888 | | |

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3788 | **Version:** 1 | | **Name:** | Recognize Michael Crank for his Eagle Scout Project |
| **Type:** | Agenda Item | | | **Status:** | Agenda Ready |
| **File created:** | 4/21/2017 | | | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | | | **Final action:** | |
| **Title:** | Recognize Michael Crank for completing his Eagle Scout project for the City of Sachse Animal Shelter. | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | Proclamation | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Recognize Michael Crank for completing his Eagle Scout project for the City of Sachse Animal Shelter.

Background
Michael Crank recently completed his Eagle Scout Project for the City. His Eagle Project was to construct a mobile cat adoption unit and permanent shelving for the Sachse Animal Shelter. At the time of Michael's project, the animal shelter had a great need for both the permanent shelving and mobile cat adoption unit. Michael worked with Terri O'Neal the Shelter's Animal Control Supervisor to complete.

Michael has worked hard at scouting. He was a member of Cub Scout Pack 243 in Sachse earning the highest award in Cub Scouts, the Arrow of Light. He then crossed over into Boy Scouts in March of 2013 into Troop 1989 and over a three year period earned his Scout, Tenderfoot, Second Class, First Class, Star, Life and Eagle Ranks. Michael has currently earned 37 merit badges including 13 Eagle required merit badges. Michael actually has 15 Eagle Merit Badges because he earned multiple badges in specific categories. His Eagle merit badges included Camping, Citizenship in the Community, Citizenship in the Nation, Citizenship in the World, Communications, Cooking, Cycling, Emergency Preparedness, Environmental Science, Family Life, First Aid, Hiking, Personal Fitness, Personal Management and Sustainability. Michael is now a 15 year old but completed his Eagle Scout requirements at 14. Michael has also earned 3 Eagle Palms since becoming an Eagle Scout.

Michael has had many leadership positions since joining Troop 1989 ranging from Patrol Leader to Assistant Senior Patrol Leader. ASPL is the second highest leadership position in scouting. He currently holds both the Assistant Senior Patrol Leader position as well as Troop Guide. Troop Guides are responsible for assisting the younger scouts work through their Scout to First Class ranks once they cross over. Michael has also graduated from the National Youth Leadership Training and staffed the same program teaching other scouts critical leadership skills. Michael is also a part of the Order of the Arrow (OA), which is the Boy Scouts National Honor Society.

While in Troop 1989, Michael has given back over 250 hours of community service from feeding the homeless through the Troop's sponsor organization First Presbyterian Church in Garland to Tornado Relief efforts, to helping construct Kid's Kingdom in Rowlett (children's playground).

Michael enjoys outdoor activities, having camped over 105 nights in his scouting journey. He has earned his National Outdoor Camping Award and World Conservation Award. He enjoys Boy Scout high adventure camps having attended Northern Tier in Canada which is a canoeing high adventure program and he will be attending the Philmont High Adventure Program in New Mexico and Summitt Bechtal High Adventure Camp in West Virginia this summer.

Michael is a freshman at Sachse High School and enjoys being a part of the Ultimate Frisbee team and a percussionist in the Sachse High School Band.

Michael has lived in Sachse all of his life and is the son of Linda and Kevin Crank.

<u>Policy Considerations</u>
None.

<u>Budgetary Considerations</u>
None.

<u>Staff Recommendations</u>
Recognize and present Proclamation to Michael Crank.

# ***PROCLAMATION***

**WHEREAS**, the Boy Scouts of America is one of the nation's largest and most prominent values-based youth development organizations; and

**WHEREAS**, Michael Crank is a member of Boy Scout Troop 1989, and currently holds both the Assistant Senior Patrol Leader and Troop Guide positions.

**WHEREAS**, Michael was a member of Cub Scout Pack 243 and earned the highest award in Cub Scouts; the Arrow of Light, before crossing over into Boy Scout Troup 1989 in March, 2013.

**WHEREAS**, in over a three year period Michael earned his Scout, Tenderfoot, Second Class, First Class, Star, Life and Eagle Ranks.

**WHEREAS**, most notably, Michael has completed the requirements and received the rank of Eagle Scout, the highest ranking in the Boy Scouts of America; and

**WHEREAS**, Michael's Eagle project included constructing a mobile cat adoption unit and permanent shelving for the Sachse Animal Shelter; and

**WHEREAS**, Michael is a freshman at Sachse High School and is commended for achieving such an accomplishment at a young age; and

**WHEREAS**, Michael Crank serves as an example to youth through his high level of personal achievement, leadership, and over 250 hours of community service.

**NOW, THEREFORE** pursuant to the powers vested in me as Mayor of the City of Sachse, I do hereby proclaim Monday, May 1 **Michael Crank Day** in the City of Sachse.

**IN WITNESS WHEREOF,** I have hereunto set my hand and caused the Seal of the City of Sachse, Texas to be affixed this the 1st day of May, 2017.

Mike J. Felix
Mayor

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3790 | **Version:** 1 | **Name:** | Proclamation - EDC Week | |
| **Type:** | Agenda Item | | **Status:** | Agenda Ready | |
| **File created:** | 4/24/2017 | | **In control:** | City Council | |
| **On agenda:** | 5/1/2017 | | **Final action:** | | |
| **Title:** | Proclamation declaring the week of May 8, 2017 Economic Development Week in the City of Sachse. | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | Proclamation | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Proclamation declaring the week of May 8, 2017 Economic Development Week.

Background
The mission of the Sachse Economic Development Corporation is to act on behalf of the City of Sachse in promoting and developing authorized projects, while supporting economic development activities to retain, expand and attract businesses for the purpose of diversifying the tax base and improving the quality of life of the residents of Sachse.

The SEDC has requested that the City Council recognize them due to their role in the City of Sachse's long term success.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Proclaim the week of May 8, 2017 as Economic Development Week.

Leslyn Blake with the Sachse EDC will be accepting the Proclamation.

**PROCLAMATION RECOGNIZING MAY 8 – 14, 2017 AS**

**“ECONOMIC DEVELOPMENT WEEK IN SACHSE, TEXAS”**

**WHEREAS**, the International Economic Development Council (IEDC) is celebrating its 91ST year as the premier professional organization in Economic Development; and

**WHEREAS**, IEDC has designated May 8-14, 2017 as “Economic Development Week;” and

**WHEREAS**, economic developers work with industries, brokers, and other key allies to produce the proper business climate that will result in the creation of high-quality jobs, and develop vibrant communities; and

**WHEREAS**, economic developers promote economic well-being and quality of life for their communities by creating, retaining, and expanding industry that facilitates growth, enhances wealth, and provides a stable tax base; and,

**WHEREAS**, Economic Development leaders work closely with local, state, federal, and international partners to help spur economic development, to foster growth, and to promote trade and commerce in Sachse; and WHEREAS, the City of Sachse continues to remain committed to supporting economic development activities and recognizes the importance of economic development in our community.

**NOW, THEREFORE** pursuant to the powers vested in me as Mayor of the City of Sachse, I do hereby proclaim;

**The week of May 8th, 2017 "Economic Development Week"** in the City of Sachse, Texas in honor of the Sachse Economic Development Corporation’s role in the City of Sachse’s long term success.

**IN WITNESS WHEREOF,** I have hereunto set my hand and caused the Seal of the City of Sachse, Texas to be affixed this the 1st day of May, 2017.

______________________

Mike J. Felix
Mayor

## Legislation Details (With Text)

| | | | |
|---|---|---|---|
| **File #:** | 17-3795 **Version:** 1 | **Name:** | CAFR Presentation FY 2016 |
| **Type:** | Agenda Item | **Status:** | Agenda Ready |
| **File created:** | 4/25/2017 | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | **Final action:** | |
| **Title:** | Consider receiving the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2016. | | |
| **Sponsors:** | | | |
| **Indexes:** | | | |
| **Code sections:** | | | |
| **Attachments:** | Presentation<br>9.30.2016 Final CAFR<br>Council and Management Letter<br>Financial Statement Audit Letter<br>Management Letter Signed Final | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Consider receiving the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2016.

Background
In accordance with Charter provisions (Section 7.18) an independent auditor has audited the City's Financial Statements for the period ending September 30, 2016. The CAFR is composed of the auditor's opinion, the organization's financial statements, notes to the financial statements, management's discussion and analysis, and supporting schedules. It is the auditor's primary function to express an opinion on the financial statements of the organization.

While the auditor is responsible for his/her opinion, the organization itself has the primary responsibility for the remaining information presented (i.e., the financial statements, supporting schedules, and notes). Management is responsible for the information presented in the financial statements.

A letter of transmittal is included and is designed to complement the Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. The following are a few major highlights from the 2016 CAFR:

Cash and investments (city-wide) are $30,123,976.
Increase in total net position (primary government) is $8,959,922.
Governmental fund balances total $19,588,437.
Unassigned General Fund balance is $7,723,757, which is 54% of annual expenditures.

Unrestricted net assets of the Utility Fund are $7,450,081.
City-wide outstanding debt at September 30, 2016 was $37,595,000.
Ratio of debt to assessed value was 2.25%.
Debt per capita equals $1,501.

Professional auditing standards require the auditors to communicate directly with the governing body regarding the City's internal control over financial reporting (Statement of Auditing Standards 115) and other relevant issues such as accounting policies, accounting estimates, disclosures, management representations (Statement of Auditing Standards 114). The relevant letters are included in the supporting documentation for this item.

Policy Considerations

The City's Financial Statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. It is the responsibility of the Finance Department to present financial information fairly in all material respects, so that the financial position of the City is not compromised. The desired result of the independent audit is to receive an "unmodified opinion." The current report reflects an unmodified (clean) opinion, which is the highest opinion available. An unmodified opinion states that the financial statements "present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sachse, as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

Staff Recommendations

Approve receiving the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2016.

# Comprehensive annual financial report
## For the year ending 9/30/16

City Council

May 1, 2017

## CAFR sections

- Introductory
- Financial
  - Auditor's report
  - MD&A
  - Financial Statements
  - Notes to the Financial Statements
  - Supplementary Information
- Statistical

# Highlights

| | 9/30/15 | 9/30/16 | Change |
|---|---|---|---|
| City-wide Cash & Investments | $27,215,652 | $30,123,976 | $2,908,324 |
| Increase in Net Position | $5,260,079 | $8,959,922 | $3,699,843 |
| Governmental Fund Balances | $18,056,911 | $19,588,437 | $1,531,526 |
| Unassigned General Fund Balance/% | $6,546,528<br>53% | $7,723,757<br>54% | $1,177,229 |
| Unrestricted Net Assets-Utility Fund | $4,232,573 | $7,450,081 | $3,217,508 |
| City-wide Outstanding Debt | $36,915,000 | $37,595,000 | $680,000 |

# General fund balance

POLICY:

*It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equal to 25% to 35% of expenditures.*

- Fiscal Year 2013-43%
- Fiscal Year 2014-54%
- Fiscal Year 2015-53%
- Fiscal Year 2016-54%

RECOMMENDATION:

**Amend fund balance policy to include annually committing unassigned fund balance above 40% to capital projects.**

# Changes/GASB implementations

- PGBT TIF Reinvestment Zone is shown as a major fund in the Governmental Funds Financial Statements
  - Meets criteria of a major fund due to increase in negative fund balance
- GASB Statement 72, *Fair Value and Measurement and Application*
  - Implemented with no material effect
- GASB Statement 77, *Tax Abatement Disclosures*
  - Implemented and included in Notes to the Financial Statements

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Fiscal Year Ended September 30, 2016


# City of Sachse, Texas

## *As Prepared by*
## *The Finance Department*

*" Sachse is a tranquil community welcoming the future*
*while offering a safe and enjoyable quality of life*
*to all those who call Sachse home."*

City of Sachse

# City of Sachse, Texas

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*INTRODUCTORY SECTION*

City of Sachse

April 10, 2017

Honorable Mayor, City Council and Citizens of Sachse

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2016. The CAFR is provided to give detailed information about the financial position and activities of the City to the Citizens, City Council, Staff and other readers.

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

BrooksCardiel, PLLC has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2016. The independent auditors' report is located at the beginning of the financial section of the CAFR.

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

**PROFILE OF THE GOVERNMENT**

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.8 square miles. The City's population is 23,756, according to the 2014 North Central Texas Council of Governments estimate.

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

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

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WEB: www.cityofsachse.com

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) is included in the financial statements as a discretely presented component unit.

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

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

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

**LOCAL ECONOMY**

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in the City of Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives our current and future residents easy access to major industrial and business developments in North Dallas and many business, commercial, and industrial developments in Plano and Richardson. While Sachse is well-suited for residential development, it is anticipated that commercial development in the City will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place a Tax Increment Financing Zone (TIF). The TIF Zone contains approximately 540 acres for future commercial development.

**Property Values** – Assessed property values increased $237,675,218 (15%) from the preceding year with $90,025,829 in new property and a $201,624,514 increase in the value of existing property. During the last five years, assessed taxable property value has increased 57% (from $1,193,802,976 in 2011 to $1,873,284,967 in 2016) and property taxes have accounted for 61% of the General Fund revenue. With a well-educated populace and average household income of $107,000, Sachse enjoys an exceptionally high property tax collection rate.

**Long-Term Strategic Planning** – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. Priorities during the 2015-2016 fiscal year were:

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

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

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

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

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

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

**FISCAL YEAR 2016 HIGHLIGHTS**

The citizens of Sachse voted for General Obligation Bonds in the amount of $37,925,000 for facilities, parks and transportation in November 2006. The GO Bond program is currently in progress, with most of the projects being completed. Construction on the Municipal Complex and the Salmon Park Improvement project have been completed. Transportation projects funded by the 2006 Bond Funds include the street lighting along 5th Street and DeWitt Street from Highway 78 to Ranch Road, which will be complete in early 2017. The widening of Sachse Road from 5th Street to Miles Road and widening of 5th Street from Highway 78 to Sachse Road is in the design phase, with construction anticipated to begin in late 2017. The railroad crossing improvements to allow for a Quiet Zone designation were completed during fiscal year 2015-2016.

The street lighting project mentioned above, as well as lighting on Highway 78 from Murphy Road to 5th Street are under construction and nearing substantial completion. The funding for the latter project is from remaining special sales tax funds received from 380 Economic Development Agreements that expired in 2011.

Asphalt repairs on Alexander and 6th Street were accomplished utilizing funding from Dallas County through the Community Development Block Grant program. Dallas County has changed the way the CDBG funds are distributed, with Sachse set to next receive funds from the program in FY2018.

Impact fees were updated in November 2012 following completion of the City's updated 10-year Capital Improvement Plan, which included the Master Thoroughfare Plan, Water Master Plan, and Sanitary Sewer Master Plan. Funds from Roadway Impact Fees have been allocated toward the future widening of Maxwell Creek Road north to the city limits. A site in the PGBT corridor was selected for a future 1.25 million gallon elevated storage tank, and design is nearing completion. The land and construction of the tank will be funded with water impact fees, with construction estimated to begin in late FY2017.

Construction began, and is nearing completion on three separate projects collectively known as the Third Sewer Connection to Garland. The project includes an aerial crossing over Rowlett Creek, construction of a 24-inch sewer line from the aerial crossing to north of the President George Bush Turnpike, and construction of an 8-inch trunk line along Pleasant Valley Road. Funding for this project is through a grant from the Sachse Economic Development Corporation, a loan from the SEDC to be repaid with Tax Increment Funds, and additional funding from a property owner to be served by the new line. This project will bring City sewer to properties on the west end of the PGBT Turnpike.

In May 2013, voters approved a ¼ cent sales tax designated for maintenance of existing streets. Asphalt paving repairs on 6th Street, 2nd Street, Salmon Street, Sachse Street, and Meadow Creek Lane were completed during the year utilizing Street Maintenance Tax funds. The tax is generating approximately $300,000 per year.

Contracts were finalized in September 2015 for installation of a new digital radio system. The final cost of this federally mandated communications upgrade will be just under $950,000. General Fund Balance was set aside in FY2014-$450,000, General Fund Revenues in FY2015-$300,000, and a final $200,000 was included in the FY2016 budget. The project is in process as of September 30, 2016.

In March 2016, City Council approved funding of an update to the City's Comprehensive Plan. The previous Plan was adopted in 2001. Public engagement included numerous stakeholder meetings, surveys at City events, and social media surveys. The final plan is scheduled for approval early in calendar year 2017.

A consultant was engaged during FY2016 to conduct a stormwater drainage study. The scope of the study included identifying and prioritizing drainage projects throughout the City, as well as the feasibility of establishing a stormwater drainage fund to finance those projects. The study should be completed in FY2017.

**AWARDS AND ACKNOWLEDGEMENTS**

**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its CAFR for the fiscal year ended September 30, 2015. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City's 2015-2016 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the fourth consecutive year the City's Budget has been so recognized. The 2016-2017 Fiscal Year Budget has also been submitted for consideration.

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

We would also like to thank the Mayor, City Council, the City Manager and City of Sachse staff for their assistance, interest and support in the preparation of this document as well as planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Berna Fitzpatrick-Walker

Gina Nash
City Manager

Teresa C. Savage, CGFO
Finance Director

Berna Fitzpatrick-Walker, CGFO
Finance Manager

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

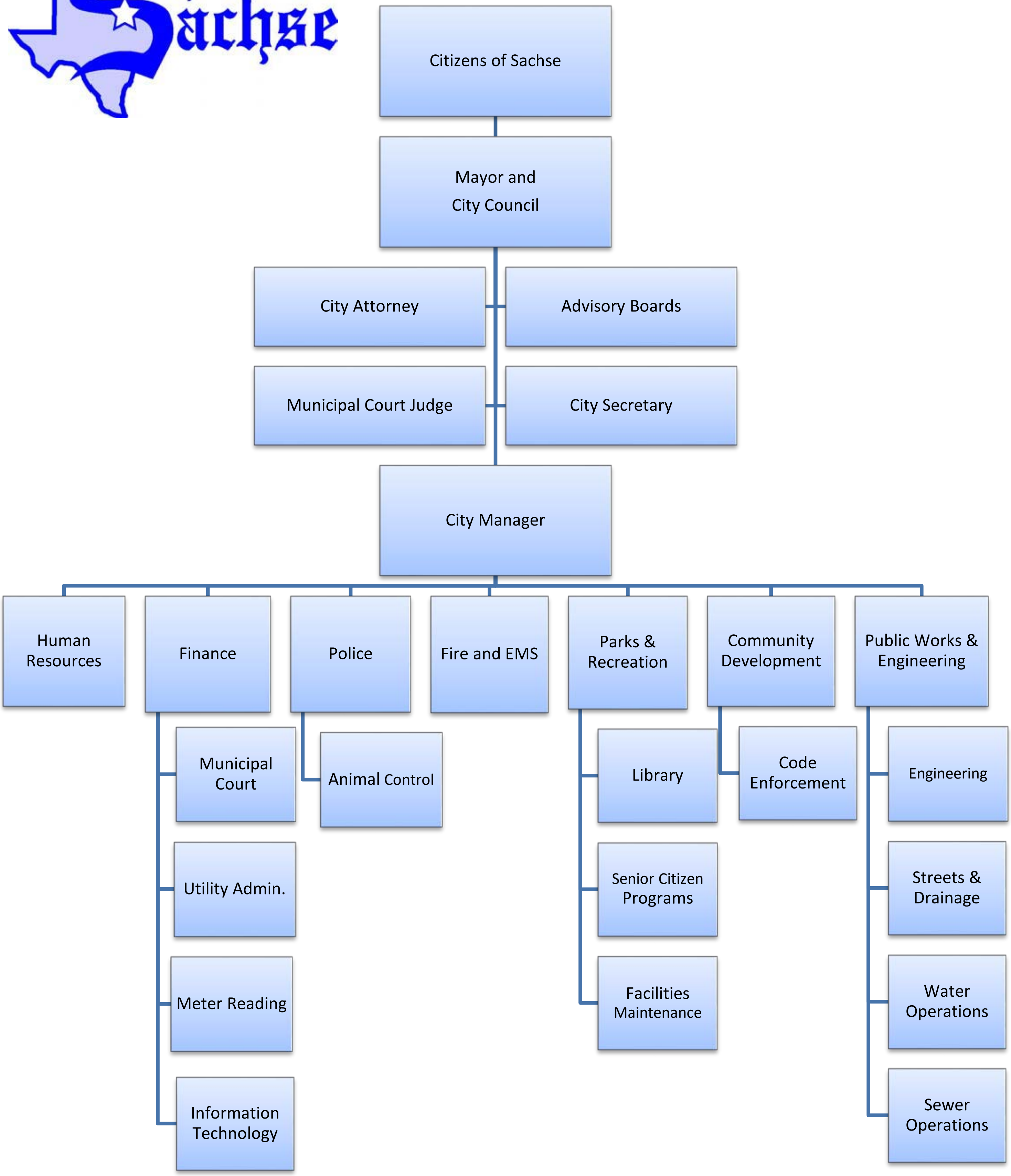
**City of Sachse**

**Texas**

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO


Citizens of Sachse
Mayor and City Council
City Attorney
Advisory Boards
Municipal Court Judge
City Secretary
City Manager
Human Resources
Finance
Police
Fire and EMS
Parks & Recreation
Community Development
Public Works & Engineering
Municipal Court
Utility Admin.
Meter Reading
Information Technology
Animal Control
Library
Senior Citizen Programs
Facilities Maintenance
Code Enforcement
Engineering
Streets & Drainage
Water Operations
Sewer Operations

# CITY OF SACHSE, TEXAS

# CITY OFFICIALS

### Council Members

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

### Management Staff

| | |
|---|---|
| City Manager | Gina Nash |
| City Secretary | Michelle Lewis-Sirianni |
| Director of Finance | Teresa Savage |
| Director of Community Development | Dusty McAfee |
| Director of Public Works and Engineering | Greg Peters |
| Economic Development Corporation CEO | Leslyn Blake |
| Fire Chief | Marty Wade |
| Director of Human Resources | Melinda Walter |
| Director of Parks and Recreation/Library | Lance Whitworth |
| Police Chief | Bryan Sylvester |

## *FINANCIAL SECTION*

City of Sachse

***INDEPENDENT AUDITOR'S REPORT***

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note V.F. the City restated fund balances for its general and PGBT Reinvestment Zone fund. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in net pension liability and related ratios, and the schedule of employer contributions to pension plan 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 changes in fund balances – budget and actual for the debt service fund, special revenue fund, and Sachse Economic Development Corporation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Brooks Cardiel, PLLC

BrooksCardiel, PLLC
Certified Public Accountants
The Woodlands, Texas
April 10, 2017

City of Sachse

## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

# City of Sachse, Texas

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

**September 30, 2016**

As management of the City of Sachse, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

## Financial Highlights

- The assets of the City exceeded its liabilities (net position) at September 30, 2016 by $92,699,081. Of this amount, $11,499,238 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $8,959,922. The majority of the City's net position are invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $19,588,437 at September 30, 2016, an increase of $1,531,526 from the prior fiscal year; this includes an increase of $1,183,577 in the debt service fund, a decrease of $904,954 in the capital projects fund, increase of $1,035,570 in the impact fee fund, a decrease of $1,016,131 in the PGBT reinvestment fund, and an increase of $1,095,188 in the general fund.

- At the end of the fiscal year, unassigned fund balance for the general fund was $7,723,757 or 54% of total general fund expenditures.

- The City's total debt showed a net decrease of $155,000. The total governmental bonds payable at the close of the fiscal year was $35,665,000. Self-supporting debt of the proprietary fund was $730,000.

## Overview of the Financial Statements

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

## Government-Wide Statements

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

### Governmental Funds

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

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

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

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

**Proprietary Funds**

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

**Component Units**

The City maintains the accounting and financial statements for two component units. The Sachse Economic Development Corporation is reported as a discrete component unit on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone is reported as a blended component unit and is a major fund.

**Notes to Financial Statements**

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

**Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Sachse, assets exceed liabilities by $92,699,081 as of September 30, 2016 in the primary government.

The largest portion of the City's net position, $72,581,210, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

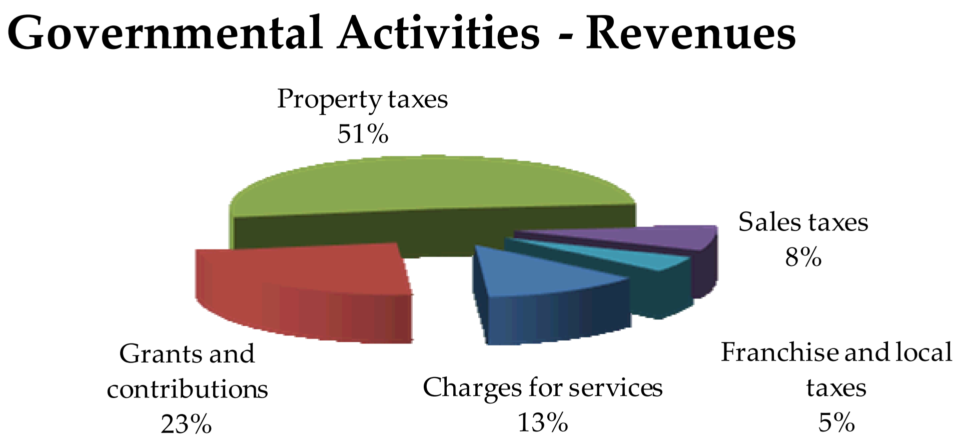
| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Current and other assets | $ 22,304,176 | $ 8,695,998 | $ 31,000,174 | $ 20,187,290 | $ 5,547,650 | $ 25,734,940 |
| Capital assets, net | 84,293,091 | 21,636,605 | 105,929,696 | 81,000,017 | 19,637,635 | 100,637,652 |
| **Total Assets** | 106,597,267 | 30,332,603 | 136,929,870 | 101,187,307 | 25,185,285 | 126,372,592 |
| **Total Deferred Outflows** | 4,729,074 | 190,421 | 4,919,495 | 2,098,277 | 51,817 | 2,150,094 |
| Other liabilities | 4,135,528 | 1,561,090 | 5,696,618 | 3,256,143 | 1,280,841 | 4,536,984 |
| Long-term liabilities | 42,412,931 | 999,638 | 43,412,569 | 39,235,148 | 915,286 | 40,150,434 |
| **Total Liabilities** | 46,548,459 | 2,560,728 | 49,109,187 | 42,491,291 | 2,196,127 | 44,687,418 |
| **Total Deferred Inflows** | 38,220 | 2,877 | 41,097 | 90,342 | 5,767 | 96,109 |
| Net Position: | | | | | | |
| Net investment in capital assets | 52,071,872 | 20,509,338 | 72,581,210 | 49,395,981 | 18,802,635 | 68,198,616 |
| Restricted | 8,618,633 | - | 8,618,633 | 11,827,722 | - | 11,827,722 |
| Unrestricted | 4,049,157 | 7,450,081 | 11,499,238 | (519,752) | 4,232,573 | 3,712,821 |
| **Total Net Position** | $ 64,739,662 | $ 27,959,419 | $ 92,699,081 | $ 60,703,951 | $ 23,035,208 | $ 83,739,159 |

**Statement of Activities:**

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

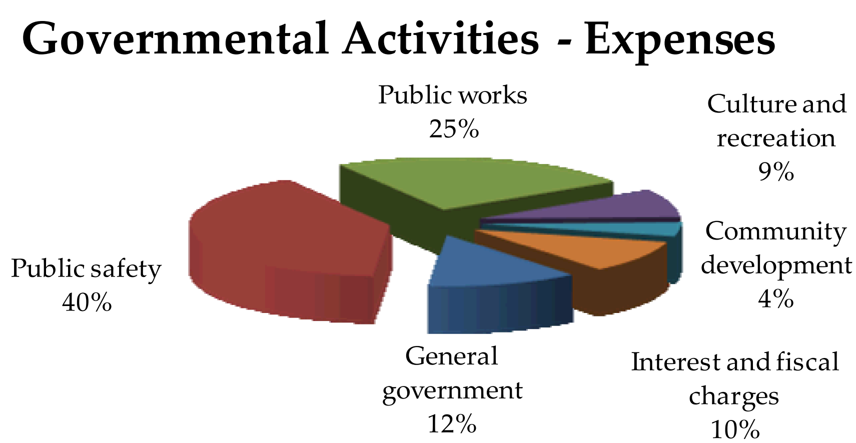
| | For the Year Ended September 30, 2016 | | | For the Year Ended September 30, 2015 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total Primary Government | Governmental Activities | Business-Type Activities | Total Primary Government |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 3,082,579 | $ 10,382,099 | $ 13,464,678 | $ 3,902,098 | $ 9,137,569 | $ 13,039,667 |
| Grants and contributions | 5,658,626 | 2,810,315 | 8,468,941 | 2,266,997 | 1,233,994 | 3,500,991 |
| General revenues: | | | | | | |
| Property taxes | 12,296,608 | - | 12,296,608 | 10,938,125 | - | 10,938,125 |
| Sales taxes | 1,844,639 | - | 1,844,639 | 1,582,416 | - | 1,582,416 |
| Franchise and local taxes | 1,180,286 | - | 1,180,286 | 1,208,204 | - | 1,208,204 |
| Investment income | 50,842 | 7,160 | 58,002 | 33,900 | 1,970 | 35,870 |
| Other revenues | 268,740 | - | 268,740 | 51,290 | - | 51,290 |
| **Total Revenues** | 24,382,320 | 13,199,574 | 37,581,894 | 19,983,030 | 10,373,533 | 30,356,563 |
| **Expenses** | | | | | | |
| General government | 2,500,102 | - | 2,500,102 | 2,330,847 | - | 2,330,847 |
| Public safety | 8,191,197 | - | 8,191,197 | 6,854,653 | - | 6,854,653 |
| Public works | 5,056,488 | - | 5,056,488 | 4,415,483 | - | 4,415,483 |
| Culture and recreation | 1,739,147 | - | 1,739,147 | 1,557,475 | - | 1,557,475 |
| Community development | 900,457 | - | 900,457 | 677,184 | - | 677,184 |
| Interest and fiscal charges | 2,105,723 | 48,100 | 2,153,823 | 2,022,071 | 37,238 | 2,059,309 |
| Water & Sewer | - | 8,080,758 | 8,080,758 | - | 7,201,533 | 7,201,533 |
| **Total Expenses** | 20,493,114 | 8,128,858 | 28,621,972 | 17,857,713 | 7,238,771 | 25,096,484 |
| **Change in Net Position Before Transfers** | 3,889,206 | 5,070,716 | 8,959,922 | 2,125,317 | 3,134,762 | 5,260,079 |
| Transfers | 146,505 | (146,505) | - | 1,289,279 | (1,289,279) | - |
| **Total** | 146,505 | (146,505) | - | 1,289,279 | (1,289,279) | - |
| **Change in Net Position** | 4,035,711 | 4,924,211 | 8,959,922 | 3,414,596 | 1,845,483 | 5,260,079 |
| Beginning Net Position | 60,703,951 | 23,035,208 | 83,739,159 | 57,289,355 | 21,189,725 | 78,479,080 |
| **Ending Net Position** | $ 64,739,662 | $ 27,959,419 | $ 92,699,081 | $ 60,703,951 | $ 23,035,208 | $ 83,739,159 |

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



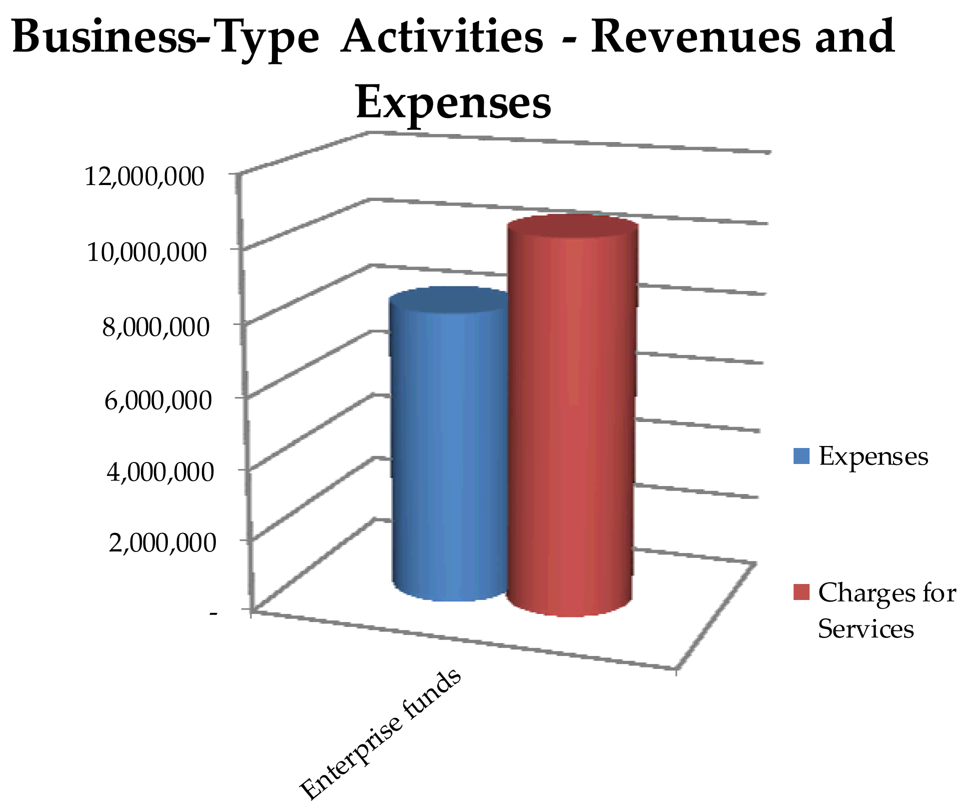

For the year ended September 30, 2016, revenues from governmental activities totaled $24,382,320. Property tax, charges for services and contributions are the City's largest general revenue sources. Overall revenue increased $4,399,290 or 22% due to large amounts of contributed capital that occurred during the year and an increase in property tax and sales tax revenue. Grants and contributions increased by $3,391,629 related to said contributed capital. Property tax revenue increased $1,358,483 due to increase property values and a growing tax base. Sales tax increased by $262,223 or 17% due to continued growth within the City. Charges for services decreased by $819,519, primarily from decreased impact fees compared to prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:




For the year ended September 30, 2016, expenses for governmental activities totaled $20,493,114. This represents an increase of $2,635,401 or 15% from the prior year. The City's largest functional expense is public safety of $8,191,197 and demonstrated a 19% increase from prior year. General government expenses increased by $169,255 or 7%. Public works increased by $641,005 or 15% due to additional capital projects during the year. All expenditures remained relatively consistent with the previous year.

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




For the year ended September 30, 2016, charges for services by business-type activities totaled $10,382,099. This is an increase of $1,244,530, or 14%, from the previous year. This increase directly relates to water usage within the City as well as a price increase that occurred at the beginning of the fiscal year.

Total expenses increased $890,087 to a total of $8,128,858, due primarily to increased purchases from the North Texas Municipal Water District, the City's source of water.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

<u>Governmental Funds</u> - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing

the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2016, the City's governmental funds reported combined fund balances of $19,588,437, an increase of $1,531,526 in comparison with the prior year. Approximately 31% of this amount, $6,099,936, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, assigned, or restricted* to indicate that it is 1) not in spendable form, $21,970, or 2) restricted for particular purposes, $13,466,531.

As of the end of the year the general fund reflected a total fund balance of $7,932,067. Of this, $21,970 is considered nonspendable and $7,723,757 is unassigned. This increase in fund balance is attributable to increased property and sales taxes and positive budget variances in both revenues and expenditures.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 56% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $7,723,757 is 54% of total general fund expenditures.

The debt service fund had an ending fund balance of $1,519,601 at September 30, 2016 compared to the previous year's balance of $336,024.

The capital projects fund ending fund balance is $4,370,385. D uring the year, the City expended $2,118,582 on various projects, utilizing funds designated for capital projects.

The impact fee fund is considered a major fund and is used to ensure impact fees assessed for specific capital improvements are properly accounted for. During the year the City received $1,022,593 in impact fees but did not have any related capital expenditures.

The PGBT reinvestment zone is used to track property tax collected for development. During the year the fund received $58,141 in property taxes. The fund saw a total decrease in fund balance of $1,016,131. This decrease was due to the advance of funds for the completion of a major sewer project.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the water and sewer fund totaled $27,959,419. Unrestricted net position of the enterprise fund at the close of the fiscal year amounted to $7,450,081. Total net position demonstrated an increase of $4,924,211. The fund had a net investment in capital assets of $20,509,338. The City operates and maintains a water and sewer distribution system with force mains and lift stations. The City has six water storage facilities with a total capacity of approximately 6.9 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $1,539,014 consisting of water and sewer infrastructure.
- Operational expenses excluding depreciation and amortization were $6,586,931.
- Cash and cash equivalents in the water and sewer fund were $4,418,916 at fiscal year end.

An internal service fund was established for the purpose of tracking and allocating expenses for employee insurance. Revenue consists of budgeted allocations transferred from the general and water and sewer funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of $275,328 to be retained for future risk.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments approved during the fiscal year resulted in a $200,000 increase in fund balance between the original and final budgets. There was a positive variance of $801,441 over budgeted general fund revenues. The following are additional comments regarding appropriations:

- There was a total positive variance of $269,149 in budgeted appropriations.
- $1,070,590 is the budget surplus of revenues over expenditures before transfers.
- There was an actual net positive change in fund balance of $1,095,188.

## CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $84,293,091 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $21,636,605 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by $4,382,594, net of depreciation.

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

- Contribution of assets by a developer.
- Construction of road projects.

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

## LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of $36,395,000. Of this amount, $730,000 is self-supporting through revenues collected from the rates of the City's utility fund.

All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

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

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

The 2016-2017 Fiscal Year Budget was approved by City Council on September 19, 2016. The tax rate adopted that same day was $.757279 per $100 assessed value, unchanged from the previous year. There was an increase in taxable values of $237 million (14.53%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1,526,860 to be allocated across the General, Debt Service, and PGBT Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $1,526,725 to a total of $16,331.070. Budgeted expenditures increased by $1,483,773 to a total of $16,227,619 and include funding for implementation of a vehicle and equipment replacement program and additional personnel in the fire department.

Budgeted revenue in the Utility Fund includes the third year of a five year rate plan approved in 2014, an increase of $849,553 (9.7%) over the previous year. Budgeted expenses increased by $2,744,219 to a total of $11,718,917, a percentage increase of 30.6%. Approved expenditures include Phase 1 of a meter replacement program and upgrade to 4G technology, a sewer main inspection camera, and capital funding for an elevated storage facility and upgrades to water and sewer lines.

The City's capital budget includes $5,701,830 in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the amount budgeted includes $168,750 from the General Fund, $2,169,600 from the Utility Fund, $1,393,480 from Water and Sewer Impact Fees, $345,000 in Street Maintenance Taxes, $125,000 from general unobligated capital project funds, and $1,500,000 from the 2006 Transportation Bond program.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse Texas 75048 or call (972) 495-1212.

City of Sachse

# *FINANCIAL STATEMENTS*

# City of Sachse, Texas

*STATEMENT OF NET POSITION*

**September 30, 2016**

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Sachse EDC |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 15,945,460 | $ 4,184,777 | $ 20,130,237 | $ 718,447 |
| Restricted cash | - | 234,139 | 234,139 | - |
| Investments | 6,027,297 | 2,006,704 | 8,034,001 | 1,007,152 |
| Receivables, net | 888,069 | 1,678,636 | 2,566,705 | 135,160 |
| Internal balances | (578,620) | 578,620 | - | - |
| Inventory | - | 13,122 | 13,122 | - |
| Prepaids | 21,970 | - | 21,970 | 5,640 |
| Assets held for sale | - | - | - | 225,999 |
| **Total Current Assets** | 22,304,176 | 8,695,998 | 31,000,174 | 2,092,398 |
| Advances from other governments | - | - | - | 1,045,201 |
| Capital assets: | | | | |
| Non-depreciable | 10,934,534 | 2,458,178 | 13,392,712 | - |
| Net depreciable capital assets | 73,358,557 | 19,178,427 | 92,536,984 | - |
| | 84,293,091 | 21,636,605 | 105,929,696 | 1,045,201 |
| **Total Assets** | 106,597,267 | 30,332,603 | 136,929,870 | 3,137,599 |
| **Deferred Outflows of Resources** | | | | |
| Pension contributions | 751,128 | 56,537 | 807,665 | - |
| Pension investment earnings | 1,091,011 | 82,119 | 1,173,130 | - |
| Deferred charge on refunding | 2,886,935 | 51,765 | 2,938,700 | - |
| **Total Deferred Outflows of Resources** | $ 4,729,074 | $ 190,421 | $ 4,919,495 | $ - |

# City of Sachse, Texas

*STATEMENT OF NET POSITION (Continued)*

**September 30, 2016**

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Sachse EDC |
| **Liabilities** | | | | |
| Current liabilities: | | | | |
| Accounts payable | | | | |
| and accrued liabilities | $ 1,213,192 | $ 1,173,688 | $ 2,386,880 | $ 6,822 |
| Accrued interest payable | 153,138 | 6,234 | 159,372 | - |
| Customer deposits | 500 | 236,644 | 237,144 | - |
| Long term debt due within one year | 2,768,698 | 144,524 | 2,913,222 | 2,869 |
| | 4,135,528 | 1,561,090 | 5,696,618 | 9,691 |
| Noncurrent liabilities: | | | | |
| Advances from | | | | |
| other governments | 1,045,201 | - | 1,045,201 | - |
| Due in more than one year | 37,260,704 | 690,507 | 37,951,211 | 319 |
| Net pension liability | 4,107,026 | 309,131 | 4,416,157 | - |
| **Total Liabilities** | 46,548,459 | 2,560,728 | 49,109,187 | 10,010 |
| **Deferred Inflows of Resources** | | | | |
| Pension losses | 38,220 | 2,877 | 41,097 | - |
| **Net Position** | | | | |
| Net investment in capital assets | 52,071,872 | 20,509,338 | 72,581,210 | - |
| Restricted for: | | | | |
| Debt service | 319,601 | - | 319,601 | - |
| Capital improvements | 7,841,255 | - | 7,841,255 | - |
| Municipal court | 231,219 | - | 231,219 | - |
| Street maintenance | 226,558 | - | 226,558 | - |
| Economic development | - | - | - | 3,127,589 |
| Unrestricted | 4,049,157 | 7,450,081 | 11,499,238 | - |
| **Total Net Position** | $ 64,739,662 | $ 27,959,419 | $ 92,699,081 | $ 3,127,589 |

See Notes to Financial Statements.

# City of Sachse, Texas

*STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2016**

| | | Program Revenues | | |
|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| **Primary Government** | | | | |
| **Governmental Activities** | | | | |
| General government | $ 2,500,102 | $ 720 | $ - | $ - |
| Public safety | 8,191,197 | 596,562 | - | - |
| Public works | 5,056,488 | 1,315,780 | - | 4,913,651 |
| Culture and recreation | 1,739,147 | - | 10,579 | - |
| Community development | 900,457 | 1,169,517 | 734,396 | - |
| Interest and fiscal charges | 2,105,723 | - | - | - |
| **Total Governmental Activities** | 20,493,114 | 3,082,579 | 744,975 | 4,913,651 |
| **Business-Type Activities** | | | | |
| Water | 4,926,227 | 6,269,095 | | 1,545,673 |
| Sewer | 3,202,631 | 4,113,004 | | 1,264,642 |
| **Total Business-Type Activities** | 8,128,858 | 10,382,099 | - | 2,810,315 |
| **Total Primary Government** | $ 28,621,972 | $ 13,464,678 | $ 744,975 | 7,723,966 |
| **Component Unit** | | | | |
| Sachse Economic Development Corporation | $ 1,817,186 | $ - | $ - | $ 10,000 |

**General Revenues:**

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-Type Activities | Total | Sachse EDC |
| $ (2,499,382) | $ - | $ (2,499,382) | $ - |
| (7,594,635) | - | (7,594,635) | - |
| 1,172,943 | - | 1,172,943 | - |
| (1,728,568) | - | (1,728,568) | - |
| 1,003,456 | - | 1,003,456 | - |
| (2,105,723) | - | (2,105,723) | - |
| (11,751,909) | - | (11,751,909) | - |
| - | 2,888,541 | 2,888,541 | - |
| - | 2,175,015 | 2,175,015 | - |
| - | 5,063,556 | 5,063,556 | - |
| (11,751,909) | 5,063,556 | (6,688,353) | - |
| | | | (1,807,186) |
| 12,296,608 | - | 12,296,608 | - |
| 1,844,639 | - | 1,844,639 | 731,010 |
| 1,180,286 | - | 1,180,286 | - |
| 50,842 | 7,160 | 58,002 | 4,567 |
| 268,740 | - | 268,740 | 5,000 |
| 146,505 | (146,505) | - | - |
| 15,787,620 | (139,345) | 15,648,275 | 740,577 |
| 4,035,711 | 4,924,211 | 8,959,922 | (1,066,609) |
| 60,703,951 | 23,035,208 | 83,739,159 | 4,194,198 |
| $ 64,739,662 | $ 27,959,419 | $ 92,699,081 | $ 3,127,589 |

# City of Sachse, Texas

*BALANCE SHEET*

*GOVERNMENTAL FUNDS*

**September 30, 2016**

| | General | Debt Service | Capital Projects | Impact Fee |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 4,988,071 | $ 1,519,601 | $ 1,641,338 | $ 6,438,165 |
| Investments | 3,007,076 | - | 3,020,221 | - |
| Receivables, net | 782,414 | 30,375 | - | - |
| Prepaids | 21,970 | - | - | - |
| **Total Assets** | $ 8,799,531 | $ 1,549,976 | $ 4,661,559 | $ 6,438,165 |
| **Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ 715,821 | $ - | $ 291,174 | $ 161,956 |
| Customer deposits | 500 | - | - | - |
| Advances from other funds | - | - | - | - |
| Advances from other governments | - | - | - | - |
| **Total Liabilities** | 716,321 | - | 291,174 | 161,956 |
| **Deferred Inflows of Resources** | | | | |
| Unavailable revenue - | | | | |
| Property taxes | 93,961 | 30,375 | - | - |
| Fines receivable, net | 6,251 | - | - | - |
| Ambulance | 50,931 | - | - | - |
| **Total Deferred Inflows** | 151,143 | 30,375 | - | - |
| **Fund Balances** | | | | |
| Nonspendable for: | | | | |
| Prepaids | 21,970 | - | - | - |
| Restricted for: | | | | |
| Debt service | - | 319,601 | - | - |
| Capital improvements | - | 1,200,000 | 4,370,385 | 6,276,209 |
| Municipal court | - | - | - | - |
| Street maintenance | - | - | - | - |
| Assigned | 186,340 | - | - | - |
| Unassigned | 7,723,757 | - | - | - |
| **Total Fund Balances** | 7,932,067 | 1,519,601 | 4,370,385 | 6,276,209 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | $ 8,799,531 | $ 1,549,976 | $ 4,661,559 | $ 6,438,165 |

See Notes to Financial Statements.

| PGBT Reinvestment Zone | Street Maintenance | Nonmajor Special Revenue | Total Governmental Funds |
|---|---|---|---|
| $ - | $ 158,954 | $ 924,003 | $ 15,670,132 |
| - | - | - | 6,027,297 |
| - | 67,604 | 7,676 | 888,069 |
| - | - | - | 21,970 |
| $ - | $ 226,558 | $ 931,679 | $ 22,607,468 |
| | | | |
| $ - | $ - | $ 44,241 | $ 1,213,192 |
| - | - | - | 500 |
| 578,620 | - | - | 578,620 |
| 1,045,201 | - | - | 1,045,201 |
| 1,623,821 | - | 44,241 | 2,837,513 |
| | | | |
| - | - | - | 124,336 |
| - | - | - | 6,251 |
| - | - | - | 50,931 |
| - | - | - | 181,518 |
| | | | |
| - | - | - | 21,970 |
| - | - | - | 319,601 |
| - | - | 656,219 | 12,502,813 |
| - | - | 231,219 | 231,219 |
| | 226,558 | - | 226,558 |
| - | - | - | 186,340 |
| (1,623,821) | - | - | 6,099,936 |
| (1,623,821) | 226,558 | 887,438 | 19,588,437 |
| | | | |
| $ - | $ 226,558 | $ 931,679 | $ 22,607,468 |

City of Sachse

# City of Sachse, Texas

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

**September 30, 2016**

| | | |
|---|---|---|
| **Fund Balances - Total Governmental Funds** | $ | 19,588,437 |
| | | |
| **Adjustments for the Statement of Net Position:** | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds. | | |
| Capital assets - non-depreciable | | 10,934,534 |
| Capital assets - net depreciable | | 73,358,557 |
| | | |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. | | |
| Property tax receivable | | 124,336 |
| Fines receivable | | 6,251 |
| Ambulance receivables | | 50,931 |
| | | |
| Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then. | | |
| Pension contributions | | 751,128 |
| Pension investment earnings | | 1,091,011 |
| Deferred charge on refunding | | 2,886,935 |
| Pension gains | | (38,220) |
| | | |
| Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | 275,328 |
| | | |
| Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds. | | |
| Accrued interest | | (153,138) |
| Bond premium | | (2,614,608) |
| Bond discount | | 4,829 |
| Non-current liabilities due in one year | | (2,768,698) |
| Non-current liabilities due in more than one year | | (34,650,925) |
| Net pension liability | | (4,107,026) |
| **Net Position of Governmental Activities** | $ | 64,739,662 |

See Notes to Financial Statements.

# City of Sachse, Texas

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

**For the Year Ended September 30, 2016**

| | General | Debt Service | Capital Projects | Impact Fee |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property tax | $ 9,206,693 | $ 2,995,213 | $ - | $ - |
| Sales tax | 1,479,006 | - | - | - |
| Franchise and local taxes | 1,180,286 | - | - | - |
| License, permits and fees | 1,724,047 | - | - | - |
| Intergovernmental | 229,514 | - | 734,396 | - |
| Grants and donations | - | - | - | - |
| Fines and forfeitures | 262,197 | - | - | - |
| Impact and development fees | - | - | - | 1,022,593 |
| Investment income | 19,706 | 589 | 17,210 | 12,977 |
| Other revenue | 127,134 | - | 144,401 | - |
| **Total Revenues** | 14,228,583 | 2,995,802 | 896,007 | 1,035,570 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 1,553,430 | - | - | - |
| Public safety | 7,472,857 | - | - | - |
| Public works | 1,882,251 | - | - | - |
| Culture and recreation | 1,418,057 | - | - | - |
| Community development | 831,719 | - | - | - |
| Nondepartmental | 564,368 | - | - | - |
| Debt Service: | | | | |
| Principal | - | 1,325,000 | - | - |
| Interest and fiscal charges | - | 1,672,947 | - | - |
| Bond issuance costs | - | 372,256 | - | - |
| Capital outlay | 452,015 | - | 2,118,582 | - |
| **Total Expenditures** | 14,174,697 | 3,370,203 | 2,118,582 | - |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 53,886 | (374,401) | (1,222,575) | 1,035,570 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 1,441,302 | - | 400,000 | - |
| Transfers (out) | (400,000) | (138,146) | (82,379) | - |
| Issuance of debt | - | 21,225,000 | - | - |
| Premium on bonds issued | - | 2,204,516 | - | - |
| Payment to escrow agent | - | (21,733,392) | - | - |
| **Total Other Sources (Uses)** | 1,041,302 | 1,557,978 | 317,621 | - |
| **Net Change in Fund Balances** | 1,095,188 | 1,183,577 | (904,954) | 1,035,570 |
| Beginning fund balances | 6,836,879 | 336,024 | 5,275,339 | 5,240,639 |
| **Ending Fund Balances** | $ 7,932,067 | $ 1,519,601 | $ 4,370,385 | $ 6,276,209 |

See Notes to Financial Statements.

| PGBT Reinvestment Zone | Street Maintenance | Nonmajor Special Revenue | Total Governmental Funds |
|---|---|---|---|
| $ 58,141 | $ - | $ - | $ 12,260,047 |
| - | 365,633 | - | 1,844,639 |
| - | - | - | 1,180,286 |
| - | - | 19,581 | 1,743,628 |
| - | - | - | 963,910 |
| - | - | 10,579 | 10,579 |
| - | - | 29,729 | 291,926 |
| - | - | - | 1,022,593 |
| - | 54 | 306 | 50,842 |
| - | - | 60 | 271,595 |
| 58,141 | 365,687 | 60,255 | 19,640,045 |
| | | | |
| - | - | 11,745 | 1,565,175 |
| - | - | 16,347 | 7,489,204 |
| - | - | - | 1,882,251 |
| - | - | 37,895 | 1,455,952 |
| - | - | - | 831,719 |
| - | - | - | 564,368 |
| | - | - | |
| - | - | - | 1,325,000 |
| - | - | - | 1,672,947 |
| - | - | - | 372,256 |
| - | 221,679 | - | 2,792,276 |
| - | 221,679 | 65,987 | 19,951,148 |
| 58,141 | 144,008 | (5,732) | (311,103) |
| | | | |
| - | - | - | 1,841,302 |
| (1,074,272) | - | - | (1,694,797) |
| - | - | - | 21,225,000 |
| - | - | - | 2,204,516 |
| - | - | - | (21,733,392) |
| (1,074,272) | - | - | 1,842,629 |
| (1,016,131) | 144,008 | (5,732) | 1,531,526 |
| (607,690) | 82,550 | 893,170 | 18,056,911 |
| $ (1,623,821) | $ 226,558 | $ 887,438 | $ 19,588,437 |

City of Sachse

# City of Sachse, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2016**

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

| | | |
|---|---|---|
| Net changes in fund balances - total governmental funds | $ | 1,531,526 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay | | 2,445,778 |
| Depreciation expense | | (4,063,500) |
| Loss on disposal of asset | | (2,855) |
| The effect of capital assets contributed to the City during the current year. | | 4,913,651 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (168,521) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | | (96,357) |
| Accrued interest | | 107,815 |
| Pension expense | | (165,892) |
| The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Issuance of debt premium | | (2,204,516) |
| Net change in deferred charges on refunding | | 1,600,459 |
| Amortization of debt discount | | (9,525) |
| Amortization of debt premium | | 24,123 |
| Net change in bonds payable | | 50,000 |
| Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. | | 73,525 |
| **Change in Net Position of Governmental Activities** | $ | 4,035,711 |

See Notes to Financial Statements.

# City of Sachse, Texas

*STATEMENT OF NET POSITION*

*PROPRIETARY FUNDS*

**September 30, 2016**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water & Sewer | Internal Service Fund |
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 4,184,777 | $ 275,328 |
| Restricted cash - customer deposits | 234,139 | - |
| Investments | 2,006,704 | - |
| Receivables, net | 1,678,636 | - |
| Inventory | 13,122 | - |
| **Total Current Assets** | 8,117,378 | 275,328 |
| **Noncurrent Assets** | | |
| Advances to other funds | 578,620 | - |
| Capital assets: | | |
| Non-depreciable | 2,458,178 | - |
| Net depreciable capital assets | 19,178,427 | - |
| **Total Noncurrent Assets** | 22,215,225 | - |
| **Total Assets** | 30,332,603 | 275,328 |
| **Deferred Outflows of Resources** | | |
| Pension contributions | 56,537 | - |
| Pension investment earnings | 82,119 | - |
| Pension gains | | - |
| Deferred charge on refunding | 51,765 | - |
| **Total Deferred Outflows** | $ 190,421 | $ - |

# City of Sachse, Texas

*STATEMENT OF NET POSITION (Continued)*

*PROPRIETARY FUNDS*

**September 30, 2016**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water & Sewer | Internal Service Fund |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ 1,173,688 | $ - |
| Accrued interest | 6,234 | - |
| Customer deposits | 236,644 | - |
| Compensated absences - current | 34,524 | - |
| Bonds payable - current | 110,000 | - |
| **Total Current Liabilities** | 1,561,090 | - |
| **Noncurrent Liabilities** | | |
| Compensated absences | 3,836 | - |
| Bonds payable | 686,671 | - |
| Net pension liability | 309,131 | - |
| **Total Liabilities** | 2,560,728 | - |
| **Deferred Outflows of Resources** | | |
| Pension losses | 2,877 | - |
| **Net Position** | | |
| Net investment in capital assets | 20,509,338 | - |
| Unrestricted | 7,450,081 | 275,328 |
| **Total Net Position** | 27,959,419 | $ 275,328 |

See Notes to Financial Statements.

# City of Sachse, Texas

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

**For the Year Ended September 30, 2016**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water & Sewer | Internal Service Fund |
| **Operating Revenues** | | |
| Water revenue | $ 6,006,167 | $ - |
| Sewer revenue | 4,113,004 | - |
| Connection and tap charges | 117,938 | - |
| Other revenue | 144,990 | 935,816 |
| **Total Operating Revenues** | 10,382,099 | 935,816 |
| **Operating Expenses** | | |
| Administration | 201,617 | - |
| Personnel | 620,510 | 862,343 |
| Cost of water | 3,516,026 | - |
| Cost of sewer | 2,248,778 | - |
| Depreciation | 1,493,827 | - |
| **Total Operating Expenses** | 8,080,758 | 862,343 |
| **Operating Income** | 2,301,341 | 73,473 |
| **Nonoperating Revenues (Expenses)** | | |
| Investment income | 7,160 | 52 |
| Interest expense | (48,100) | - |
| **Total Nonoperating Revenues (Expenses)** | (40,940) | 52 |
| **Income Before Capital Contributions and Transfers** | 2,260,401 | 73,525 |
| Intergovernmental grant | 1,271,301 | - |
| Contributed capital | 1,539,014 | - |
| Transfers in | 1,294,797 | - |
| Transfers (out) | (1,441,302) | - |
| **Change in Net Position** | 4,924,211 | 73,525 |
| Beginning net position | 23,035,208 | 201,803 |
| **Ending Net Position** | $ 27,959,419 | $ 275,328 |

See Notes to Financial Statements.

# City of Sachse, Texas

*STATEMENT OF CASH FLOWS*

*PROPRIETARY FUNDS (Page 1 of 2)*

**For the Year Ended September 30, 2016**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water & Sewer | Internal Service Fund |
| **Cash Flows from Operating Activities** | | |
| Receipts from customers | $ 10,788,736 | $ 935,816 |
| Payments to suppliers | (5,616,415) | (862,343) |
| Payments to employees | (774,999) | - |
| **Net Cash Provided (Used) by Operating Activities** | 4,397,322 | 73,473 |
| **Cash Flows from Noncapital Financing Activities** | | |
| Transfers in | 1,294,797 | - |
| Transfers (out) | (1,441,302) | - |
| **Net Cash (Used for) Noncapital Financing Activities** | (146,505) | - |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Capital purchases | (1,953,783) | - |
| Proceeds from intergovernmental grant | 1,271,301 | - |
| Principal paid on debt | (105,000) | - |
| Interest paid on debt | (33,194) | - |
| **Net Cash (Used for) Capital and Related Financing Activities** | (820,676) | - |
| **Cash Flows from Investing Activities** | | |
| Purchase of investments | (2,006,704) | |
| Interest on investments | 7,160 | 52 |
| **Net Cash Provided (Used) by Investing Activities** | (1,999,544) | 52 |
| **Net increase in Cash and Cash Equivalents** | 1,430,597 | 73,525 |
| Beginning cash and cash equivalents | 2,988,319 | 201,803 |
| **Ending Cash and Cash Equivalents** | $ 4,418,916 | $ 275,328 |

See Notes to Financial Statements.

# City of Sachse, Texas

*STATEMENT OF CASH FLOWS*

*PROPRIETARY FUNDS (Page 2 of 2)*

**For the Year Ended September 30, 2016**

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water & Sewer | Internal Service Fund |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities** | | |
| Operating Income | $ 2,301,341 | $ 73,473 |
| Adjustments to reconcile operating income to net cash provided: | | |
| Depreciation | 1,493,827 | - |
| **Changes in Operating Assets and Liabilities:** | | |
| **(Increase) Decrease in:** | | |
| Accounts receivable | 391,538 | - |
| Inventory | 3,075 | - |
| Advances | (105,660) | - |
| **Increase (Decrease) in:** | | |
| Accounts payable and accrued liabilities | 250,974 | - |
| Compensated absences | 10,195 | - |
| Customer deposits | 15,099 | - |
| Deferred outflows - pension contributions | (15,302) | - |
| Deferred outflows - investment earnings | (71,537) | - |
| Deferred inflows - pension (gains) losses | (2,890) | - |
| Net pension liability | 126,662 | - |
| **Net Cash Provided (Used) by Operating Activities** | $ 4,397,322 | $ 73,473 |
| | | |
| **Noncash Investing and Financing Activities** | | |
| Bond refunding | $ 620,000 | $ - |
| Contributions of capital assets | 1,539,014 | - |
| | $ 2,159,014 | $ - |

See Notes to Financial Statements.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

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

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

**Blended Component Unit**

<u>President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund</u>

The City created the PGBT Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the Board are citizens of Sachse. Any future debt obligations issued and backed by the

TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

**Discretely Presented Component Unit**

<u>Sachse Economic Development Corporation</u>

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC seven member board to carry out the Board's administrative and policy initiatives. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 3815 Sachse Road, Sachse, Texas 75048.

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

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

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

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

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

The government reports the following governmental funds:

**General Fund**

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

**Debt Service Fund**

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

**Capital Projects Fund**

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

**Impact Fee Fund**

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

**PGBT Reinvestment Zone Tax Increment Fund**

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

**Street Maintenance Fund**

The street maintenance fund is used to account for a sales tax restricted for street maintenance. The fund is not considered to be a major fund, however management has chosen to present the fund as a major fund.

**Special Revenue Fund**

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

The government reports the following major enterprise fund:

**Water & Sewer Fund**

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

The government reports the following internal service fund:

**Health Insurance Fund**

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

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

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

### C. Measurement focus and basis of accounting

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

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

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

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

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

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

### 1. Deposits and Investments

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

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

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

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

### 2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### 3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

### 4. Inventories and Prepaid Items

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

### 5. Capital Assets

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

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

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

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

| Asset Description | Estimated Useful Life |
|---|---|
| Vehicles | 5 to 10 years |
| Machinery and equipment | 5 to 10 years |
| Infrastructure | 5 to 30 years |
| Buildings and improvements | 25 years |

**6. Net Position Flow Assumption**

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

**7. Fund Balance Flow Assumptions**

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

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

**8. Fund Balance Policies**

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

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

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

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

**9. Long-Term Obligations**

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

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

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

**10. Estimates**

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

**11. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## E. Revenues and Expenditures/Expenses

### 1. Program Revenues

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

### 2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

### 3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

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

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

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

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

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

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

### A. Expenditures Over Appropriations

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

General Fund:

| | |
|---|---|
| Fire and ambulance | $9,102 |
| Capital outlay | $48,515 |

Debt Service Fund

| | |
|---|---|
| Interest | $118,514 |
| Bond issuance costs | $372,256 |

Special Revenue Fund:

| | |
|---|---|
| Police | $7,436 |
| Culture and recreation | $10,895 |

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

### B. Deficit Fund Equity

At September 30, 2016, the PGBT Reinvestment Zone TIF has a deficit fund balance of $1,623,821. The deficit will be eliminated in the future with development of the zone and issuance of new debt.

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexPool are included in this category. Although the City's investments in TexPool and TexStar are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required. The City had the following deposits considered to be cash and cash equivalents at year end:

| Investment Type | Fair Value | Weighted Average Maturity (Days) | Credit Rating |
|---|---|---|---|
| Bank deposits | $ 17,274,018 | - | - |
| Money market accounts | 2,388,898 | - | - |
| External investment pools | | | |
| TexPool | 701,459 | 45 | AAAm |
| Total fair value | $ 20,364,375 | | |

The Sachse EDC had the following deposits considered to be cash and cash equivalents at year end:

| Investment Type | Fair Value |
|---|---|
| Bank deposits | $ 718,447 |
| Total fair value | $ 718,447 |

As of September 30, 2016, the primary government had the following investments:

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|---|---|---|
| Certificates of deposit | $ 8,034,001 | 0.55 |

As of September 30, 2016, the Sachse EDC had the following investments:

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|---|---|---|
| Certificates of deposit | $ 1,007,152 | 0.21 |

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

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2016, the City's investment in TexPool was rated AAAm by Standard & Poor's.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2016, the market values of pledged securities and FDIC exceeded bank balances.

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

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

## B. Receivables

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

| | General | Debt Service | Street Maintenance | Special Revenue | Water & Sewer | Total |
|---|---|---|---|---|---|---|
| Property taxes | $ 93,961 | $ 30,375 | $ - | $ - | $ - | $ 124,336 |
| Sales tax | 224,124 | - | 67,604 | - | - | 291,728 |
| Franchise taxes | 279,795 | - | - | - | - | 279,795 |
| Fines | 153,354 | - | - | - | - | 153,354 |
| EMS | 195,889 | - | - | - | - | 195,889 |
| Accounts | - | - | - | - | 1,707,031 | 1,707,031 |
| Other | 95,539 | - | - | 7,676 | 1,042 | 104,257 |
| Allowance | (260,248) | - | - | - | (29,437) | (289,685) |
| | $ 782,414 | $ 30,375 | $ 67,604 | $ 7,676 | $ 1,678,636 | $ 2,566,705 |

## C. Capital Assets

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

| | Beginning Balances | Increases | Decreases/ Reclassifications | Ending Balances |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 8,895,278 | $ - | $ - | $ 8,895,278 |
| Construction in progress | 1,445,991 | 1,956,898 | (1,366,633) | 2,036,256 |
| Total capital assets not being depreciated | 10,341,269 | 1,956,898 | (1,366,633) | 10,931,534 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 20,101,228 | 8,460 | - | 20,109,688 |
| Vehicles and equipment | 7,824,221 | 480,420 | 74,219 | 8,378,860 |
| Infrastructure | 116,131,189 | 4,913,651 | 1,276,119 | 122,320,959 |
| Total capital assets being depreciated | 144,056,638 | 5,402,531 | 1,350,338 | 150,809,507 |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 5,475,917 | 1,055,870 | - | 6,531,787 |
| Vehicles and equipment | 5,539,364 | 444,919 | (13,440) | 5,970,843 |
| Infrastructure | 62,382,609 | 2,562,711 | - | 64,945,320 |
| Total accumulated depreciation | 73,397,890 | 4,063,500 | (13,440) | 77,447,950 |
| Net capital assets being depreciated | 70,658,748 | 1,339,031 | 1,363,778 | 73,361,557 |
| **Total Capital Assets** | $ 81,000,017 | $ 3,295,929 | $ (2,855) | $ 84,293,091 |

Depreciation was charged to governmental functions as follows:

| | |
|---|---|
| General government | $ 471,134 |
| Public safety | 533,678 |
| Public works | 2,807,871 |
| Culture and recreation | 250,817 |
| **Total Governmental Activities Depreciation Expense** | $ 4,063,500 |

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

| | Beginning Balances | Increases | Decreases/ Reclassifications | Ending Balances |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 346,821 | $ 8,200 | $ - | $ 355,021 |
| Construction in progress | 458,187 | 1,730,049 | (85,079) | 2,103,157 |
| Total capital assets not being depreciated | 805,008 | 1,738,249 | (85,079) | 2,458,178 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 313,503 | - | - | 313,503 |
| Vehicles and equipment | 1,037,409 | 156,478 | - | 1,193,887 |
| Infrastructure | 44,224,478 | 1,598,070 | 85,079 | 45,907,627 |
| Total capital assets being depreciated | 45,575,390 | 1,754,548 | 85,079 | 47,415,017 |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 256,728 | 5,351 | - | 262,079 |
| Vehicles and equipment | 932,524 | 34,487 | - | 967,011 |
| Infrastructure | 25,553,511 | 1,453,989 | - | 27,007,500 |
| Total accumulated depreciation | 26,742,763 | 1,493,827 | - | 28,236,590 |
| Net capital assets being depreciated | 18,832,627 | 260,721 | 85,079 | 19,178,427 |
| **Total Capital Assets** | $ 19,637,635 | $ 1,998,970 | $ - | $ 21,636,605 |

Depreciation was charged to business-type activities as follows:

| | |
|---|---|
| Water | $ 902,746 |
| Sewer | 591,081 |
| **Total Business-Type Activities Depreciation Expense** | $ 1,493,827 |

## D. Long-term Debt

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds, notes and other payables: | | | | | |
| General Obligation Bonds | $ 36,915,000 | $ 20,025,000 | $ (21,275,000) | $ 35,665,000 | $ 2,165,000 |
| Discount | (14,354) | - | 9,525 | (4,829) | - |
| Premium | 434,215 | 2,204,516 | (24,123) | 2,614,608 | - |
| Tax notes | - | 1,200,000 | - | 1,200,000 | 160,000 |
| Other liabilities: | | | | | |
| Compensated absences | 478,266 | 554,623 | (478,266) | 554,623 | 443,698 |
| **Total Governmental Activities** | $ 37,813,127 | $ 23,984,139 | $ (21,767,864) | $ 40,029,402 | $ 2,768,698 |
| **Long-term liabilities due in more than one year** | | | | $ 37,260,704 | |
| **Business-Type Activities:** | | | | | |
| Bonds, notes and other payables: | | | | | |
| Certificates of Obligation | $ 835,000 | $ - | $ (725,000) | $ 110,000 | $ 110,000 |
| General Obligation Bonds | - | 620,000 | - | 620,000 | - |
| Preimium | - | 66,671 | - | 66,671 | - |
| Other liabilities: | | | | | |
| Compensated absences | 28,165 | 38,360 | (28,165) | 38,360 | 34,524 |
| **Total Business-Type Activities** | $ 863,165 | $ 725,031 | $ (753,165) | $ 835,031 | $ 144,524 |
| **Long-term liabilities due in more than one year** | | | | $ 690,507 | |
| **Component Unit** | | | | | |
| Other liabilities: | | | | | |
| Compensated absences | $ 1,215 | $ 1,211 | $ 762 | $ 3,188 | $ 2,869 |
| **Total Component Unit** | $ 1,215 | $ 1,211 | $ 762 | $ 3,188 | $ 2,869 |
| **Long-term liabilities due in more than one year** | | | | $ 319 | |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

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

| Description | Interest Rates | Original Balance | Current Balance |
|---|---|---|---|
| **Governmental Activities:** | | | |
| 2007 General obligation improvement bonds | 4.0-4.15% | $ 6,130,000 | $ 575,000 |
| 2009 General obligation refunding and improvement bonds | 2.20-5.88% | 34,560,000 | 5,770,000 |
| 2015 General obligation refunding and improvement bonds | 2.0-4.0% | 9,470,000 | 9,295,000 |
| 2016 General obligation refunding bonds | 2.0-4.0% | 20,025,000 | 20,025,000 |
| 2016 Tax notes | 2.0-3.0% | 1,200,000 | 1,200,000 |
| **Total Governmental Activities** | | $ 71,385,000 | $ 36,865,000 |
| **Business-type Activities:** | | | |
| 2007 Certificates of obligation | 3.72 - 4.5% | $ 1,530,000 | $ 110,000 |
| 2016 General obligation refunding bonds | 2.0-4.0% | 620,000 | 620,000 |
| **Total Business-Type Activities** | | $ 2,150,000 | $ 730,000 |
| **Total** | | $ 73,535,000 | $ 37,595,000 |

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

| Year ending | General Obligation Bonds | | Tax Notes | |
|---|---|---|---|---|
| September 30, | Principal | Interest | Principal | Interest |
| 2017 | $ 2,165,000 | $ 1,155,461 | $ 160,000 | $ 25,436 |
| 2018 | 1,925,000 | 1,109,308 | 165,000 | 22,800 |
| 2019 | 1,595,000 | 1,054,414 | 165,000 | 19,500 |
| 2020 | 1,655,000 | 1,000,158 | 170,000 | 16,150 |
| 2021 | 1,720,000 | 939,439 | 175,000 | 12,700 |
| 2022 | 1,780,000 | 889,795 | 180,000 | 8,250 |
| 2023 | 1,830,000 | 844,745 | 185,000 | 2,775 |
| 2024 | 1,890,000 | 789,414 | - | - |
| 2025 | 1,945,000 | 731,658 | - | - |
| 2026 | 2,005,000 | 671,533 | - | - |
| 2027 | 2,075,000 | 599,451 | - | - |
| 2028 | 2,165,000 | 514,539 | - | - |
| 2029 | 1,820,000 | 434,723 | - | - |
| 2030 | 1,895,000 | 360,300 | - | - |
| 2031 | 1,980,000 | 282,675 | - | - |
| 2032 | 2,325,000 | 196,419 | - | - |
| 2033 | 2,410,000 | 112,331 | - | - |
| 2034 | 2,485,000 | 37,419 | - | - |
| **Total** | $ 35,665,000 | $ 11,723,778 | $ 1,200,000 | $ 107,611 |

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

| Year ending | General Obligation Bonds | | Certificates of Obligation | |
|---|---|---|---|---|
| September 30, | Principal | Interest | Principal | Interest |
| 2017 | - | 12,124 | $ 110,000 | $ 2,200 |
| 2018 | 120,000 | 11,200 | - | - |
| 2019 | 120,000 | 8,800 | - | - |
| 2020 | 125,000 | 6,350 | - | - |
| 2021 | 125,000 | 3,850 | - | - |
| 2022 | 130,000 | 1,300 | - | - |
| **Total** | $ 620,000 | $ 43,624 | $ 110,000 | $ 2,200 |

## E. Advanced Refunding Bond

The City issued $20,645,000 in bonds with interest rates ranging from 2.0-4.0%. The proceeds were used to refund $16,260,000 of outstanding 2009 General refunding and improvement bonds with an interest rate of 5.0-5.25%, $3,690,000 of outstanding 2007 General Obligation bonds with an interest rate of 4.0-4.15%, and $620,000 of outstanding 2007 Certificates of Obligation which had an interest rate of 4.1-4.5% The net proceeds of $22,865,047 (including a $2,220,047 premium and after payment of $333,689 in underwriting fees and other issuance costs) were used to refund the original bond holders. As a result, the liability for those bonds has been removed from the statement of net position. The difference between the reacquisition price and the net carrying amount of the old debt is $1,838,608. This difference is being charged to operations through the year 2031 using the straight-line method. The result is a reduction in total debt service payments over 15 years of $1,307,611.

## F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2010, 2015, and 2016 general obligation refunding and improvement bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled $2,886,935 and $51,765 for business-type activities. Current year amortization expense for governmental activities totaled $182,933 and $3,451 for business-type activities.

## G. Interfund Transactions

Transfers between the primary government funds during the 2016 year were as follows:

| | Transfers In | | | |
|---|---|---|---|---|
| **Transfers Out** | **General** | **Capital Projects** | **Water & Sewer** | **Total Transfers Out** |
| General | $ - | $ 400,000 | $ - | $ 400,000 |
| Debt service | - | - | 138,146 | 138,146 |
| Capital projects | - | - | 82,379 | 82,379 |
| Water and sewer | 1,441,302 | - | - | 1,441,302 |
| Nonmajor | - | - | 1,074,272 | 1,074,272 |
| **Total Transfers In** | $ 1,441,302 | $ 400,000 | $ 1,294,797 | $ 3,136,099 |

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

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

| Funds | Advances to Other Funds | Advances from Other Funds |
|---|---|---|
| PGBT Reinvestment Zone | | |
| Water & Sewer | $ - | $ 578,620 |
| Water & Sewer | | |
| PGBT Reinvestment Zone | 578,620 | - |
| | $ 578,620 | $ 578,620 |

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

As of year end, the Sachse Economic development fund has advanced the PGBT Reinvestment Zone $1,045,201 for a major sewer expansion project. The advance will be paid back by future property tax.

## H. Assigned Fund Balance

The City assigns fund balance for expenditures designated for specific purposes.

| | General Fund |
|---|---|
| **Assigned for:** | |
| Police Body Cameras | $ 13,047 |
| VERF | 100,000 |
| Hail damage repairs | 73,293 |
| **Total** | $ 186,340 |

### I. Restricted Net Position

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

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

| | Governmental Activities | Sachse EDC |
|---|---|---|
| **Restricted for:** | | |
| Debt service | $ 319,601 | $ - |
| Capital improvements | 7,841,255 | - |
| * Municipal court | 231,219 | - |
| * Street maintenance | 226,558 | - |
| Economic development | - | 3,127,589 |
| **Total** | $ 8,618,633 | $ 3,127,589 |

* Restricted by enabling legislation

## V. OTHER INFORMATION

### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

### B. Contingent Liabilities

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

GASB 62 defines probability of loss contingencies as the following:

*Probable.* The future event or events are likely to occur.

*Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
*Remote.* The chance of the future event or events occurring is slight.

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

The City is currently involved in a lawsuit with estimated damage claims in excess of $10 million dollars. The City estimates it has a 70% chance of prevailing in this case and that this loss contingency is reasonably possible, but not probable.

## C. Construction Commitments

The government has active construction projects as of September 30, 2016. The projects include street construction and improvements and the construction of additional water lines and repairs. At year end the government's commitments with contractors are as follows:

| Project | Spent-to-Date | Remaining Commitment |
|---|---|---|
| **Government Activities:** | | |
| P-25 Digital Radio Upgrade | $ 450,271 | $ 499,729 |
| Third Sewer Connection | 1,762,189 | 166,636 |
| SH 78 & 5th St Lighting | 811,486 | 253,462 |
| **Total** | $ 3,023,946 | $ 919,827 |

## D. Pension Plans

### 1. Texas Municipal Retirement Systems

#### Plan Description

The City of Sachse participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the

Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

**2. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

| | Plan Year 2014 | Plan Year 2015 |
|---|---|---|
| Employee deposit rate | 7.0% | 7.0% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age / years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% Repeating Transfers | 100% Repeating Transfers |
| Annuity increase (to retirees) | 70% of CPI | 70% of CPI |

**Employees covered by benefit terms**

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 56 |
| Inactive employees entitled to but not yet receiving benefits | 117 |
| Active employees | 136 |
| Total | 309 |

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Sachse were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Sachse were 13.03% and 13.42% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were $1,089,753, and were equal to the required contributions.

**4. Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.5 to 10.50% per year including inflation |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a

Mortality Experience Investigation Study covering 2009 through 2013, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method i which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Domestic Equity | 17.5% | 4.55% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.65% |
| Real Return | 10.0% | 4.03% |
| Real Estate | 10.0% | 5.00% |
| Absolute Return | 10.0% | 4.00% |
| Private Equity | 5.0% | 8.00% |
| **Total** | **100.0%** | |

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| 1% Decrease 5.75% | Current Single Rate Assumption 6.75% | 1% Increase 7.75% |
|---|---|---|
| $ 8,588,380 | $ 4,416,157 | $ 1,083,621 |

### Changes in the Net Pension Liability:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
|---|---|---|---|
| **Balance at 12/31/14** | $ 22,028,136 | $ 18,986,993 | $ 3,041,143 |
| Changes for the year: | | | |
| Service Cost | 1,293,172 | - | 1,293,172 |
| Interest | 1,563,772 | - | 1,563,772 |
| Difference between expected and actual experience | (79,733) | - | (79,733) |
| Changes of assumptions | 110,669 | - | 110,669 |
| Contributions – employer | - | 982,512 | (982,512) |
| Contributions – employee | - | 520,242 | (520,242) |
| Net investment income | - | 28,020 | (28,020) |
| Benefit payments, including refunds of emp. contributions | (670,232) | (670,232) | - |
| Administrative expense | - | (17,065) | 17,065 |
| Other changes | - | (843) | 843 |
| Net changes | 2,217,648 | 842,634 | 1,375,014 |
| **Balance at 12/31/15** | $ 24,245,784 | $ 19,829,627 | $ 4,416,157 |

### Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

## 5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of $1,305,749.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ - | $ 41,097 |
| Difference between projected and investment earnings | 1,173,130 | - |
| Contributions subsequent to the measurement date | 807,665 | - |
| **Total** | $ 1,980,795 | $ 41,097 |

The City reported $807,665 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended September 30: | |
|---|---|
| 2017 | $ 280,229 |
| 2018 | 280,229 |
| 2019 | 311,054 |
| 2020 | 260,521 |
| Thereafter | $ - |
| **Total** | 1,132,033 |

Supplemental Death Benefits Fund

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

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

| The City offers supplemental death to: | Plan Year 2014 | Plan Year 2015 |
|---|---|---|
| Active employees (yes or no) | Yes | Yes |
| Retirees (yes or no) | Yes | Yes |

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

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were $1,637, $2,059 and $1,936, respectively, which equaled the required contributions each year.

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

| Plan/ Calendar Year | Annual Required Contribution (Rate) | Actual Contribution Made (Rate) | Percentage of ARC Contributed |
|---|---|---|---|
| 2013 | 0.02% | 0.02% | 100.0% |
| 2014 | 0.02% | 0.02% | 100.0% |
| 2015 | 0.02% | 0.02% | 100.0% |

## E. Tax Abatement Disclosures

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund 80% of the City's portion of sales tax paid by the businesses annually. There are currently two existing agreements expiring October 20, 2025 and March 7, 2025. The City abated $17,486 under these agreements during the current year.

The Sachse EDC entered into a sales tax with a local business under Chapters 501-505 of the Texas Local Government Code. Under the terms of the Sachse EDC's agreement, 80% of its sales tax receipts related to sales generated by the business. The maximum amount of this sales tax agreement is $282,712. This agreement expires January 23, 2023. The Sachse EDC did not abate any taxes related to this agreement in the current year.

## F. Restatement

The City has restated beginning fund balance within governmental activities due to an error. The City's PGBT Reinvestment Zone's boundaries were incorrectly entered into two different agencies that collect property taxes for the City. As a result general fund property tax revenues were understated and PGBT Reinvestment Zone's property tax was overstated. The restatement of beginning net position/fund balance is as follows:

| | General Fund | PGBT Reinvestment Zone |
|---|---|---|
| Prior year ending net position | | |
| fund balance as reported | $ 6,702,149 | $ (472,960) |
| Correction of property tax collections | 134,730 | (134,730) |
| Restated beginning net position/fund balance | $ 6,836,879 | $ (607,690) |

## G. Subsequent Events

There were no material subsequent events through April 10, 2017, the date the financial statements were issued.

## H. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 72, entitled *Fair Value Measurement and Application;* The provisions of GASB Statement No. 72 are effective for reporting periods beginning after June 15, 2015. GASB Statement No. 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement generally requires state and local governments to measure investments at fair value. The statement defines an *investment* as a security or other asset that (*a*) a government holds primarily for the purpose of income or profit and (*b*) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. *Fair value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. The City has adopted this statement during the current fiscal year, but it had no material effect on these accompanying financial statements.

The City implemented GASB issued Statement No. 77; titled, *Tax Abatement Disclosures* in the current year.

The GASB issued Statement No. 74 titled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans;* GASB Statement No. 75, titled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* GASB Statement No. 78, titled, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* which will require adoption in the future, if applicable. These statements may or will have a material effect on the City's financial statements once implemented. The City will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

# *REQUIRED SUPPLEMENTARY INFORMATION*

# City of Sachse, Texas

### *SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND (Page 1 of 2)*

**For the Year Ended September 30, 2016**

| | Original Budget | Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property tax | $ 9,106,824 | $ 9,106,824 | $ 9,206,693 | $ 99,869 |
| Sales tax | 1,244,094 | 1,244,094 | 1,479,006 | 234,912 |
| Franchise and local taxes | 1,143,324 | 1,143,324 | 1,180,286 | 36,962 |
| License, permits and fees | 1,214,200 | 1,214,200 | 1,724,047 | 509,847 |
| Intergovernmental | 378,186 | 378,186 | 229,514 | (148,672) |
| Fines and forfeitures | 275,000 | 275,000 | 262,197 | (12,803) |
| Investment income | 12,000 | 12,000 | 19,706 | 7,706 |
| Other revenue | 53,514 | 53,514 | 127,134 | 73,620 |
| **Total Revenues** | 13,427,142 | 13,427,142 | 14,228,583 | 801,441 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | | | | |
| City manager | 374,652 | 383,652 | 362,518 | 21,134 |
| City secretary | 157,148 | 141,048 | 129,846 | 11,202 |
| Human resources | 294,803 | 294,803 | 280,230 | 14,573 |
| Finance | 608,428 | 608,428 | 575,867 | 32,561 |
| Municipal court | 212,197 | 212,197 | 204,969 | 7,228 |
| Public safety | | | | |
| Police | 4,496,001 | 4,287,801 | 4,183,872 | 103,929 |
| Animal control | 198,172 | 198,172 | 190,201 | 7,971 |
| Fire and ambulance | 3,075,682 | 3,089,682 | 3,098,784 | (9,102) |
| Public works | | | | |
| Streets | 1,189,147 | 1,219,454 | 1,184,100 | 35,354 |
| Facility maintenance | 438,404 | 452,563 | 448,913 | 3,650 |
| City engineer | 299,968 | 269,661 | 249,238 | 20,423 |
| Culture and recreation | | | | |
| Parks and recreation | 957,875 | 990,147 | 985,056 | 5,091 |
| Seniors | 122,821 | 124,621 | 122,336 | 2,285 |
| Library services | 302,686 | 315,055 | 310,665 | 4,390 |
| Community development | 810,899 | 868,099 | 831,719 | 36,380 |
| Nondepartmental | 547,463 | 584,963 | 564,368 | 20,595 |
| Capital outlay | 357,500 | 403,500 | 452,015 | (48,515) |
| **Total Expenditures** | 14,443,846 | 14,443,846 | 14,174,697 | 269,149 |
| **Revenues Over (Under)** | (1,016,704) | (1,016,704) | 53,886 | 1,070,590 |

# City of Sachse, Texas

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*
*IN FUND BALANCE - BUDGET AND ACTUAL*
*GENERAL FUND (Page 2 of 2)*

**For the Year Ended September 30, 2016**

| | Original Budget | Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 1,377,203 | 1,377,203 | 1,441,302 | 64,099 |
| Transfers (out) | (200,000) | (400,000) | (400,000) | - |
| **Total Other Financing Sources (Uses)** | 1,177,203 | 977,203 | 1,041,302 | 64,099 |
| **Net Change in Fund Balance** | $ 160,499 | $ (39,501) | 1,095,188 | $ 1,134,689 |
| Beginning fund balance | | | 6,836,879 | |
| **Ending Fund Balance** | | | $ 7,932,067 | |

Notes to Required Supplementary Information

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

# City of Sachse, Texas

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

## *IMPACT FEE FUND*

**For the Year Ended September 30, 2016**

| | Original & Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Impact and development fees | $ 325,000 | $ 1,022,593 | $ 697,593 |
| Investment income | 5,000 | 12,977 | 7,977 |
| **Total Revenues** | 330,000 | 1,035,570 | 705,570 |
| **Other Financing Sources (Uses)** | | | |
| Transfers in | 728,000 | - | (728,000) |
| **Total Other Financing Sources (Uses)** | 728,000 | - | (728,000) |
| **Net Change in Fund Balance** | $ 1,058,000 | 1,035,570 | $ (22,430) |
| Beginning fund balance | | 5,240,639 | |
| **Ending Fund Balance** | | $ 6,276,209 | |

Notes to Required Supplementary Information

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

# City of Sachse, Texas

## *SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS* [1]

**For the Year Ended September 30, 2015**

| | 2015 | 2014 |
|---|---|---|
| Total pension liability | | |
| Service cost | $ 1,293,172 | $ 1,042,550 |
| Interest | 1,563,772 | 1,430,625 |
| Changes in benefit terms | - | - |
| Differences between expected and actual experience | (79,733) | (127,842) |
| Changes of assumptions | 110,669 | - |
| Benefit payments, including refunds of participant contributions | (670,232) | (466,852) |
| **Net change in total pension liability** | 2,217,648 | 1,878,481 |
| **Total pension liability - beginning** | $ 22,028,136 | $ 20,149,655 |
| **Total pension liability - ending (a)** | $ 24,245,784 | $ 22,028,136 |
| **Plan fiduciary net position** | | |
| Contributions - employer | $ 982,512 | $ 770,437 |
| Contributions - members | 520,242 | 458,268 |
| Net investment income | 28,020 | 986,994 |
| Benefit payments, including refunds of participant contributions | (670,232) | (466,852) |
| Administrative expenses | (17,065) | (10,302) |
| Other | (843) | (847) |
| **Net change in plan fiduciary net position** | 842,634 | 1,737,698 |
| **Plan fiduciary net position - beginning** | 18,986,993 | 17,249,295 |
| **Plan fiduciary net position - ending (b)** | $ 19,829,627 | $ 18,986,993 |
| **Fund's net pension liability - ending (a) - (b)** | $ 4,416,157 | $ 3,041,143 |
| | | |
| **Plan fiduciary net position as a percentage of the total pension liability** | 81.79% | 86.19% |
| **Covered employee payroll** | $ 7,432,025 | $ 6,546,680 |
| **Fund's net position as a percentage of covered employee payroll** | 59.42% | 46.45% |

**Notes to schedule:**

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

# City of Sachse, Texas

## *SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN* [1]

## *TEXAS MUNICIPAL RETIREMENT SYSTEM*

**For the Year Ended September 30, 2016**

| | 9/30/2016 | 9/30/2015 |
|---|---|---|
| Actuarially determined employer contributions | $ 1,106,275 | $ 893,569 |
| Contributions in relation to the actuarially determined contribution | $ 1,106,275 | $ 893,569 |
| Contribution deficiency (excess) | $ - | $ - |
| Annual covered employee payroll | $ 8,185,274 | $ 7,047,207 |
| Employer contributions as a percentage of covered employee payroll | 13.52% | 12.68% |

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

| | |
|---|---|
| Notes | Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. |

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 10 Year smoothed market; 15% soft corridor |
| Inflation | 2.5% |
| Salary Increases | 3.50% to 10.50% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2009 - 2013 |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB |

**Other Information:**

| | |
|---|---|
| Notes | There were no benefit changes during the year. |

# *OTHER SUPPLEMENTARY INFORMATION*

# City of Sachse, Texas

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

*DEBT SERVICE FUND*

**For the Year Ended September 30, 2016**

| | Original & Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Property tax | $ 3,001,087 | $ 2,995,213 | $ (5,874) |
| Investment income | 1,500 | 589 | (911) |
| **Total Revenues** | 3,002,587 | 2,995,802 | (6,785) |
| **Expenditures** | | | |
| Debt service: | | | |
| Principal | 1,325,000 | 1,325,000 | - |
| Interest | 1,554,433 | 1,672,947 | (118,514) |
| Bond issuance costs | - | 372,256 | (372,256) |
| **Total Expenditures** | 2,879,433 | 3,370,203 | (490,770) |
| **Revenues Over (Under) Expenditures** | 123,154 | (374,401) | 483,985 |
| **Other Financing Sources (Uses)** | | | |
| Transfers in (out) | (138,146) | (138,146) | - |
| Proceeds from bond issuance | - | 21,225,000 | (21,225,000) |
| Premium on bonds issued | - | 2,204,516 | (2,204,516) |
| Payment to escrow agent | - | (21,733,392) | 21,733,392 |
| **Total Other Financing Sources (Uses)** | (138,146) | 1,557,978 | (1,696,124) |
| **Net Change in Fund Balance** | $ (14,992) | 1,183,577 | $ 1,198,569 |
| Beginning fund balance | | 336,024 | |
| **Ending Fund Balance** | | $ 1,519,601 | |

Notes to Required Supplementary Information

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

# City of Sachse, Texas

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

**For the Year Ended September 30, 2016**

| | Original & Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Sales tax | $ 304,879 | $ 365,633 | $ 60,754 |
| Investment income | 200 | 54 | (146) |
| **Total Revenues** | 305,079 | 365,687 | 60,608 |
| **Expenditures** | | | |
| Capital outlay | 314,879 | 221,679 | 93,200 |
| **Total Expenditures** | 314,879 | 221,679 | 93,200 |
| **Net Change in Fund Balance** | $ (9,800) | 144,008 | $ 153,808 |
| Beginning fund balance | | 82,550 | |
| **Ending Fund Balance** | | $ 226,558 | |

Notes to Required Supplementary Information

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

# City of Sachse, Texas

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

**For the Year Ended September 30, 2016**

| | Original & Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| License, permits and fees | $ 10,000 | $ 19,581 | $ 9,581 |
| Grants and donations | - | 10,579 | 10,579 |
| Fines and forfeitures | 47,200 | 29,729 | (17,471) |
| Investment income | 480 | 306 | (174) |
| Other revenue | - | 60 | 60 |
| **Total Revenues** | 57,680 | 60,255 | 2,575 |
| **Expenditures** | | | |
| General government | | | |
| City manager | 52,000 | 3,602 | 48,398 |
| Municipal court | 33,200 | 8,143 | 25,057 |
| Public safety | | | |
| Police | 3,000 | 10,436 | (7,436) |
| Animal control | 10,000 | 5,911 | 4,089 |
| Culture and recreation | 27,000 | 37,895 | (10,895) |
| **Total Expenditures** | 125,200 | 65,987 | 59,213 |
| **Other Financing Sources (Uses)** | | | |
| Transfers (Out) | (100,000) | - | 100,000 |
| **Total Other Financing Sources (Uses)** | (100,000) | - | 100,000 |
| **Net Change in Fund Balance** | $ (167,520) | (5,732) | $ 161,788 |
| Beginning fund balance | | 893,170 | |
| **Ending Fund Balance** | | $ 887,438 | |

Notes to Required Supplementary Information

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

# City of Sachse, Texas

## *SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SACHSE ECONOMIC DEVELOPMENT CORPORATION*

**For the Year Ended September 30, 2016**

| | Original & Final Budget | 2016 Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Sales tax | $ 609,759 | $ 731,010 | $ 121,251 |
| Grants and donations | - | 10,000 | 10,000 |
| Investment income | 8,000 | 4,567 | (3,433) |
| Other income | - | 5,000 | 5,000 |
| **Total Revenues** | 617,759 | 750,577 | 132,818 |
| **Expenses** | | | |
| Economic development | 699,565 | 1,817,186 | (1,117,621) * |
| **Total Expenses** | 699,565 | 1,817,186 | (1,117,621) |
| **Change in Net Position** | $ (81,806) | (1,066,609) | $ (984,803) |
| Beginning net position | | 4,194,198 | |
| **Ending Net Position** | | $ 3,127,589 | |

Notes to Required Supplementary Information

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

* 2. Expenditures exceeded appropriations at the legal level of control.

# City of Sachse, Texas

*STATEMENT OF NET POSITION*

*INTERNAL SERVICE FUND*

**September 30, 2016**

| | | Health Insurance |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | | $ 275,328 |
| Receivables, net | | - |
| | **Total Assets** | 275,328 |
| **Liabilities** | | |
| Accounts payable | | - |
| | **Total Liabilities** | - |
| **Net Position** | | |
| Unrestricted | | 275,328 |
| | **Total Net Position** | $ 275,328 |

Notes to Financial Statements.

# City of Sachse, Texas

## *STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUND*

**For the Year Ended September 30, 2016**

| | Health Insurance |
|---|---|
| **Operating Revenues** | |
| Charges for services | $ 935,816 |
| **Total Operating Revenues** | 935,816 |
| **Operating Expenses** | |
| Health insurance: | 862,343 |
| **Total Operating Expenses** | 862,343 |
| **Operating Income** | 73,473 |
| **Nonoperating Revenues (Expenses)** | |
| Investment income | 52 |
| **Total Nonoperating Revenues (Expenses)** | 52 |
| **Change in Net Position** | 73,525 |
| Beginning net position | 201,803 |
| **Ending Net Position** | $ 275,328 |

See Notes to Financial Statements.

# City of Sachse, Texas

## *STATEMENT OF CASH FLOWS*

## *INTERNAL SERVICE FUND*

### For the Year Ended September 30, 2016

| | | Health Insurance |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Receipts from customers | $ | 935,816 |
| Payments to suppliers | | (862,343) |
| **Net Cash (Used for) Operating Activities** | | 73,473 |
| **Cash Flows from Investing Activities** | | |
| Interest on investments | | 52 |
| **Net Cash Provided by Investing Activities** | | 52 |
| **Net Increase in Cash and Cash Equivalents** | | 73,525 |
| Beginning cash and cash equivalents | | 201,803 |
| **Ending Cash and Cash Equivalents** | $ | 275,328 |

See Notes to Financial Statements.

# *STATISTICAL SECTION*

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

**Contents** **Page**


Financial Trends 96


*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*


Revenue Capacity 107


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


Debt Capacity 114


*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*


Demographic and Economic Information 119


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


Operating Information 121


*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

# City of Sachse, Texas

## *NET POSITION BY COMPONENT*

**Last Ten Fiscal Years**
**(accrual basis of accounting)**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Net investment in capital assets | $ 45,783,623 | $ 46,034,267 | $ 39,684,306 | $ 39,406,692 |
| Restricted | 1,079,709 | 5,803,620 | 6,450,181 | 4,351,532 |
| Unrestricted | 4,751,835 | 916,963 | 3,466,887 | 3,306,201 |
| **Total Governmental Activities Net Position** | $ 51,615,167 | $ 52,754,850 | $ 49,601,374 | $ 47,064,425 |
| **Business-type Activities** | | | | |
| Net investment in capital assets | $ 17,526,144 | $ 17,732,575 | $ 18,430,141 | $ 17,765,521 |
| Unrestricted | 4,258,302 | 4,516,759 | 4,071,282 | 3,602,007 |
| **Total Business-type Activities Net Position** | $ 21,784,446 | $ 22,249,334 | $ 22,501,423 | $ 21,367,528 |
| **Primary Government** | | | | |
| Net investment in capital assets | $ 63,309,767 | $ 63,766,842 | $ 58,114,447 | $ 57,172,213 |
| Restricted | 1,079,709 | 5,803,620 | 6,450,181 | 4,351,532 |
| Unrestricted | 9,010,137 | 5,433,722 | 7,538,169 | 6,908,208 |
| **Total Primary Government Net Position** | $ 73,399,613 | $ 75,004,184 | $ 72,102,797 | $ 68,431,953 |

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| $ 36,887,507 | $ 36,691,052 | $ 37,377,384 | $ 48,982,879 | $ 49,395,981 | $ 52,071,872 |
| 5,622,243 | 12,723,690 | 14,002,442 | 9,721,020 | 11,827,722 | 8,618,633 |
| 3,560,788 | 2,628,448 | 3,436,221 | (1,414,544) | (519,752) | 4,049,157 |
| $ 46,070,538 | $ 52,043,190 | $ 54,816,047 | $ 57,289,355 | $ 60,703,951 | $ 64,739,662 |
| | | | | | |
| $ 16,769,366 | $ 16,223,230 | $ 16,169,507 | $ 18,603,126 | $ 18,802,635 | $ 20,509,338 |
| 3,051,716 | 3,442,913 | 2,600,084 | 2,586,599 | 4,232,573 | 7,450,081 |
| $ 19,821,082 | $ 19,666,143 | $ 18,769,591 | $ 21,189,725 | $ 23,035,208 | $ 27,959,419 |
| | | | | | |
| $ 53,656,873 | $ 52,914,282 | $ 53,546,891 | $ 67,586,005 | $ 68,198,616 | $ 72,581,210 |
| 5,622,243 | 12,723,690 | 14,002,442 | 9,721,020 | 11,827,722 | 8,618,633 |
| 6,612,504 | 6,071,361 | 6,036,305 | 1,172,055 | 3,712,821 | 11,499,238 |
| $ 65,891,620 | $ 71,709,333 | $ 73,585,638 | $ 78,479,080 | $ 83,739,159 | $ 92,699,081 |

# City of Sachse, Texas

*CHANGES IN NET POSITION*

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 1,165,132 | $ 2,061,008 | $ 2,306,206 | $ 2,234,555 |
| Public safety | 4,735,242 | 5,122,627 | 5,196,405 | 5,529,604 |
| Public works | 3,334,704 | 3,467,466 | 5,322,948 | 5,182,386 |
| Culture and recreation | 1,033,235 | 1,162,603 | 1,365,603 | 1,234,883 |
| Community development | 1,231,869 | 8,819,061 | 617,616 | 630,764 |
| Interest and fiscal charges | 217,332 | 207,484 | 1,463,452 | 1,932,003 |
| Total governmental activities | 11,717,514 | 20,840,249 | 16,272,230 | 16,744,195 |
| Business-type activities: | | | | |
| Water and sewer | 4,640,582 | 5,003,566 | 5,487,160 | 5,952,236 |
| Total business-type activities | 4,640,582 | 5,003,566 | 5,487,160 | 5,952,236 |
| Total primary government | $ 16,358,096 | $ 25,843,815 | $ 21,759,390 | $ 22,696,431 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | $ 472,491 | $ 441,333 | $ 334,331 | $ 63,958 |
| Public safety | 883,435 | 713,814 | 500,042 | 508,356 |
| Public works | 129,384 | 111,109 | 83,002 | 91,740 |
| Culture and recreation | 47,779 | 109,031 | 71,839 | 70,160 |
| Community development | 288,518 | 176,360 | 136,128 | 361,538 |
| Operating grants and contributions | 149,774 | 401,576 | 124,155 | 128,218 |
| Capital grants and contributions | 2,478,539 | 1,373,884 | 78,763 | 272,333 |
| Total governmental activities | 4,449,920 | 3,327,107 | 1,328,260 | 1,496,303 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 4,429,192 | 5,218,473 | 4,384,868 | 4,866,712 |
| Operating grants and contributions | 55,299 | - | - | - |
| Capital grants and contributions | 1,514,799 | 741,816 | 1,900,735 | 909,613 |
| Total business-type activities | 5,999,290 | 5,960,289 | 6,285,603 | 5,776,325 |
| Total primary government | $ 10,449,210 | $ 9,287,396 | $ 7,613,863 | $ 7,272,628 |
| **Net (Expense)/Revenue** | | | | |
| Governmental activities | $ (7,267,594) | $ (17,513,142) | $ (14,943,970) | $ (15,247,892) |
| Business-type activities | 1,358,708 | 956,723 | 798,443 | (175,911) |
| Total primary government | $ (5,908,886) | $ (16,556,419) | $ (14,145,527) | $ (15,423,803) |

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| | $ 2,650,864 | $ 2,914,720 | $ 2,837,444 | $ 2,332,316 | $ 2,330,847 | $ 2,500,102 |
| | 5,990,913 | 5,609,669 | 5,858,865 | 6,176,967 | 6,854,653 | 8,191,197 |
| | 3,489,615 | 3,413,399 | 3,654,946 | 3,914,293 | 4,415,483 | 5,056,488 |
| | 1,343,744 | 1,354,401 | 1,359,697 | 1,427,948 | 1,557,475 | 1,739,147 |
| | 627,009 | 522,175 | 591,605 | 616,439 | 677,184 | 900,457 |
| | 1,910,952 | 1,877,579 | 1,829,322 | 1,802,117 | 2,022,071 | 2,105,723 |
| | 16,013,097 | 15,691,943 | 16,131,879 | 16,270,080 | 17,857,713 | 20,493,114 |
| | 6,645,238 | 6,474,428 | 6,241,148 | 6,590,497 | 7,238,771 | 8,128,858 |
| | 6,645,238 | 6,474,428 | 6,241,148 | 6,590,497 | 7,238,771 | 8,128,858 |
| | $ 22,658,335 | $ 22,166,371 | $ 22,373,027 | $ 22,860,577 | $ 25,096,484 | $ 28,621,972 |
| | $ 88,284 | $ 99,268 | $ 24,005 | $ 13,702 | $ 10,750 | $ 720 |
| | 475,200 | 569,403 | 791,140 | 952,056 | 871,054 | 596,562 |
| | 2,997 | - | 975,880 | 1,458,819 | 1,216,081 | 1,315,780 |
| | 70,676 | - | - | - | - | - |
| | 376,788 | 672,699 | 717,682 | 1,055,577 | 1,804,213 | 1,169,517 |
| | 146,815 | 7,414,865 | 763,815 | 7,587 | 521,003 | 744,975 |
| | 293,001 | 733,599 | 927,450 | 5,054,515 | 1,745,994 | 4,913,651 |
| | 1,453,761 | 9,489,834 | 4,199,972 | 8,542,256 | 6,169,095 | 8,741,205 |
| | 4,863,884 | 5,273,953 | 7,029,639 | 6,866,641 | 9,137,569 | 10,382,099 |
| | - | - | - | - | - | - |
| | 1,127,986 | 385,859 | 477,579 | 2,019,038 | 1,233,994 | 2,810,315 |
| | 5,991,870 | 5,659,812 | 7,507,218 | 8,885,679 | 10,371,563 | 13,192,414 |
| | $ 7,445,631 | $ 15,149,646 | $ 11,707,190 | $ 17,427,935 | $ 16,540,658 | $ 21,933,619 |
| | $ (14,559,336) | $ (6,202,109) | $ (11,931,907) | $ (7,727,824) | $ (11,688,618) | $ (11,751,909) |
| | (653,368) | (814,616) | 1,266,070 | 2,295,182 | 3,132,792 | 5,063,556 |
| | $ (15,212,704) | $ (7,016,725) | $ (10,665,837) | $ (5,432,642) | $ (8,555,826) | $ (6,688,353) |

# City of Sachse, Texas

*CHANGES IN NET POSITION (Continued)*

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **General Revenues** | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | $ 5,790,305 | $ 6,345,254 | $ 7,304,775 | $ 8,526,042 |
| Sales and other taxes | 3,310,322 | 11,375,482 | 3,537,454 | 2,965,927 |
| Investment earnings | 367,476 | 390,571 | 420,591 | 279,896 |
| Other income | 86,890 | 89,725 | 113,067 | 75,326 |
| Transfers, net | 367,145 | 451,792 | 414,607 | 863,752 |
| Total governmental activities | 9,922,138 | 18,652,824 | 11,790,494 | 12,710,943 |
| | | | | |
| Business-type activities: | | | | |
| Investment earnings | 204,514 | 143,922 | 64,398 | 22,281 |
| Other Income | 9,694 | - | - | - |
| Transfers, net | (367,145) | (451,792) | (414,607) | (863,752) |
| Total business-type activities | (152,937) | (307,870) | (350,209) | (841,471) |
| Total primary government | $ 9,769,201 | $ 18,344,954 | $ 11,440,285 | $ 11,869,472 |
| | | | | |
| **Change in Net Position** | | | | |
| Governmental activities | $ (7,591,004) | $ 3,708,854 | $ (3,457,398) | $ (1,848,393) |
| Business-type activities | 803,786 | 490,573 | (526,120) | (1,494,839) |
| Total primary government | $ (6,787,218) | $ 4,199,427 | $ (3,983,518) | $ (3,343,232) |

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| | | | | | |
| $ 8,614,447 | $ 9,476,356 | $ 9,560,239 | $ 9,951,685 | $ 10,938,125 | $ 12,296,608 |
| 3,735,391 | 1,786,926 | 1,873,822 | 2,390,224 | 2,790,620 | 3,024,925 |
| 50,297 | 35,398 | 30,518 | 30,724 | 33,900 | 50,842 |
| 5,473 | 30,161 | 80,843 | 280,569 | 51,290 | 268,740 |
| 1,159,841 | 1,177,341 | 1,252,689 | (263,672) | 1,289,279 | 146,505 |
| 13,565,449 | 12,506,182 | 12,798,111 | 12,389,530 | 15,103,214 | 15,787,620 |
| | | | | | |
| 3,010 | 2,985 | 3,934 | 837 | 1,970 | 7,160 |
| 3,069 | - | 271,595 | - | - | - |
| (1,159,841) | (1,177,341) | (1,252,689) | 263,672 | (1,289,279) | (146,505) |
| (1,153,762) | (1,174,356) | (977,160) | 264,509 | (1,287,309) | (139,345) |
| $ 12,411,687 | $ 11,331,826 | $ 11,820,951 | $ 12,654,039 | $ 13,815,905 | $ 15,648,275 |
| | | | | | |
| $ 7,363,340 | $ 574,275 | $ 5,070,287 | $ 4,661,706 | $ 3,414,596 | $ 4,035,711 |
| (1,968,378) | 91,714 | 1,318,022 | 2,559,691 | 1,845,483 | 4,924,211 |
| $ 5,394,962 | $ 665,989 | $ 6,388,309 | $ 7,221,397 | $ 5,260,079 | $ 8,959,922 |

# City of Sachse, Texas

## *FUND BALANCES, GOVERNMENTAL FUNDS*

**Last Ten Years**

**(modified accrual basis of accounting)**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| General fund: | | | | |
| Reserved | $ 6,407 | $ 17,752 | $ 1,694 | $ 49,815 |
| Unreserved | 3,356,380 | 3,222,355 | 3,344,798 | 3,051,597 |
| Nonspendable | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total general fund | $ 3,362,787 | $ 3,240,107 | $ 3,346,492 | $ 3,101,412 |
| | | | | |
| All other governmental funds: | | | | |
| Reserved for: | | | | |
| Debt service | $ 210,945 | $ 262,835 | $ - | $ 574,621 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 1,397,433 | 1,262,603 | 379,137 | 235,652 |
| Debt service | - | - | (690,180) | - |
| Capital projects funds | 861,417 | 5,603,353 | 32,400,420 | 14,410,810 |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | $ 2,469,795 | $ 7,128,791 | $ 32,089,377 | $ 15,221,083 |

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

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - |
| 14,716 | 324,106 | 28,231 | 72,675 | 101,621 | 21,970 |
| - | - | - | 450,000 | 54,000 | 186,340 |
| 3,194,885 | 3,490,845 | 4,631,243 | 5,568,904 | 6,546,528 | 7,723,757 |
| $ 3,209,601 | $ 3,814,951 | $ 4,659,474 | $ 6,091,579 | $ 6,702,149 | $ 7,932,067 |

| | | | | | |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 14,330,073 | 12,723,690 | 14,002,442 | 10,226,460 | 11,827,722 | 13,280,191 |
| 578,537 | - | - | - | - | - |
| (1,129,437) | (711,923) | (707,251) | (614,301) | (472,960) | (1,623,821) |
| $ 13,779,173 | $ 12,011,767 | $ 13,295,191 | $ 9,612,159 | $ 11,354,762 | $ 11,656,370 |

# City of Sachse, Texas

## *CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS*

**Last Ten Years**

**(modified accrual basis of accounting)**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 5,829,802 | $ 6,334,180 | $ 7,305,974 | $ 8,528,384 |
| Sales and other taxes | 3,350,242 | 3,212,532 | 3,537,454 | 2,965,927 |
| Licenses, permits, & fees | 1,273,438 | 931,515 | 782,354 | 775,583 |
| Grants and contributions | 215,827 | 480,554 | 130,534 | 314,184 |
| Fines and forfeitures | 491,411 | 470,339 | 342,592 | 302,285 |
| Impact and development fees | 249,037 | 198,673 | 72,578 | 86,367 |
| Investment income | 367,476 | 390,571 | 420,591 | 279,896 |
| Other revenue | 116,422 | 109,058 | 130,928 | 89,991 |
| **Total Revenues** | 11,893,655 | 12,127,422 | 12,723,005 | 13,342,617 |
| **Expenditures** | | | | |
| General government | 1,146,484 | 1,136,248 | 1,295,664 | 1,185,963 |
| Public safety | 4,395,529 | 4,859,573 | 4,912,048 | 5,143,852 |
| Public works | 1,300,255 | 1,207,999 | 1,263,757 | 1,360,400 |
| Culture and recreation | 916,667 | 1,569,532 | 4,567,958 | 1,078,422 |
| Community development | 1,219,360 | 640,446 | 611,220 | 625,773 |
| Nondepartmental | - | 905,125 | 989,802 | 1,025,096 |
| Debt service | | | | |
| Principal | 387,456 | 400,468 | 599,591 | 730,000 |
| Interest | 217,332 | 201,334 | 1,202,984 | 1,918,372 |
| Bond issuance costs | - | 104,308 | 301,417 | 573 |
| Capital outlay | 2,405,561 | 3,029,163 | 4,118,191 | 18,492,611 |
| **Total Expenditures** | 11,988,644 | 14,054,196 | 19,862,632 | 31,561,062 |
| **Revenues Over (Under) Expenditures** | (94,989) | (1,926,774) | (7,139,627) | (18,218,445) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 378,448 | 537,435 | 456,521 | 589,661 |
| Transfers (out) | (115,188) | (170,290) | (4,729) | (175,054) |
| Debt issued | 150,000 | - | 6,130,000 | 34,560,000 |
| Premium on bonds issued | - | - | 51,518 | 411,052 |
| Discount on bonds issued | - | - | (70,219) | (415,403) |
| Payment to refunded escrow agent | - | - | - | (2,624,122) |
| Sale of capital assets | 164,950 | 6,043 | - | 1,783 |
| **Total Other Financing Sources** | 578,210 | 373,188 | 6,563,091 | 32,347,917 |
| **Net Change in Fund Balances** | $ 483,221 | $ (1,553,586) | $ (576,536) | $ 14,129,472 |
| Ratio of total debt service expenditures to noncapital | 6% | 6% | 13% | 20% |

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| $ 8,600,635 | $ 9,477,053 | $ 9,568,319 | $ 9,944,708 | $ 10,928,163 | $ 12,260,047 |
| 4,031,480 | 1,786,926 | 1,873,822 | 2,390,224 | 2,790,620 | 3,024,925 |
| 690,092 | 967,914 | 1,338,304 | 1,830,459 | 1,612,769 | 1,743,628 |
| 387,770 | 7,414,865 | 941,473 | 183,780 | 710,470 | 974,489 |
| 315,807 | 368,027 | 430,191 | 556,379 | 458,477 | 291,926 |
| 52,046 | 54,069 | 569,111 | 910,006 | 1,657,973 | 1,022,593 |
| 50,297 | 35,398 | 30,518 | 30,669 | 33,900 | 50,842 |
| 28,301 | 30,161 | 80,843 | 280,569 | 51,290 | 271,595 |
| 14,156,428 | 20,134,413 | 14,832,581 | 16,126,794 | 18,243,662 | 19,640,045 |
| | | | | | |
| 1,274,628 | 1,289,341 | 1,260,611 | 1,313,993 | 1,601,990 | 1,565,175 |
| 5,374,003 | 5,011,291 | 5,470,231 | 5,278,726 | 6,274,349 | 7,466,728 |
| 1,309,120 | 1,300,324 | 1,470,995 | 1,344,008 | 1,781,872 | 1,882,251 |
| 1,098,286 | 1,109,565 | 1,140,846 | 1,114,822 | 1,269,794 | 1,455,952 |
| 623,017 | 518,934 | 588,698 | 569,864 | 673,506 | 831,719 |
| 1,063,452 | 1,094,219 | 1,112,937 | 437,015 | 493,412 | 564,368 |
| | | | | | |
| 865,000 | 945,000 | 1,035,000 | 1,125,000 | 1,195,000 | 1,325,000 |
| 1,891,787 | 1,862,385 | 1,831,270 | 1,799,446 | 1,762,998 | 1,672,947 |
| 573 | - | - | - | 177,355 | 372,256 |
| 3,187,154 | 9,342,751 | 1,538,289 | 4,141,606 | 2,129,457 | 2,814,752 |
| 16,687,020 | 22,473,810 | 15,448,877 | 17,124,480 | 17,359,733 | 19,951,148 |
| | | | | | |
| (2,530,592) | (2,339,397) | (616,296) | (997,686) | 883,929 | (311,103) |
| | | | | | |
| 2,233,667 | 1,642,521 | 2,739,122 | 1,708,777 | 1,289,279 | 1,841,302 |
| (1,369,915) | (778,769) | (1,561,781) | (2,668,521) | - | (1,694,797) |
| - | - | - | - | 9,470,000 | 21,225,000 |
| - | - | - | - | 458,338 | 2,204,516 |
| - | - | - | - | - | - |
| - | - | - | - | (9,748,373) | (21,733,392) |
| - | - | - | - | - | - |
| 863,752 | 863,752 | 1,177,341 | (959,744) | 1,469,244 | 1,842,629 |
| $ (1,666,840) | $ (1,475,645) | $ 561,045 | $ (1,957,430) | $ 2,353,173 | $ 1,531,526 |
| | | | | | |
| 20% | 21% | 21% | 23% | 21% | 20% |

City of Sachse

# City of Sachse, Texas

## *ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

### Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|---|---|---|---|---|---|
| **2007** | $ 1,159,232,775 | $ 27,492,978 | $ 54,164,913 | $ 1,132,560,840 | 0.55832 |
| **2008** | 1,230,433,837 | 30,098,392 | 56,599,871 | 1,203,932,358 | 0.55832 |
| **2009** | 1,247,325,789 | 31,837,705 | 65,308,411 | 1,213,855,083 | 0.55341 |
| **2010** | 1,269,254,588 | 28,781,053 | 104,232,665 | 1,193,802,976 | 0.61000 |
| **2011** | 1,296,895,777 | 29,326,411 | 92,056,890 | 1,234,165,298 | 0.70582 |
| **2012** | 1,305,838,280 | 29,242,328 | 96,519,435 | 1,238,561,173 | 0.70582 |
| **2013** | 1,320,191,067 | 30,495,096 | 101,886,747 | 1,248,799,416 | 0.77082 |
| **2014** | 1,373,728,433 | 31,359,625 | 104,461,852 | 1,300,626,206 | 0.77082 |
| **2015** | 1,494,745,899 | 37,218,335 | 107,372,189 | 1,424,592,045 | 0.77082 |
| **2016** | 1,767,124,588 | 49,699,237 | 181,214,076 | 1,635,609,749 | 0.75728 |

Note: Tax rates per $100 of assessed valuation.
Source: City of Sachse Budget Document.
Dallas & Collin Central Appraisal Districts.

# City of Sachse, Texas

## *PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS*

**Last Ten Years**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Direct Rates:** | | | | |
| City of Sachse - Operating | 0.48116 | 0.49758 | 0.51389 | 0.51389 |
| City of Sachse - Debt Service | 0.07716 | 0.05582 | 0.09611 | 0.19193 |
| **Total Direct Rate** | 0.55832 | 0.55341 | 0.61000 | 0.70582 |
| | | | | |
| **Overlapping Rates:** | | | | |
| Garland Independent School District | 1.54490 | 1.25330 | 1.25330 | 1.25330 |
| Dallas County | 0.55393 | 0.56721 | 0.57643 | 0.60221 |
| **Total Dallas County Entities** | 2.09883 | 1.82051 | 1.82973 | 1.85551 |
| | | | | |
| Wylie Independent School District | 1.70250 | 1.39000 | 1.51000 | 1.59000 |
| Collin County | 0.33270 | 0.33198 | 0.32899 | 0.32880 |
| **Total Collin County Entities** | 2.03520 | 1.72198 | 1.83899 | 1.91880 |

Tax rates per $100 of assessed valuation.
Source: Dallas & Collin Central Appraisal Districts and City records.

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| 0.53389 | 0.59889 | 0.59889 | 0.55903 | 0.57228 | 0.56200 |
| 0.17193 | 0.17193 | 0.17193 | 0.21179 | 0.18500 | 0.19528 |
| 0.70582 | 0.77082 | 0.77082 | 0.77082 | 0.75728 | 0.75728 |
| | | | | | |
| 1.25330 | 1.25330 | 1.25330 | 1.25330 | 1.35330 | 1.46000 |
| 0.62333 | 0.62377 | 0.62377 | 0.65388 | 0.66275 | 0.65470 |
| 1.87663 | 1.87707 | 1.87707 | 1.90718 | 2.01605 | 2.11470 |
| | | | | | |
| 1.64000 | 1.64000 | 1.64000 | 1.64000 | 1.64000 | 1.64000 |
| 0.32630 | 0.32630 | 0.32630 | 0.31696 | 0.30696 | 0.28962 |
| 1.96630 | 1.96630 | 1.96630 | 1.95696 | 1.94696 | 1.92962 |

# City of Sachse, Texas

*PRINCIPAL PROPERTY TAXPAYERS*

**Current Year and Nine Years Ago**

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| **Property Tax Payer** | **Taxable Assessed Value** | **Rank** | **% of Taxable Assessed Value** | **Taxable Assessed Value** | **Rank** | **% of Taxable Assessed Value** |
| Western Rim Investors | $ 37,402,560 | 1 | 2.00% | $ - | n/a | - |
| LIPT Oak Grove LLC | 16,825,000 | 2 | 0.90% | - | n/a | - |
| Woodbridge Villas LLC | 16,506,435 | 3 | 0.88% | 13,669,696 | 2 | 1.32% |
| WalMart Real Estate Trust | 13,645,182 | 4 | 0.73% | - | n/a | - |
| WalMart Stores Texas LLC | 8,584,271 | 5 | 0.46% | - | n/a | - |
| Oncor Electric | 7,835,490 | 6 | 0.42% | - | n/a | - |
| DREH LLC | 6,045,540 | 7 | 0.32% | - | n/a | - |
| Woodbridge Gate LAF LP | 4,593,074 | 8 | 0.25% | - | n/a | - |
| Kroger Limited Pnshp II | 3,625,540 | 9 | 0.19% | - | n/a | - |
| Oxford Sachse Memory Care | 3,487,710 | 10 | 0.19% | - | n/a | - |
| Realty Assoc Iowa Corp | - | n/a | - | 19,004,430 | 1 | 1.84% |
| Woodbridge Prop Inc. | - | n/a | - | 7,706,025 | 3 | 0.75% |
| Jackson Meadows Partners | - | n/a | - | 5,363,110 | 4 | 0.52% |
| Texas Utilities Elec Co | - | na | - | 5,064,100 | 5 | 0.49% |
| Verizon/GTE | - | n/a | - | 4,024,600 | 6 | 0.39% |
| Harlan Properties | - | n/a | - | 2,901,925 | 7 | 0.28% |
| Woodbridge Shopping Ctr | - | n/a | - | 2,788,759 | 8 | 0.27% |
| TXU Electric Delivery Co | - | n/a | - | 2,409,050 | 9 | 0.23% |
| ME NTB Lachse LP | - | n/a | - | 2,406,780 | 10 | 0.23% |
| **Total** | $ 118,550,802 | | 6.34% | $ 65,338,475 | | 5.77% |
| Total Assessed Valuation | $ 1,635,609,749 | | 100% | $ 1,132,560,840 | | 100% |

Source: Tax Office.

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

# City of Sachse, Texas

## *PROPERTY TAX LEVIES AND COLLECTIONS*

### Last Ten Years

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Tax levy | $ 5,723,724 | $ 6,266,916 | $ 7,227,992 | $ 8,471,702 |
| Current tax collected | $ 5,649,957 | $ 6,203,890 | $ 7,217,309 | $ 8,446,396 |
| Percent of current tax collections | 98.71% | 98.99% | 99.85% | 99.70% |
| Delinquent tax collections | $ 71,649 | $ 60,970 | $ 2,993 | $ 17,094 |
| Total tax collections | $ 5,721,606 | $ 6,264,860 | $ 7,220,302 | $ 8,463,490 |
| Total collections as a percentage of levy | 100% | 100% | 100% | 100% |

Source: Dallas and Collin County reports.

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| $ 8,603,645 | $ 9,444,654 | $ 9,599,026 | $ 9,864,675 | $ 10,773,241 | $ 12,186,445 |
| $ 8,510,978 | $ 9,389,230 | $ 9,443,766 | $ 9,762,321 | $ 10,646,371 | $ 12,161,606 |
| 98.92% | 99.41% | 98.4% | 99.0% | 98.8% | 99.8% |
| $ 72,492 | $ 41,669 | $ 119,881 | $ 56,611 | $ 126,870 | $ - |
| $ 8,583,470 | $ 9,430,899 | $ 9,563,647 | $ 9,818,932 | $ 10,773,241 | $ 12,161,606 |
| 100% | 100% | 99.6% | 99.5% | 100% | 99.8% |

# City of Sachse, Texas

## *RATIOS OF OUTSTANDING DEBT BY TYPE*

### Last Ten Years

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| General Obligation Bonds | $ 156,598 | $ 6,256,483 | $ 40,510,000 | $ 39,935,000 |
| Discount | | | (54,672) | (45,147) |
| Certificates of Obligation | 4,503,407 | 4,133,054 | 1,235,000 | 1,080,000 |
| Notes payable | - | - | - | - |
| **Business-type activities:** | | | | |
| General Obligation Bonds | $ 103,402 | $ 19,885 | $ - | $ - |
| Certificates of Obligation | 1,661,593 | 90,524 | 1,375,000 | 1,295,000 |
| Total primary government | $ 6,425,000 | 10,499,946 | 43,065,328 | 42,264,853 |
| Percentage of personal income (1) | 1.43% | 2.28% | 9.00% | 8.14% |
| Per capita (1) | $ 270 | $ 577 | $ 2,223 | $ 2,015 |

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

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

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| $ 39,235,000 | $ 38,455,000 | $ 37,595,000 | $ 36,575,000 | $ 36,915,000 | $ 35,665,000 |
| (35,622) | (26,097) | (16,572) | (15,463) | (14,354) | (4,829) |
| 915,000 | 750,000 | 575,000 | 470,000 | - | - |
| - | - | - | - | - | 1,200,000 |
| $ - | $ - | $ - | $ - | $ - | $ 620,000 |
| 1,210,000 | 1,120,000 | 1,030,000 | 935,000 | 835,000 | 110,000 |
| 41,324,378 | 40,298,903 | 39,183,428 | 37,964,537 | 37,735,646 | 37,590,171 |
| 7.87% | 6.24% | 6.00% | 5.09% | 5.06% | 4.48% |
| $ 1,950 | $ 1,905 | $ 1,836 | $ 1,559 | $ 1,553 | $ 1,526 |

# City of Sachse, Texas

## *RATIO OF GENERAL BONDED DEBT OUTSTANDING*

### Last Ten Years

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **NET TAXABLE ASSESSED VALUE** | | | | |
| All property | $ 1,132,560,840 | $ 1,203,932,358 | $ 1,213,855,083 | $ 1,193,802,976 |
| **NET BONDED DEBT (1)** | | | | |
| Gross bonded debt | 4,763,407 | 10,409,422 | 41,745,000 | 41,015,000 |
| Less debt service funds | - | - | - | - |
| **Net Bonded Debt** | $ 4,763,407 | $ 10,409,422 | $ 41,745,000 | $ 41,015,000 |
| **RATIO OF NET BONDED DEBT TO ASSESSED VALUE** | 0.42% | 0.86% | 3.44% | 3.44% |
| **POPULATION** | 17,650 | 18,050 | 18,750 | 20,329 |
| **NET BONDED DEBT PER CAPITA** | $ 270 | $ 577 | $ 2,226 | $ 2,018 |

Note: Details regarding the City's oustanding debt can be found in the notes to the financial statements.
(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

| | | | | | |
|---|---|---|---|---|---|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| $ 1,234,165,298 | $ 1,238,561,173 | $ 1,248,799,416 | $ 1,300,626,206 | $ 1,424,592,045 | $ 1,635,609,749 |
| 40,114,378 | 39,178,903 | 38,153,428 | 37,029,537 | 36,900,646 | 36,860,171 |
| - | - | - | - | - | - |
| $ 40,114,378 | $ 39,178,903 | $ 38,153,428 | $ 37,029,537 | $ 36,900,646 | $ 36,860,171 |
| 3.25% | 3.16% | 3.06% | 2.85% | 2.59% | 2.25% |
| 20,570 | 20,570 | 20,780 | 23,756 | 23,756 | 24,554 |
| $ 1,950 | $ 1,905 | $ 1,836 | $ 1,559 | $ 1,553 | $ 1,501 |

# City of Sachse, Texas

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT*

**September 30, 2016**

| Governmental Unit | Gross Bonded Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| **Debt repaid with property taxes** | | | |
| Wylie I.S.D | $ 296,639,955 | 12.43% | $ 36,872,346 |
| Garland I.S.D | 462,982,866 | 5.78% | 26,760,410 |
| Collin County | 395,590,000 | 0.56% | 2,215,304 |
| Dallas County | 227,980,000 | 0.45% | 1,025,910 |
| Dallas County Hospital District | 718,480,000 | 0.45% | 3,233,160 |
| Dallas County Schools | 50,405,000 | 0.45% | 226,823 |
| Collin County Community College District | 16,910,000 | 0.56% | 94,696 |
| Dallas County Community College District | 294,050,000 | 0.45% | 1,323,225 |
| Subtotal, overlapping debt | | | 71,751,874 |
| **City direct debt** | | | 36,860,171 |
| **Total direct and overlapping debt** | | | $ 108,612,045 |

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

# City of Sachse, Texas

*DEMOGRAPHIC AND ECONOMIC STATISTICS*

**Last Ten Fiscal Years**

| Year | Estimated Population | Personal Income | Per Capita Personal Income | School Enrollment | | Unemployment Rate | |
|---|---|---|---|---|---|---|---|
| | | | | Garland ISD | Wylie ISD | Dallas County | Collin County |
| **2007** | 17,650 | 450,604,500 | 25,530 | 57,030 | 10,713 | 5.1% | 4.3% |
| **2008** | 18,050 | 460,816,500 | 25,530 | 56,600 | 11,402 | 5.4% | 4.6% |
| **2009** | 18,750 | 478,687,500 | 25,530 | 57,000 | 11,402 | 8.7% | 7.8% |
| **2010** | 20,329 | 518,999,370 | 25,530 | 57,861 | 11,349 | 8.7% | 7.3% |
| **2011** | 20,570 | 525,152,100 | 25,530 | 57,833 | 12,548 | 8.4% | 7.1% |
| **2012** | 20,570 | 646,206,550 | 31,415 | 58,151 | 12,939 | 6.7% | 5.7% |
| **2013** | 20,780 | 652,803,700 | 31,415 | 58,059 | 13,305 | 6.9% | 6.4% |
| **2014** | 23,756 | 746,294,740 | 31,415 | 57,704 | 13,902 | 6.9% | 6.4% |
| **2015** | 23,756 | 746,294,740 | 31,415 | 57,704 | 13,902 | 6.9% | 6.4% |
| **2016** | 24,554 | 839,648,584 | 34,196 | 58,059 | 14,280 | 4..1% | 3.7% |

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

# City of Sachse, Texas

*PRINCIPAL EMPLOYERS*

**Current Fiscal Year and Nine Years Ago**

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total City Employment** | **Employees** | **Rank** | **Percentage of Total City Employment** |
| Garland ISD | 452 | 1 | 3.23% | 140 | 1 | 2.80% |
| Wal-Mart Supercenter | 305 | 2 | 2.18% | - | n/a | - |
| City of Sachse | 160 | 3 | 1.14% | 125 | 2 | 2.50% |
| Kroger | 150 | 4 | 1.07% | 70 | 4 | 1.40% |
| Wylie ISD | 128 | 5 | 0.92% | 75 | 3 | 1.50% |
| Whataburger | 52 | 6 | 0.37% | - | n/a | - |
| Oxford Glen Memory Care | 49 | 7 | 0.35% | - | n/a | - |
| McDonald's | 44 | 8 | 0.31% | | | |
| Barnyard Gate Daycare | 36 | 9 | 0.26% | - | n/a | - |
| Bearfoot Lodge Daycare | 30 | 10 | 0.21% | - | n/a | - |
| First Bank | - | n/a | - | 20 | 5 | 0.40% |
| Metro Store | - | n/a | - | 20 | 5 | 0.40% |
| Marshall Cabinets | - | n/a | - | 15 | 7 | 0.30% |
| TPC Electric | - | n/a | - | 15 | 7 | 0.30% |
| Sachse Veterinary Clinic | - | n/a | - | 12 | 9 | 0.24% |
| La Plaza Del Pueblo | - | n/a | - | 10 | 10 | 0.20% |
| **Total** | 1,406 | | 10.06% | 502 | | 10.04% |

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

# City of Sachse, Texas

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

**Last Ten Fiscal Years**

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| General government and adminstration | 17 | 18 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Public safety | 65 | 71 | 67 | 66 | 69 | 79 | 79 | 80 | 85 | 82 |
| Public works | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 10 | 10 |
| Culture and recreation | 13 | 14 | 14 | 14 | 15 | 16 | 16 | 16 | 15 | 15 |
| Water and sewer | 5 | 7 | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 |
| Community development | 13 | 13 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 12 |
| Economic development | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| **Total** | 126 | 136 | 138 | 137 | 141 | 149 | 149 | 150 | 155 | 153 |

Sources: Various City departments.

# City of Sachse, Texas

## *OPERATING INDICATORS BY FUNCTION/PROGRAM*

**Last Ten Fiscal Years**

| Function/Program | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Public safety | | | | |
| Police | | | | |
| Number of employees | 43 | 43 | 43 | 50 |
| Number of violations (citations) | 4,947 | 5,666 | 2,844 | 2,068 |
| Fire | | | | |
| Number of employees | 22 | 24 | 24 | 36 |
| Number of volunteers | 3 | 4 | 0 | 0 |
| Number of fire runs | 410 | 491 | 741 | 333 |
| Number of EMS runs | 556 | 572 | 424 | 683 |
| Public works | | | | |
| Streets (miles) | 120 | 122 | 122 | 122 |
| Building permits issued | 186 | 176 | 135 | 138 |
| Cultural and recreational | | | | |
| Parks and recreation | | | | |
| Park maintain & operate per acre | 93 | 93 | 110 | 114 |
| Participants in parks programs | 2,630 | 3,570 | 3,952 | 4,446 |
| Participants in senior program | 8,812 | 12,815 | 13,027 | 15,142 |
| Library | | | | |
| Volumes in collection | 38,481 | 35,879 | 31,757 | 36,484 |
| Water and sewer | | | | |
| Number of water connections | 6,504 | 6,651 | 6,804 | 6,949 |
| Number of sewer connections | 6,078 | 6,252 | 6,427 | 6,590 |
| Average daily water consumption[a] | 2.032 | 2.545 | 2.484 | 2.560 |
| Maximum storage capacity[a] | 4.9 | 4.9 | 6.9 | 6.9 |

Sources: Various City departments.

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| 48 | 48 | 44 | 50 | 50 | 52 |
| 2,160 | 2,568 | 1,260 | 2,246 | 3,846 | 1,879 |
| 44 | 44 | 34 | 34 | 35 | 35 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 340 | 197 | 456 | 272 | 394 | 600 |
| 732 | 811 | 766 | 802 | 909 | 1,187 |
| 125 | 125 | 130 | 135 | 135 | 135 |
| 89 | 135 | 135 | 246 | 275 | 289 |
| 114 | 139 | 149 | 149 | 152 | 152 |
| 4,660 | 5,010 | 5,109 | 5,186 | 5,480 | 9,600 |
| 15,392 | 15,700 | 18,455 | 19,500 | 20,445 | 23,455 |
| 38,161 | 38,761 | 40,169 | 43,935 | 41,203 | 41,470 |
| 7,121 | 7,285 | 7,239 | 7,370 | 7,950 | 8,239 |
| 6,743 | 6,874 | 6,999 | 7,113 | 7,468 | 7,384 |
| 3.146 | 2.464 | 2.509 | 2.776 | 2.412 | 2.573 |
| 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 |

# City of Sachse, Texas

*CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM*

**Last Ten Years**

| Function/Program | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Public safety | | | | |
| Police stations | 1 | 1 | 1 | 1 |
| Police patrol units | 17 | 17 | 17 | 17 |
| Fire stations | 2 | 2 | 2 | 2 |
| Police motorcycle units | 2 | 2 | 2 | 2 |
| Public works | | | | |
| Streets-paved (miles) | 120 | 122 | 122 | 122 |
| Cultural and recreational | | | | |
| Parks (acres) | 93 | 93 | 110 | 114 |
| Playgrounds (1) | 3 | 4 | 5 | 5 |
| Library | 1 | 1 | 1 | 1 |
| Senior center | 1 | 1 | 1 | 1 |
| Water and sewer | | | | |
| Fire hydrants | 688 | 721 | 753 | 753 |
| Ground storage facilities | 2 | 2 | 2 | 2 |
| Elevated storage facilities | 2 | 2 | 2 | 2 |
| Lift stations | 4 | 4 | 4 | 4 |

Sources: Various City departments.

(1) Does not include HOA playgrounds.

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 22 | 25 | 25 | 25 | 27 | 27 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| | | | | | |
| 125 | 125 | 130 | 135 | 135 | 135 |
| | | | | | |
| 114 | 139 | 149 | 154 | 155 | 155 |
| 5 | 5 | 5 | 5 | 6 | 6 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| | | | | | |
| 770 | 786 | 865 | 933 | 970 | 935 |
| 2 | 2 | 2 | 4 | 4 | 4 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 4 | 4 | 4 | 4 | 4 | 4 |

City of Sachse

BROOKSCARDIEL, PLLC
Certified Public Accountants

April 10, 2017

To the City Council and Management
City of Sachse, Texas

In planning and performing our audit of the financial statements of the City of Sachse, Texas (the "City"), as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 10, 2017 on the financial statements of the City. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

## 1. PENSION LIABILITY

**Finding**

During the 2015 fiscal year, the City adopted the Governmental Accounting Standard Board (GASB Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* As part of GASB 68 the City is required to record its net funded pension liability which totaled $4,416,157 as of

September 30, 2016. This is an increase of $1,375,014 over the prior year net pension liability balance of $3,041,143.

The primary reason for this increase is due to a decrease in the estimated earnings rate from 7% to 6.75%. This the effect of this difference is smoothed out over 5 years so the City will not incur the full impact in 2016.

Although the City is required to record this liability, it does not reflect an underfunded plan. The liability represents future projected pension payments and does not reflect future contributions of current plan members and investment earnings. Current assets and projected future contributions and earnings are sufficient to cover the projected future pension payments to current plan members.

This liability will continue to be reflected on the City's financial report and should be considered when setting a reserve for unrestricted net position. Although the unrestricted net position at the government-wide reporting level is not as critical as a fund balance operating reserve, it may be considered by lending institutions and could negatively affect the City's interest rates.

**Recommendation**

The City should continue to monitor the balance of unrestricted net position and the pension liabilities. The City should strive to increase unrestricted net position until the deficit is resolved.

Very truly yours,

BrooksCardiel, PLLC

BrooksCardiel, PLLC

April 10, 2017

April 10, 2017

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

We have audited the financial statements of City of Sachse, Texas as of and for the year ended September 30, 2016, and have issued our report thereon dated April 10, 2017. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated August 1, 2016, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Sachse, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated April 10, 2017.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

Our firm and staff do not have any existing relationships, conflicts of interest, or other conditions or circumstances that would impair our independence with the City under U.S. GAAS or *Government Auditing Standards*

For any nonattest service provided by our firm management maintained responsibility for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

**Qualitative Aspects of the Entity's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Sachse, Texas is included in Note 1 to the financial statements. The City has adopted the provision of Governmental Accounting Standard Board Statement No. 72, entitled *Fair Value Measurement and Application;* the provisions of GASB Statement No. 72 are effective for reporting periods beginning after June 15, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are.

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

*Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Sachse, Texas's financial statements relate to the City's disclosure of capital assets and long-term debt.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has corrected all material misstatements. See EXHIBIT 1 for a list of corrected misstatements.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Sachse, Texas's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated April 10, 2017.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of Sachse, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Sachse, Texas's auditors.

**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Sachse, Texas's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of City of Sachse, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Brooks Cardiel, PLLC

BrooksCardiel, PLLC

# EXHIBIT 1

## *Corrected Audit Adjustments:*

| Adjusting Journal Entries JE # 101 | | 4215.20 | | |
|---|---|---|---|---|
| To adjust deferred revenue for EMS receivables | | | | |
| 01-000-41430 | Ambulance Service Fees | | 33,636.69 | |
| 01-000-15200 | Deferred Revenue - Ambulance | | | 33,636.69 |
| **Total** | | | **33,636.69** | **33,636.69** |

| Adjusting Journal Entries JE # 103 | | 5500.45 | | |
|---|---|---|---|---|
| to adjust pension liabilities to actual. | | | | |
| 02-000-16000 | Deferred Outflow of Resources - Contributions | | 15,302.00 | |
| 02-000-16100 | Deferred Outflow - Investment Experience | | 71,537.00 | |
| 02-000-29000 | Deferred Inflow - Actual Experience Vs. Assumption | | 2,890.00 | |
| 08-000-16000 | Deferred Outflow of Resources - Contributions | | 105,111.00 | |
| 08-000-16100 | Deferred Outflow - Investment Experience | | 925,227.00 | |
| 08-000-29000 | Deferred Inflow - Actual Experience Vs. Assumption | | 52,122.00 | |
| 08-000-50060BC | Retirement-TMRS | | 165,892.00 | |
| BC 02-000-XXXX | Pension Expense (GASB 68) | | 36,933.00 | |
| 01-000-10000 | Cash | | | |
| 02-000-29100 | Net Pension Liability | | | 126,662.00 |
| 08-000-29100 | Net Pension Liability | | | 1,248,352.00 |
| **Total** | | | **1,375,014.00** | **1,375,014.00** |

| Adjusting Journal Entries JE # 104 | | 6100.05 | | |
|---|---|---|---|---|
| to correct fund balance | | | | |
| 01-022-51050 | Office Supplies | | 1,570.00 | |
| 01-022-54000 | Vehicles | | 54,000.00 | |
| 01-000-30000 | Fund Balance - Unrestricted | | | 55,570.00 |
| **Total** | | | **55,570.00** | **55,570.00** |

| Adjusting Journal Entries JE # 106 | | 5300.25 | | |
|---|---|---|---|---|
| to record utility fund's share of bond premium, loss, and bond issuance costs. | | | | |
| 02-027-56210 | Interest - 2007 Series CO | | 14,906.17 | |
| BC 02-000-169XX | 2016 Deferred Loss on Refunding | | 51,765.14 | |
| BC 02-000-29XX | 2016 Refunding Premium | | | 66,671.31 |
| **Total** | | | **66,671.31** | **66,671.31** |

| Adjusting Journal Entries JE # 107<br>to correct actvity in DSF to actual. | | 5300.25 | | |
|---|---|---|---|---|
| 03-000-49010 | Bond Proceeds | | 620,000.00 | |
| 03-000-49040 | Other Financing Sources-Premiums/Discounts | | 66,671.31 | |
| 03-013-56240 | Interest 2009 GO Bonds | | 117,308.00 | |
| 03-000-82000BC | Bond issuance costs | | | 10,145.28 |
| 03-000-83000BC | payment to escrow agent | | | 793,834.03 |
| **Total** | | | **803,979.31** | **803,979.31** |

City of Sachse

Finance Department
3815-B Sachse Road
Sachse, TX 75048
972-495-1212, ext. 33

April 10, 2017

BrooksCardiel, PLLC
1095 Evergreen Circle, Ste 200
The Woodlands, Texas 77380

We are providing this letter in connection with your audit of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sachse, Texas as of September 30, 2016 and for the year then ended, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of City of Sachse, Texas in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the basic financial statements of financial position, results of operations, and cash flows, where applicable, in conformity with generally accepted accounting principles. We acknowledge our responsibility for the design and implementation of effective internal control over financial reporting, and programs and controls to prevent and detect fraud. We also confirm that we are responsible for the identification of and compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of April 10, 2017, the following representations made to you during your audit.

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 1, 2016, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.

- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.

- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,[7] and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- City of Sachse, Texas has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which City of Sachse, Texas is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

- City of Sachse, Texas has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- With respect to any nonattest services performed by your firm, the System's management has (a) made all management decisions and performing all management functions; (b) assigned a competent individual to oversee the services; (c) evaluated the adequacy of the services performed; (d) evaluated and accepted responsibility for the results of the services performed; and (e) established and maintained internal controls, including monitoring ongoing activities.
- We agree with the findings of specialists in evaluating the pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

**Supplementary Information in Relation to the Financial Statements as a Whole**

- With respect to the introductory and statistical sections of the accompanying the financial statements:

  a. We acknowledge our responsibility for the presentation of the introductory and statistical sections in accordance with Accounting Principles Generally Accepted in the United States of America.
  b. We believe the supplementary information, including its form and content, is fairly presented in accordance with Accounting Principles Generally Accepted in the United States of America.
  c. The methods of measurement or presentation have not changed from those used in the prior period.
  d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
  e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary

information and that indicates the auditor reported on such supplementary information.

f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Required Supplementary Information**

- With respect to the required supplementary information as listed in the table of contents of the accompanying the financial statements:

  a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
  b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
  c. The methods of measurement or presentation have not changed from those used in the prior period.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Gina Nash
(City Manager)

Teresa C. Savage
(Finance Director)

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3791 | **Version:** 1 | | **Name:** | Cops and Campers Summer Program - Police |
| **Type:** | Agenda Item | | | **Status:** | Agenda Ready |
| **File created:** | 4/24/2017 | | | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | | | **Final action:** | |
| **Title:** | Presentation of the Police Department Summer Children's Camp, "Cops and Campers". | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | Presentation | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Presentation of the Police Department Summer Children's Camp, "Cops and Campers"

Background
The Police Department has developed a summer camp program for Sachse youth which promotes personal safety, model citizenship and positive interaction with the police through age appropriate activities and instruction. During Monday's council meeting, Chief Sylvester will provide an update as to camp dates, the registration process and new programming scheduled for 2017.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Presentation only.

# Sachse Police Department
# Cops & Campers

# Goals

- Foster relationships and trust between young residents and police.
- Provide age appropriate instruction and activities that promote safety, model citizenship and positive interaction.

# Campers

- Enrolled in Sachse Elementary, Hudson Middle school, and Current Home Schooled Student(s)
- Elementary: Entering grades 3$^{rd}$ thru 5$^{th}$
- Middle School: Entering 6$^{th}$ thru 8$^{th}$
- Four- One Week Long Camps
  - Elementary 8:00am-12:00pm
  - Middle School 8:00am-3:00pm
  - Maximum 25 students per camp

# Staff

- Sachse Police Department SRO's
- SPD Employees
- Volunteers
  - High School Students
  - PTA Members
  - GISD Employees
  - Background Process

# Instruction/Activities

- Stranger Danger
- Anti-Bullying
- Fire Safety/Prevention
- Dialing 911
- Internet/Social Media Safety

- Kickball
- Giant Bowling
- Basketball
- Air Ambulance Visit
- Sachse Police and Fire Dept. , City Hall Fieldtrip

# Schedule

- June 26th – 30th
- July 10th – 14th
- July 17th – 21st
- July 24th – 28th
- Camps at Hudson Middle School
- Registrations online at
- www.cityofsachse.com

# New for 2017

Participant Expansion

Online Application

Exotic Petting Zoo

Texas Storm Chasers

Texas Parks and Wildlife

COPS & CAMPERS

SACHSE

2017


POLICE OFFICER
SACHSE
INTEGRITY
RESPECT
HONOR
COMPASSION
THE GREAT STATE OF TEXAS
EST
1845
POLICE
HIEFS ASSOCIATION
FOUNDATION
RACTICES RECOGNITION PROGRAM

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3786 | **Version:** 1 | **Name:** | Fire Department Yearly Review | |
| **Type:** | Agenda Item | | **Status:** | Agenda Ready | |
| **File created:** | 4/20/2017 | | **In control:** | City Council | |
| **On agenda:** | 5/1/2017 | | **Final action:** | | |

**Title:** Receive the 2016 Year in Review from the Fire Department.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** Presentation

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Fire Department Year in Review

Background
The City Council will receive highlights showcasing achievements in 2016.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Discussion only.

# 2016 Sachse Fire-Rescue Annual Update

City Council

May 1, 2017

# Objectives

1. Staffing
2. Operational Statistics
3. Training
4. Prevention & Community Outreach
5. Major Accomplishments
6. What's next

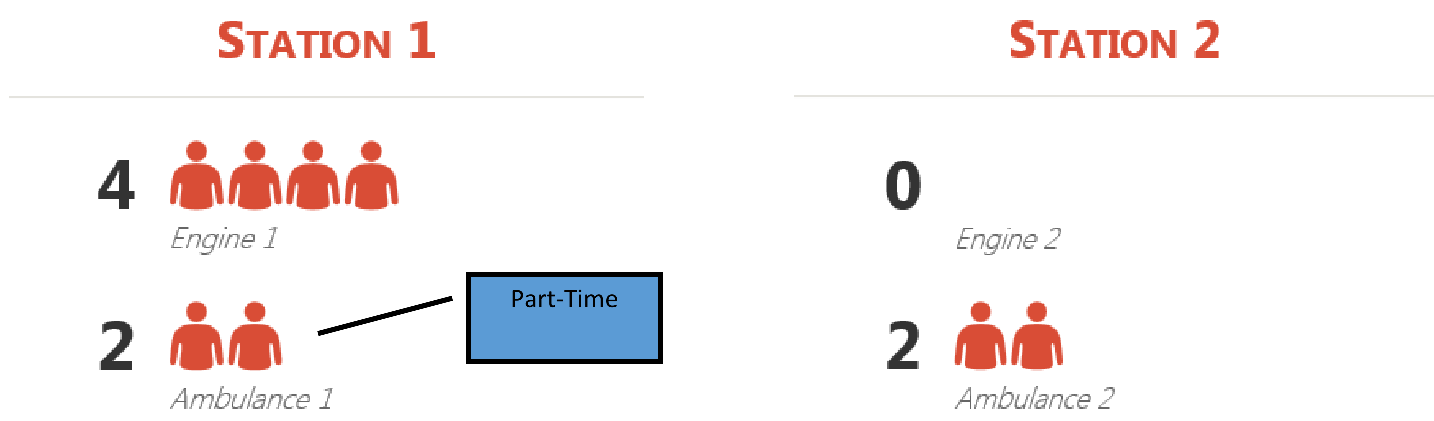
# Sachse Fire-Rescue (SFR)

- SFR Personnel

| | |
|---|---|
| 1 | Fire Chief |
| 1 | Administrative Assistant |
| 1 | Captain - Administrative |
| 1 | Captain – Fire Marshal |
| 3 | Lieutenants |
| 6 | Driver Engineer (4 filled - two more in June) |
| 18 | Fire Rescue Specialists (Full - Time) |
| 10 | Fire Rescue Specialists (Part – Time) |

# January 2016 Staffing

- Remember - 6 Full-Time and 2 Part-Time personnel protecting the city utilizing 2 fire stations each day.



# Current Staffing

- 9 Full-Time personnel are assigned to each shift to protect the city utilizing 2 fire stations

## Station 1

4 — *Engine 1*

2 — *Ambulance 1*

## Station 2

3 — *Engine 2*

0 — *Ambulance 2*

The 3rd Man allows Engine 2 to be placed in service short staffed. If a medical call comes in they move to the ambulance.

Part-Time personnel will still be utilized to supplement this model to maintain three personnel at Station 2 or Fully staff with four.

# Optimal vs. Perfect World

- In a perfect world we would have redundancy in both Fire and EMS response capabilities
- It would consist of two fire stations fully staffed with full time personnel 24 hours a day. ( 13 full time personnel each day)

**Station 1**

4 — *Engine 1*

2 — *Ambulance 1*

**Station 2**

4 — *Truck 2*

2 — *Ambulance 2*

1 — *Shift Commander*

# Response Data
# Total Incidents

| Total Call Volume | |
|---|---|
| **2015** | 2016 |
| **1780 Calls** | 1813 Calls |

*Note:*
*1st Quarter of 2016 we had a total call volume of 437.*
*1st Quarter of 2017 we have had a total call volume of 494.*

*If the trend continues we will have an estimated increase in call volume of* ***11 – 13%*** *for 2017.*

***2017 Projected Incidents - 2012***

| 2016 Dallas County Response | | | |
|---|---|---|---|
| **Type** | **EMS** | **Fire** | **Total** |
| **Volume** | 51 | 65 | 116 |

City of Sachse

# SFR Response Data
# Types of Calls

**EMS** 65.6%
(64.1%)*

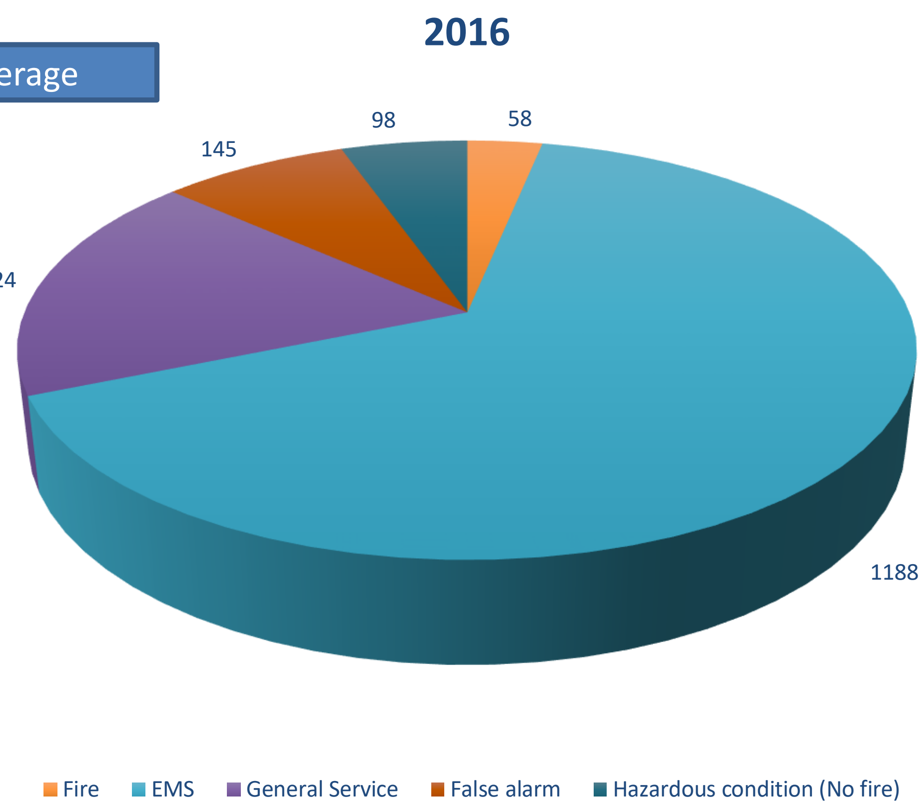
FEMA Report National Average

**General Service** 17.9%
(18.8%)

**False Alarm** 7.9%
(8.7%)*

**Hazardous Condition No Fire** 5.4%
(3.7%)*

**Fire** 3.2%
(4.7%)*

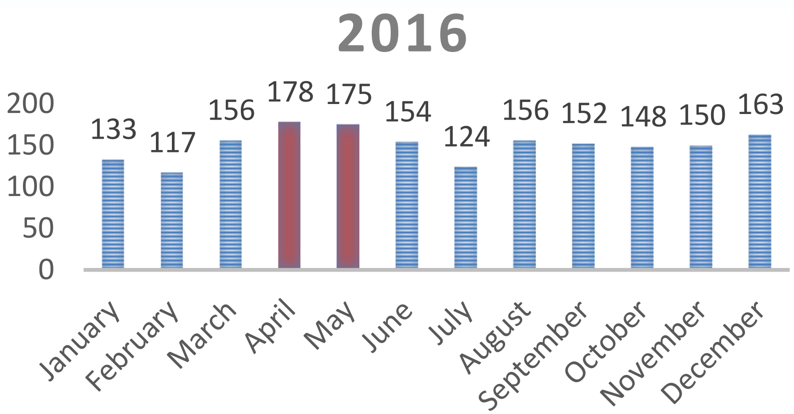



*FEMA, 2017, Fire department overall run profile as reported to the national fire incident reporting system 2014, Topical Fire Report Series, Volume 17, Issue 8/January 2017

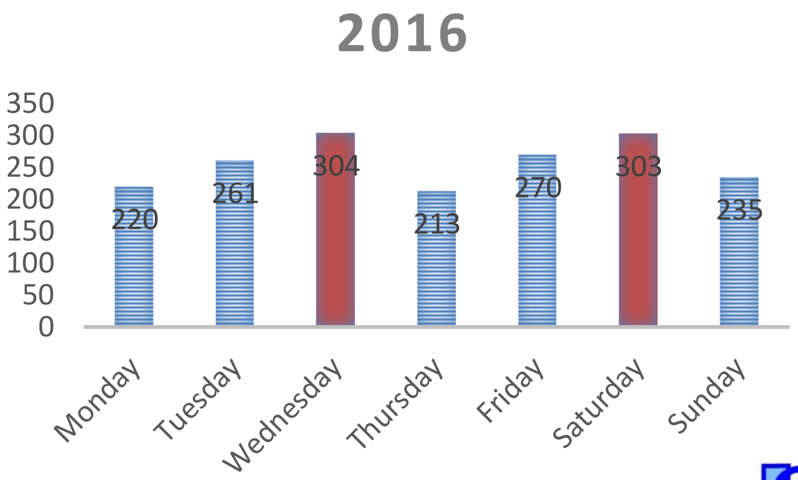
City of Sachse

# Response Data
# Calls Per Month

Busiest Months




Busiest Days of the Week



# Response Data
# Average Response Time

| Average Response Times | |
|---|---|
| **2015** | 2016 |
| **6 Minutes 24 Seconds** | 5 Minutes 00 Seconds |

*A decrease in Response Times by **1 Minute and 24 Seconds***

***Note: Many variables have been in play with collecting response data. It is unknown if this decrease in due to process (data input) or actual improvements in procedure (turn out and travel)***

# Fire Loss Vs Save Data

**58 Fires** – This includes; structures, vehicles, grass, trash, and other fires.

9 - Significant Structure Fires

1 - Strip Center

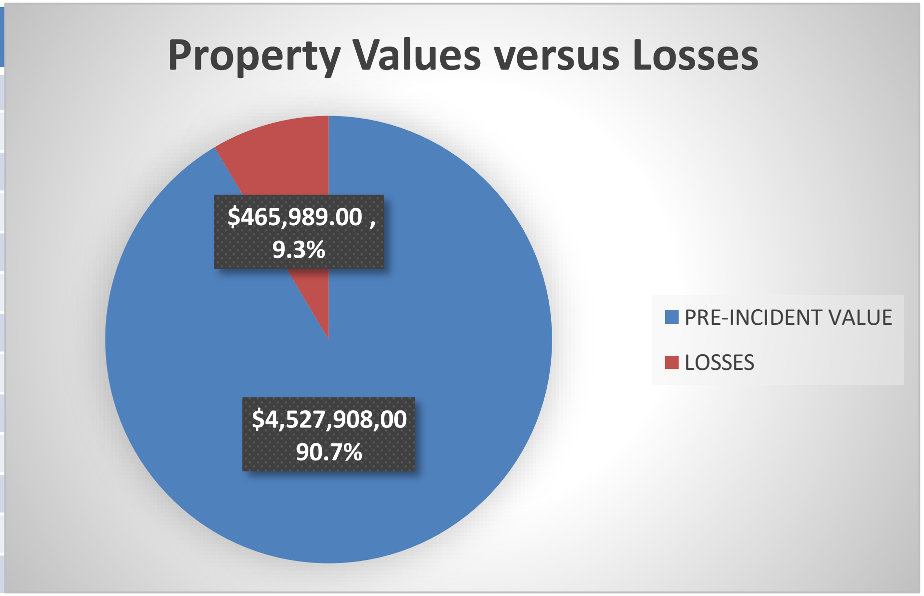
1 – Apartment Building

1 – Detached Shed

6 – Single Family Residential (1 included 2 vehicles)

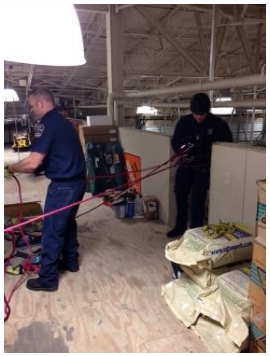
**Start Date: 01/01/2016 | End Date: 12/31/2016**

| INCIDENT # | PRE-INCIDENT VALUE | LOSSES |
|---|---|---|
| 2016-00064 | $164,890.00 | $6,000.00 |
| 2016-390 | $1,695,256.00 | $1,000.00 |
| 2016-0519 | $249,960.00 | $3,500.00 |
| 2016-551 | $9,123.00 | $9,123.00 |
| 2016-551 | $13,808.00 | $13,808.00 |
| 2016-551 | $386,858.00 | $284,358.00 |
| 2016-847 | $266,782.00 | $80,000.00 |
| 2016-1095 | $6,000.00 | $5,800.00 |
| 2016-1747 | $1,749,650.00 | $7,000.00 |
| 2016-1754 | $201,570.00 | $55,000.00 |
| 2016-1835 | $250,000.00 | $400.00 |
| Totals: | **$4,993,897.00** | $465,989.00 |




City of Sachse

# Training



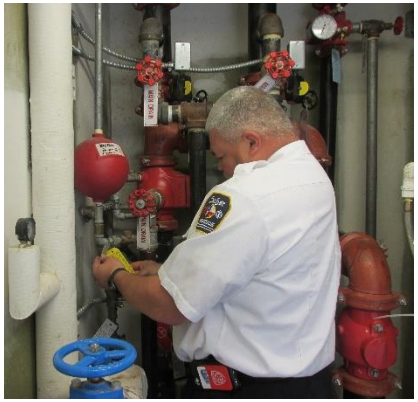
SFR Personnel completed **6,233** hours of training

- Averaging **230** hours per firefighter
- **4,100** of these hours are ISO requirements

# Fire Prevention

Fire Marshal's Office

- Fire Investigations - 12
- Fire Inspections - 50
- Plans Reviewed - 30
- Permits Issued – 20



City of Sachse

# Public Education & Community Outreach

## Touching our Community 3,000+

Fire Station Tours

Walks & Runs

Hands Only CPR

H2O XPO

School Fire Safety Programs

Sparky

Fire Station Open House

Puppet Shows

Block Parties

Birthday Parties

Host – Pancakes with Santa

Support PD – Cops and Campers – Medical Helicopters

Extinguishers

Senior Center

Scout Tours

Red White & Blue Splashdown

Reading at the Library

Whitt Walk

Special Requests

Parades

Pop In Visits

City of Sachse

# Customer Satisfaction Survey Cards

90 Surveys were randomly mailed out

34 were returned

4 Categories were Rated

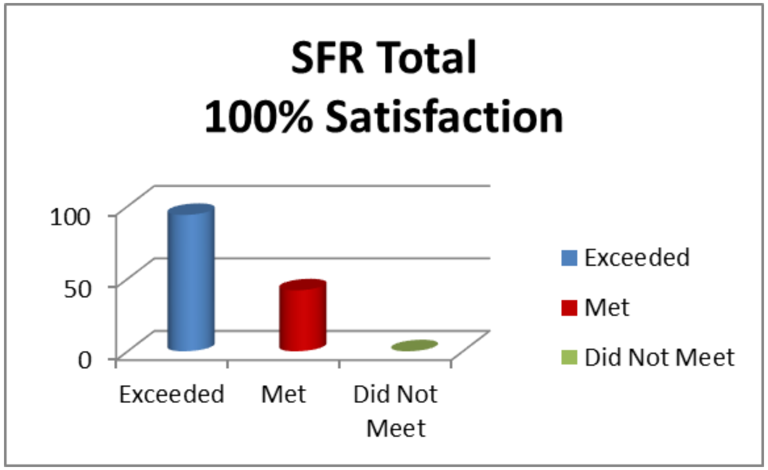
- Did the Fire Department Arrive in a Timely Manner?
- Did you like the Services Provided?
- Were the Responders Nice and Receptive?
- How Would You Rate the Responders' Appearance?

Results:

94 – Exceeded Expectations

42 – Met Expectations

**0 - Did Not Meet Expectations**




Comments Received

*"The responders were really nice. God bless all of you."*

"The entire response team was OUTSTANDING!!"

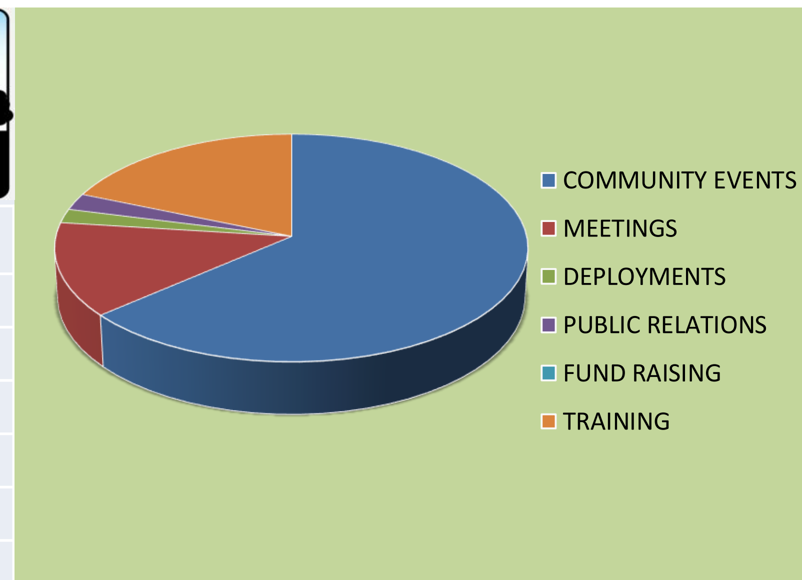
*"Excellent response, thank you."*

"The firemen were so sweet and polite, they made me feel very comfortable and relaxed."

# CERT Update

**1860 Total Volunteer Hours**

| EVENT | 2016 |
|---|---|
| COMMUNITY EVENTS | 1184 |
| MEETINGS | 247.5 |
| DEPLOYMENTS | 37 |
| PUBLIC RELATIONS | 44 |
| FUND RAISING | 0 |
| TRAINING | 347.5 |



# 2016 Achievements

- Decreased Response Time by 1:24
- Staffing Matrix
  - Staffing at Station 2 allows for an Engine or Truck to be in service every day
    - Cross Staffing with Ambulance
- Apparatus Replacement Plan
  - New Truck 1 will arrive in October 2017
- Career Path/Succession Planning
  - Driver Engineer Positions

City of Sachse

# 2016 Achievements Cont.

- Staffing
  - Increased Full Time Staffing by 9 firefighters
  - Added 6 Driver/Engineer Positions
  - Part Time Personnel
    - Now PRN (As Needed)
    - Reduced work force from 24 to 10 positions
- Focus on the Community
  - Created Citizen Survey
  - Fire Station Open House
  - Fire Safety Puppets
  - File for life
  - Remembering When program for Seniors

# 2016 Achievements Cont.

- Operational
  - Updated Many SOP's – Created the May Day SOP for lost or trapped firefighters
  - ORI – Operational Readiness Inspections for Ambulances – Mimics the state inspection
  - Opticom System – Worked with City Staff to ensure the system was fully operational
  - Hydrant Inspection and Testing Program
  - Incident Notification
  - Condensed all records to one location

# 2016 Achievements Cont.

- Firefighters
  - Infectious Exposure Policy - Updated Process
  - Initiated Annual Firefighter (NFPA) Physicals
  - Box of Opportunity
  - Initiated New Training Program – Far Exceeds the State minimums
  - On-Line Uniform Ordering System
  - Committee Opportunities

# ISO Specific Achievements

Fire Department

- Added 9 Firefighters
- Fire Apparatus pump testing
- Training documents were reviewed and summited
- Mutual and Automatic Aid Agreements were reviewed and updated

Fire Marshal

- Pre-fire Plan Program was Updated
- Target Hazards were identified and plotted on Maps
- School Fire Drills were conducted and documented

# ISO Achievements Cont.

Communications

- Scored very high

Public Works

- Created all of the maps that were requested
- Water Distribution System was evaluated, mapped, and submitted
- The system scored very high no additions needed

# Congratulations!

ISO

Public Protection Classification

2

# Next Steps

We will,

- Pursue an ISO Class 1 Rating
- Continue Career Path and Succession Planning
- Adopt the most current Fire Code
- Continue to develop Performance Measures
- Continue to develop a Position/Rank Credentialing Program
- Continue to focus on Community Outreach
- Collaborate with PD on a Public Safety Day
- Conduct a Mini Fire Academy for City Council Members

# Thank you! For Supporting Your Sachse Fire Department

# City of Sachse, Texas

## Legislation Details (With Text)

| | | | | | |
|---|---|---|---|---|---|
| **File #:** | 17-3797 | **Version:** 1 | | **Name:** | Strategic Plan Update |
| **Type:** | Agenda Item | | | **Status:** | Agenda Ready |
| **File created:** | 4/26/2017 | | | **In control:** | City Council |
| **On agenda:** | 5/1/2017 | | | **Final action:** | |
| **Title:** | Receive and discuss update of the City's Strategic Plan. | | | | |
| **Sponsors:** | | | | | |
| **Indexes:** | | | | | |
| **Code sections:** | | | | | |
| **Attachments:** | Presentation | | | | |

| Date | Ver. | Action By | Action | Result |
|---|---|---|---|---|

Title
Strategic Plan Update.

Background
In January 2015, the City Council adopted a Strategic Plan with six strategic goals critical in planning Sachse's future. On January 23, 2016, the City Council held a Strategic Planning all day session in which those goals were revisited and new areas of focus were identified. In February and March, department directors and other staff received goal setting training and worked in groups to identify tasks needed to carry out the established City Council strategic goals. Staff presented a final Strategic Plan to the City Council for review and approval at the City Council meeting on April 4, 2016. In July and November 2016, the City Council received status updates on the progress made on the action items in the Strategic Plan. Tonight, the City Council will receive the final status update in the progress made on the action items in the Strategic Plan since the approval of the 2016/17 budget. The staff has started preparations for new action items to be presented with the FY 2017/18 budget. These will include items identified at the March 18, 2017 City Council retreat as well as other programs and services.

Policy Considerations
None.

Budgetary Considerations
None.

Staff Recommendations
Discussion only.


# Strategic Plan Update

## City Council Meeting

## May 1, 2017

*Sachse is a tranquil community welcoming the future*
*while offering a safe and enjoyable quality of life to all those who call Sachse home.*

City of Sachse

# GOAL 1


**Meet the public safety needs of a growing citizen, student, and business population**

# Goal 1

## Meet the public safety needs of a growing citizen, student, and business population

Accomplishments

- <u>Service Enhancements</u>
  - Fire - Completed review of department training programs, and implemented necessary changes to meet all mandated requirements, developed a more robust training program. And implemented a re-structuring of administrative duties.
  - Police – Developed Public Service Officer program and filled position.
  - Completed procedural justice training for all sworn personnel.

# Goal 1

## Meet the public safety needs of a growing citizen, student, and business population

### Next Steps

- <u>Service Enhancements</u>
  - Fire –Continued training program enhancements, including improvements to new firefighter training.
  - Fire – Continue to develop emergency response performance indicators, tracking, and implementation of a new fire station alerting system.
  - Fire – Continue moving forward with new rank structure in the department.
  - Fire – further development of our fire prevention program.


# Goal 1

## Meet the public safety needs of a growing citizen, student, and business population

Next Steps

- Service Enhancements
  - Police – conduct defensive tactics training for sworn personnel.
  - Police – develop new crime prevention program tailored to community-specific needs.
  - Police – provide executive level training for commanders.
  - Police – continue to enhance National Night Out program.

# Goal 2

# PUBLIC WORKS

**Strategically invest in the City's existing and future infrastructure**

# Goal 2

## Strategically invest in the City's existing and future infrastructure

### Accomplishments

- <u>Investment - Maintenance</u>
  - Stormwater Utility Study is nearing completion – will come to City Council in June.
  - Completed Street Maintenance Tax rehabilitation of Hooper Road, and streets in Sachse South Estates.
- <u>Investment - Expansion</u>
  - Completed infrastructure planning efforts (streets/water/sewer) for the Comprehensive Plan, particularly for the PGBT corridor.
  - Completed the 3rd Sewer Connection to Garland.
  - Completed the SH 78 and 5th/Dewitt Road lighting project.


# Goal 2

## Strategically invest in the City's existing and future infrastructure

### Next Steps

- Initiatives
  - Complete update to the 10-year Capital Improvement Plan.
  - Complete Stormwater Utility Study and consider any necessary policy changes.
- Infrastructure Maintenance
  - Continue PASER Rating program for all City streets.
  - Finish the TV inspections for all sewer mains 30+ years of age, identify sewer rehabilitation needs.
- Infrastructure Expansion
  - Begin design of PGBT sewer expansion.
  - Begin construction of Sachse Road/5th Street.
  - Begin construction of Southeast Water Tower.

# Goal 3

The FINANCE Department

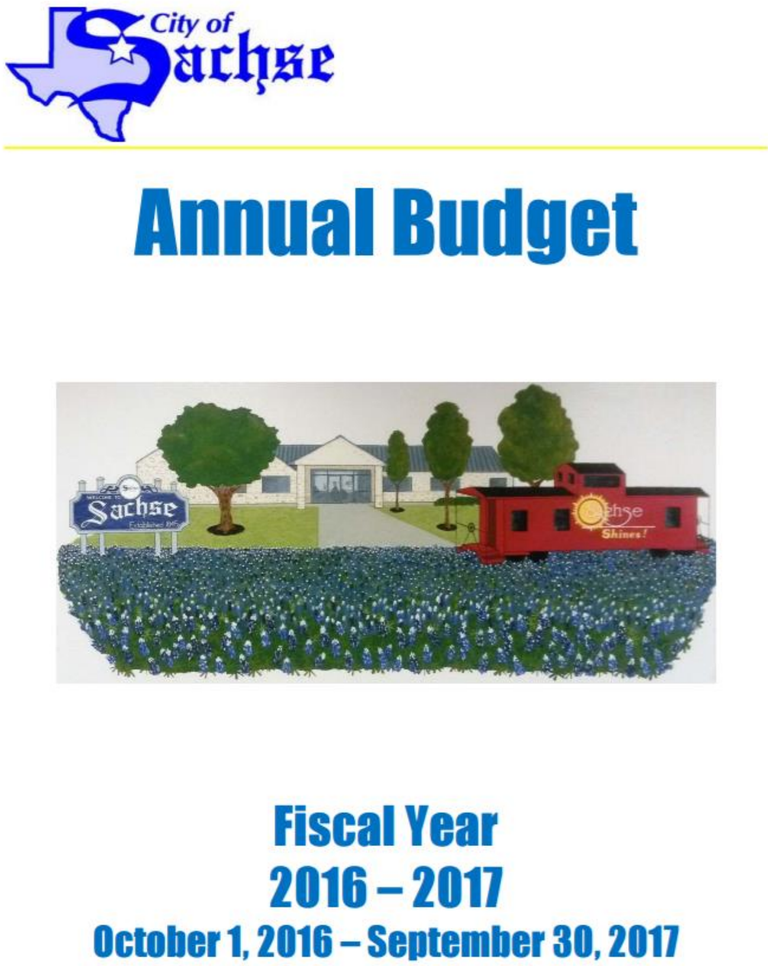
Be a model of financial stewardship through growth management, responsible investment, and financial transparency

# Goal 3

## Be a model of financial stewardship through growth management, responsible investment, and financial transparency

Accomplishments

- <u>Policy Initiatives</u>
    - Maintained steady tax rate for two years
    - Prepared information for citizens regarding Sachse Street Maintenance Tax election (May 6th).
    - Began update for 10-yr CIP and Impact Fee Study.

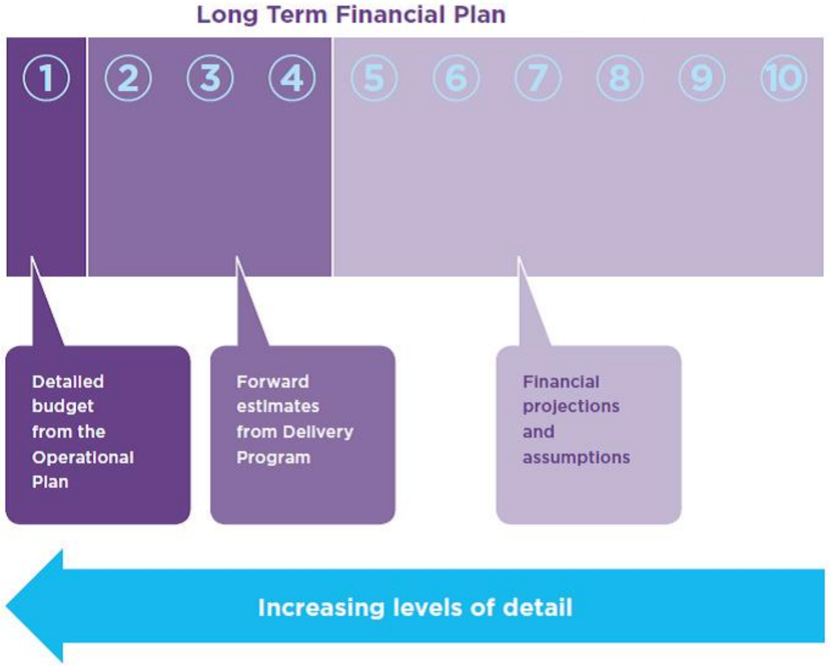



# Goal 3

## Be a model of financial stewardship through growth management, responsible investment, and financial transparency

### Next Steps

- <u>Policy Initiatives</u>
  - Implement financial transparency software.
  - Begin Long Range Financial Plan.




**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year Ended September 30, 2016**


**City of Sachse, Texas**

***As Prepared by The Finance Department***

*"Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home."*

# Goal 4

Provide a high quality of life environment for families, individuals, businesses, and other organizations in Sachse

# Goal 4

## Provide a high quality of life environment for families, individuals, businesses, and other organizations in Sachse

### Accomplishments

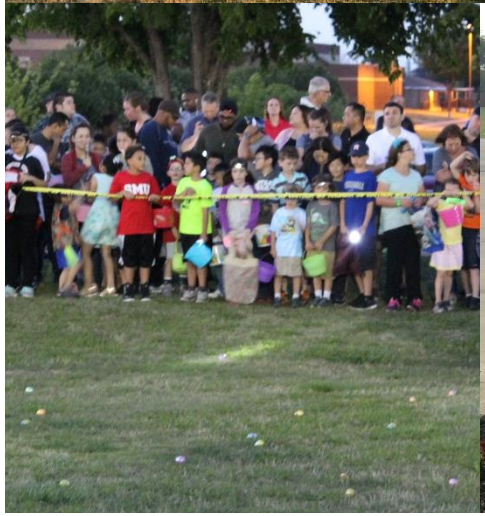
- <u>Service Enhancements</u>
  - Replaced fountain and fountain lights at Dave Sanford Park.
  - Completed construction of restroom at Firefighter's Park.
  - Completed the painting of the caboose.


# Goal 4

## Provide a high quality of life environment for families, individuals, businesses, and other organizations in Sachse

Next Steps

- <u>Initiatives</u>
  - Finalize plan for utilization of sales tax revenue for development of City parks and recreation facilities.



City Planning

# Goal 5

CELEBRATING 20 YEARS
SACHSE
OF INVESTMENT & GROWTH
Economic Development Corporation
EDC

**Make Sachse more prosperous through job creation and quality development that adds community value**

# Goal 5

## Make Sachse more prosperous through job creation and quality development that adds community value

Accomplishments

- <u>Initiatives</u>
  - Comprehensive Plan approved March 6th.
  - Junk vehicle ordinance completed.
  - High grass/trash/debris ordinance completed.
- <u>Service Enhancements</u>
  - Implementation of new ordinances by City staff.

# Goal 5

## Make Sachse more prosperous through job creation and quality development that adds community value

Next Steps

- Policy Initiatives
  - Continue to modernize City codes in accordance with recommendations in the Comprehensive Plan.
- Service Enhancements
  - Continue to implement new ordinances as they are adopted by the City Council.


# Goal 6



**Provide excellent government services to Sachse Citizens**

# Goal 6

## Provide excellent government services to Sachse Citizens

Accomplishments

- <u>Service Enhancements</u>
  - Employee Policy Manual updated.
  - Completed an employee classification study for select positions.
- <u>Community Outreach</u>
  - Implementation of commercial and community site integrity programs.

# Goal 6

## Provide excellent government services to Sachse Citizens

### Next Steps

- <u>Service Enhancements</u>
  - Implementation of financial transparency online access.

# Next Steps

- Finalize updates to the FY 2016-17 Strategic Plan
- City Manager to refine the direction received from City Council at the March 18th Strategic Planning meeting.
- City Manager and Department Heads to begin developing new action items in May.
- The City Manager will present new action items to the City Council at the June 19th City Council Meeting, to become the basis for the FY 2018-19 Strategic Plan.
- At the June 19th City Council Meeting, the City Manager will receive feedback and direction from the City Council on additional items for the FY 2018-19 Strategic Plan.
- At the July 17th meeting, the City Manager will present a draft of the FY 2018-19 budget with the Final FY 2018-19 Strategic Plan.