Sachse
TEXAS

Monday, February 17, 2020
Regular Combined City Council Meeting

Council Chambers
3815 Sachse Road, Building B
6:30 p.m.

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

As authorized by Section 551.071(2) of the Texas Government Code, these meetings 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 regular meeting agenda item listed herein.

A. 6:30 PM WORKSHOP MEETING

1. Call to Order: The City Council of the City of Sachse will hold a Workshop Meeting on Monday, February 17, 2020 at 6:30 p.m. in the Council Chambers at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas to consider the following items of business:

2. Receive IT Security Training.

3. View the Public Works Hydroexcavator.

4. Discussion of City Council meeting agenda items.

5. Adjournment.

B. 7:30 PM REGULAR MEETING

1. Call to Order: The City Council of the City of Sachse will hold a Regular Meeting on Monday, February 17, 2020 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:

2. Invocation and Pledges of Allegiance.

C. Special Announcements

1. Administer the oath of office to newly elected Councilmember Chance Lindsey.

2. Mayor and City Council announcements regarding special events, current activities, and local achievements.

D. Citizen Input

1. Citizen Input: The public is invited at this time to address the Council. Please 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. Issues raised may be referred to City Staff for research and possible future action.

E. 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 Councilmember or citizen so requests.

1. Approve the minutes of the February 3, 2020, combined meeting.

2. Approve the minutes of the February 11, 2020, special meeting.

3. Approve the Consent Agenda Items as presented.

F. Regular Agenda Items

1. Receive and consider the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2019.

G. Regular Meeting Closing

1. Adjournment.

I, the undersigned authority, do hereby certify that this notice of meeting was posted in accordance with the regulations of the Texas Open Meetings Act and was posted on the bulletin board, an accessible location at Sachse City Hall.

Michelle Lewis Sirianni

Michelle Lewis Sirianni, City Secretary

Accommodation requests for persons with disabilities should be made at least 48 hours prior to the meeting by contacting Lauren Rose, ADA Coordinator, via phone at 972.429.4770, via email at lrose@cityofsachse.com, or by appointment at 3815 Sachse Road, Building B, Sachse, Texas 75048.

Sachse TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	A. 6:30 PM WORKSHOP MEETING
Subject	2. Receive IT Security Training.
Access	Public
Type	Discussion, Information

Public Content

BACKGROUND

House Bill (HB) 3834 of the 86th Texas Legislature requires local government employees to complete a certified cybersecurity training annually, with an initial deadline of June 14, 2020. Local government employees include anyone who has access to a local government computer system or database, including elected officials. Access is defined as any person who has been given an account to access any local information system.

OVERVIEW

Current requirements allow for an instructor-led class, utilizing a presentation and lesson plan. Training for HB 3834 will be delivered by Danny Wheeler, IT Manager for the City, utilizing training materials provided by Texas Municipal League (TML) that have been certified by Texas Department of Information Resources (DIR), which meets all the HB 3834 requirements.

POLICY CONSIDERATIONS

The State of Texas mandated that all state and local government employees are required to complete this training via legislative action during the 86th Legislature. City of Sachse employees are currently in the process of completing this required training.

RECOMMENDATION

Complete the required IT Security Training.

Sachse TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	A. 6:30 PM WORKSHOP MEETING
Subject	3. View the Public Works Hydroexcavator.
Access	Public
Type	Information, Information
Goals	Strategically invest in the City's existing and future infrastructure.

Public Content

BACKGROUND

Last November, the City Council approved the purchase of a Freightliner Pipehunter Hydroexcavator for the Public Works Department. The truck has been built and delivered to the City. The truck will be available outside the Chambers for the Council and residents to view during the meeting.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

There are no recommendations affiliated with this item.

Sachse TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	C. Special Announcements
Subject	1. Administer the oath of office to newly elected Councilmember Chance Lindsey.
Access	Public
Type	Procedural

Public Content

BACKGROUND

The City held a Special Election and Special Runoff Election to fill the vacancy of Place 4 due to the resignation of former Councilmember Adams. As a result of the Special Runoff Election, Chance Lindsey was duly elected on February 1, 2020 and results were canvassed on Tuesday, February 11, 2020.

OVERVIEW

Per the City Charter and Election Code, City Councilmembers shall be inducted into office at the first regular or specially called City Council meeting following the meeting in which the election is canvassed and certified.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

Administer the oath of office to newly elected Councilmember Chance Lindsey.

Sachse
TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	E. 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 Councilmember or citizen so requests.
Subject	1. Approve the minutes of the February 3, 2020, combined meeting.
Access	Public
Type	Action (Consent), Minutes
Recommended Action	Approve as presented.
Minutes	View Minutes for Feb 3, 2020 - Regular Combined City Council Meeting.

Public Content

BACKGROUND
Minutes of the February 3, 2020, combined meeting.

POLICY CONSIDERATIONS
There are no policy considerations affiliated with this item.

RECOMMENDATION
Approve the minutes of the February 3, 2020, combined meeting.

02.03.20 Combined Meeting Minutes.pdf (48 KB)

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 Councilmember or citizen so requests.

CITY COUNCIL OF THE CITY OF SACHSE

MEETING MINUTES

FEBRUARY 3, 2020

The City Council of the City of Sachse held a regular meeting on Monday, February 3, 2020 at 6:30 p.m. at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas. Those present were Mayor Mike Felix, Mayor Pro Tem Michelle Howarth, Councilmembers Brett Franks, Paul Watkins, Cullen King, and Jeff Bickerstaff; City Manager, Gina Nash; City Secretary, Michelle Lewis Sirianni; Strategic Services Manager, Lauren Rose; Finance Director, Teresa Savage; IT Manager, Danny Wheeler; Parks and Recreation Director, Lance Whitworth; Public Works and CIP Director, Corey Nesbit; Development Services Director, Matt Robinson; Fire Chief, Marty Wade; Deputy Fire Chief, Lee Richardson; Assistant Police Chief, Steven Baxter; and Police Chief, Bryan Sylvester.

Mayor Felix opened the workshop meeting at 6:34 p.m.

COMMUNITY CENTER TOUR: Tour the Michael J. Felix Community Center.

The City Council toured the Michael J. Felix Community Center.

ADJOURNMENT:

Mayor Felix adjourned the workshop at 7:21 p.m.

Mayor Felix opened the regular meeting at 7:30 p.m.

INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND STATE FLAGS: Councilman Franks offered the invocation and Councilman Bickerstaff led the pledges.

MAYOR AND CITY COUNCIL ANNOUNCEMENTS REGARDING SPECIAL EVENTS:

Mayor Pro Tem Howarth announced upcoming Library events.

Councilman Franks announced the upcoming Daddy/Daughter Dance on Friday, February 21, 2020 at the Michael J. Felix Community Center.

Mayor Felix announced the upcoming Town Hall meeting being held by Commissioner J.J. Koch on Thursday, February 6 at the Garland Library. He also thanked all the staff and volunteers for their hard work on the Community Center grand opening ceremony.

CITIZENS INPUT:

No comments were made.

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 City Councilmember or citizen so requests.

1. Approve the minutes of the January 21, 2020, regular meeting.

2. Accept the monthly revenue and expenditure report for the period ending November 30, 2019.

3. Approve an ordinance ordering the May 2, 2020, City Council General Election.

Councilman Bickerstaff made a motion to approve the consent agenda items as presented. Councilman Watkins seconded that motion and the motion was unanimously approved.

REGULAR AGENDA ITEMS:

Receive the Sachse Police Department 2019 Year End Review.

Chief Sylvester presented the Sachse Police Department's Year End Review. Chief Sylvester reviewed last year's crimes including Part I offenses (assaults, burglaries, robberies, and thefts) as well as Part II offenses (criminal mischief, fraud, disorderly conduct, public intoxication, drug possession, and DWIs.) He showed how the data in Sachse compared to Texas crime rates and national crime rates. He also commented on response times, number of traffic stops, and community policing activity. Chief Sylvester discussed departmental accomplishments including advances in community outreach, and most notably, the school safety enhancements and the Volunteers in Policing program. He introduced new employees to the department and outlined the 2020 goals.

Councilman King asked if they were considering any active shooter training and what a volunteer can and cannot do. Councilman Bickerstaff asked about exploring doing an academy again.

Consider a resolution authorizing the City Manager to execute a Project Specific Agreement (PSA) with Dallas County for "Type B" Road and Bridge Maintenance of Merritt Road.

Mr. Nesbit presented an overview which outlined the project scope, location, details about the participation with Dallas County on this project, and the specifics of the agreement. This project is a temporary maintenance solution to provide relief for travelers until the larger reconstruction and realignment project for Merritt Road begins construction in 2022. Mr. Nesbit noted the City will manage this project and the total estimated cost of the project is $419,540. Dallas County will reimburse up to 50% of the project costs and completion of the project is expected in April 2020. Staff recommends approval.

Councilman Watkins asked when they would start, how long it would take to complete, and if there would be any road closures. Mr. Nesbit responded if the City Council approves the item, it would go to the Commissioners Court on February 18 with construction to begin in March and completed in April. The road would not be shut down completely, but flaggers would be used as they complete sections of the road.

The Mayor requested the shoulders of the road to be monitored to avoid areas of drop off.

Councilman King made a motion to approve a resolution authorizing the City Manager to execute a Project Specific Agreement (PSA) with Dallas County for "Type B" Road and Bridge Maintenance of Merritt Road. Councilman Bickerstaff seconded that motion and the motion was unanimously approved.

Consider authorizing the City Manager to negotiate and enter into a contract in the amount not to exceed four-hundred thirty thousand dollars and zero cents ($430,000.00) with Reynolds Asphalt and Construction Co. for the Merritt Road Overlay project.

Mr. Nesbit stated this item is a follow up to the previous agenda item which will award a contract to Reynolds Asphalt and Construction to complete the road project.

Councilman Watkins made a motion to approve authorizing the City Manager to negotiate and enter into a contract in the amount not to exceed four-hundred thirty thousand dollars and zero cents ($430,000.00) with Reynolds Asphalt and Construction Co. for the Merritt Road Overlay project. Councilman Bickerstaff seconded that motion and the motion was unanimously approved.

ADJOURNMENT:

Mayor Felix adjourned the meeting at 8:27 p.m.

MIKE J. FELIX, MAYOR

ATTEST:

Michelle Lewis Sirianni, City Secretary

Sachse TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	E. 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 Councilmember or citizen so requests.
Subject	2. Approve the minutes of the February 11, 2020, special meeting.
Access	Public
Type	Action (Consent), Minutes
Recommended Action	Approve as presented.
Minutes	View Minutes for Feb 11, 2020 - Special City Council Meeting

Public Content

BACKGROUND
Minutes of the February 11, 2020, special meeting.

POLICY CONSIDERATIONS
There are no policy considerations affiliated with this item.

RECOMMENDATION
Approve the minutes of the February 11, 2020, special meeting.

02.11.20 Special Meeting Minutes.pdf (39 KB)

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 Councilmember or citizen so requests.

CITY COUNCIL OF THE CITY OF SACHSE

SPECIAL MEETING MINUTES

FEBRUARY 11, 2020

The City Council of the City of Sachse held a special meeting on Tuesday, February 11, 2020 at 6:30 p.m. at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas. Those present were Mayor Mike Felix, Mayor Pro Tem Michelle Howarth, Councilmembers Paul Watkins, Cullen King, and Jeff Bickerstaff; City Manager, Gina Nash, and City Secretary, Michelle Lewis Sirianni. Councilman Franks was absent.

Mayor Felix opened the special meeting at 6:30 p.m.

CANVASS SPECIAL ELECTION: Consider an ordinance declaring the results of the Special Runoff Election of the City of Sachse held Saturday, February 1, 2020 to fill the vacancy of an unexpired term for City Councilmember Place 4.

Mrs. Lewis Sirianni stated this item is to canvass the votes and declare the results of such election. Mrs. Lewis Sirianni requested the City Council to read the results into the record.

Mayor Felix read the results as follows:

	Early Voting Votes Cast	Election Day Votes Cast	Total Votes Cast	Vote %
Chance Lindsey	**325**	**121**	**446**	**58.22%**
Drew Shubzda	235	85	320	41.78%
TOTAL	**560**	**206**	**766**	**100.00%**

Councilman King made a motion to approve an ordinance declaring the results of the Special Runoff Election as presented. Councilman Watkins seconded that motion and the motion was unanimously approved.

ADJOURNMENT:

Mayor Felix adjourned the special meeting at 6:32 p.m.

MIKE J. FELIX, MAYOR

ATTEST:

Michelle Lewis Sirianni, City Secretary

Sachse TEXAS

Agenda Item Details

Meeting	Feb 17, 2020 - Regular Combined City Council Meeting
Category	F. Regular Agenda Items
Subject	1. Receive and consider the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2019.
Access	Public
Type	Action
Preferred Date	Feb 17, 2020
Absolute Date	Feb 17, 2020
Fiscal Impact	No
Budgeted	No
Recommended Action	Receive the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2019 as presented.

Public Content

BACKGROUND

BrooksWatson & Co., PLLC, an independent audit firm, has audited the City's financial statements for the period ending September 30, 2019 and has issued an Unmodified or "clean" opinion. Louis Breedlove will provide highlights and comments on the CAFR and audit process. In accordance with Charter provisions (Section 7.18), an independent auditor has audited the City's financial statements for the period ending September 30, 2019. It is the auditor's primary function to express an opinion on the financial statements of the organization, but 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.

The CAFR is composed of an introductory section, which includes the letter of transmittal and information about the entity; the financial section, which includes the auditor's opinion, the Management's Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and required supplemental information; and, the statistical section, which contains various statistical tables and historical trend data.

OVERVIEW

The following are a few major highlights:

- Cash and investments (city-wide) are $35,518,447.
- Increase in total net position (primary government) is $5,858,981.
- Governmental fund balances total $26,974,210.
- Unassigned general fund balance is $10,355,357, which is 63% of annual expenditures.
- City-wide outstanding debt at September 30, 2019, was $52,405,000.
- Ratio of general bonded debt to assessed value was 2.21%
- Debt per capita equals $2,104.

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, and 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 governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, as of September 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended are in conformity with accounting principles generally accepted in the United States of America.

RECOMMENDATION

Receive the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2019.

FY 2018- 2019 CAFR.pdf (3,403 KB)

Management Letter FY19.pdf (394 KB)

SAS 114 COMMUN WITH GOVERNANCE - Sachse FY19.pdf (261 KB)

SAS 115 COMMUN OF SIG DEF AND MAT WEAK - Sachse FY19.pdf (153 KB)

Sachse
TEXAS

February 10, 2020

BrooksWatson & Company, PLLC
14950 Heathrow Forest Pkwy | Ste 530,
Houston, Texas 77032

This representation letter is provided in connection with your audit of the basic financial statements of the City of Sachse as of September 30, 2019, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on 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 the City of Sachse in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

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 that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 10, 2020:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 16, 2019, 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.
- With respect to the nonattest service provided of report preparation, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

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, 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 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.
- The City of Sachse 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 the City of Sachse 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).
- The City of Sachse 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 have disclosed to you all tax abatements issued by the City that were applicable for the year ended September 30, 2019.

- 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.
- 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 has an impact on the independence or objectivity of the specialists.

GENERAL

Material Audit Adjustments

Material adjustments to the books were proposed and accepted.

We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

Reported Findings

The auditor has reported findings, conclusions, or recommendations.

We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

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.

City Manager

Finance Director

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

February 10, 2020

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

We have audited the financial statements of the City of Sachse, Texas (the "City"), for the year ended September 30, 2019, and have issued our report thereon dated February 10, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Government Auditing Standards

As communicated in our engagement letter dated September 19, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity 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 and material weaknesses, and other matters noted during our audit in a separate letter to you dated February 10, 2020.

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCPA.com

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, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In relation to all nonattest services provided, such as preparation of the financial statements and supporting schedules, the City has assigned an individual with adequate skills, knowledge, and experience to oversee this service.

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 the City of Sachse, Texas is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended September 30, 2019. 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:

- Estimates inherent within the projection of the future pension obligation used to calculate the net pension liability.
- Estimated useful lives for capital assets

Management's estimates inherent within the projection of future pension obligation are based on experience studies and observations by the actuaries hired by TMRS. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates for the useful lives of capital assets are based on experience and industry standards. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic 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 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. There were no uncorrected misstatements.

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. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: see Exhibit 1.

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 February 10, 2020.

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.

Modification of the Auditor's Report

Our audit opinion includes an emphasis-of-a-matter paragraph. As discussed in Note V.I to the financial statements, there was a restatement of beginning net position within governmental type activities, business type activities, the general fund and the utility fund to properly reflect corrections of accounting errors in the prior year.

Other Significant Findings or Issues

In the normal course of our professional association with the 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 the City of Sachse, Texas's auditors.

Other Information in Documents Containing Audited Financial Statements (*if applicable*)

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the 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 the 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,

BrooksWatson & Co.

BrooksWatson & Co., PLLC

Exhibit 1

Audit Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reduce deferred revenue for property taxes exceeding the total receivable balance within the debt service fund.			
03-000-15001	Deferred Revenue - Taxes	3,952.96	
03-000-40020	Penalty & Interest		3,952.96
Total		**3,952.96**	**3,952.96**
Adjusting Journal Entries JE # 2			
To accrue for Sept 2019 Garland Sewer expense in the current year and expense Sept 2018 in the prior year.			
02-000-30001	Retained Earnings	237,919.50	
02-028-53110	Garland Sewer Contract	139,650.00	
02-028-53110	Garland Sewer Contract		237,919.50
BWC 02-000-20002	AUDIT-ACCRUED EXPENSES		139,650.00
Total		**377,569.50**	**377,569.50**
Adjusting Journal Entries JE # 3			
To back out items improperly accrued for and to accrue for items that were excluded as of FYE			
01-013-53080	Bank Charges and Fees	93.00	
01-015-51000	Utilities - Electric	4,012.87	
01-015-51550	Fuel and Lubricants	1,399.58	
01-016-51000	Utilities - Electric	768.78	
01-016-51550	Fuel and Lubricants	148.76	
01-017-51000	Utilities - Electric	974.25	
01-018-51550	Fuel and Lubricants	289.47	
01-020-51000	Utilities - Electric	12,161.08	
01-020-51550	Fuel and Lubricants	1,502.49	
01-021-51000	Utilities - Electric	3,242.92	
01-021-51550	Fuel and Lubricants	97.81	
01-022-51000	Utilities - Electric	1,900.06	
01-022-51550	Fuel and Lubricants	5,233.44	
01-023-51000	Utilities - Electric	467.44	
01-023-51550	Fuel and Lubricants	207.55	
01-024-51000	Utilities - Electric	2,546.83	
01-024-51550	Fuel and Lubricants	1,980.52	
01-032-51550	Fuel and Lubricants	204.82	
02-027-51000	Utilities - Electric	9,756.12	
02-027-51550	Fuel and Lubricants	1,433.91	
02-028-51000	Utilities - Electric	3,017.71	
02-028-51550	Fuel and Lubricants	486.05	
06-019-54500	Local Business Grant Program	94.70	
BWC 01-000-20002	AUDIT-ACCRUED EXPENSES	17,181.61	
BWC 01-000-20002	AUDIT-ACCRUED EXPENSES	22,649.95	
BWC 02-000-20002	AUDIT-ACCRUED EXPENSES	12,487.42	
BWC 12-000-20002	AUDIT-ACCRUED EXPENSES	92,800.13	
01-013-53080	Bank Charges and Fees		182.66
01-024-51190	Medical Supplies		4,338.00
01-024-51510	Small Tools and Equipment		18,311.95
01-024-52000	Vehicle Repairs and Maintenance		17,181.61
02-028-54050	Tools and Equipment over 5000		12,487.42
12-024-54000	Vehicles		92,800.13
BWC 01-000-20002	AUDIT-ACCRUED EXPENSES		10,974.78
BWC 01-000-20002	AUDIT-ACCRUED EXPENSES		26,074.23
BWC 02-000-20002	AUDIT-ACCRUED EXPENSES		1,919.96
BWC 02-000-20002	AUDIT-ACCRUED EXPENSES		12,773.83
BWC 06-000-20002	AUDIT-ACCRUED EXPENSES		94.70
Total		**197,139.27**	**197,139.27**

Adjusting Journal Entries JE # 4
To accrue for payroll period ending 9/29/2019 as of FYE

01-010-50000	Wages and Salaries	12,106.72	
01-010-50040	Car Allowance	625.00	
01-011-50000	Wages and Salaries	3,638.40	
01-012-50000	Wages and Salaries	7,733.60	
01-013-50000	Wages and Salaries	12,537.12	
01-013-50020	Other Pay	11.54	
01-014-50000	Wages and Salaries	3,988.01	
01-015-50000	Wages and Salaries	17,286.09	
01-015-50010	Overtime	655.04	
01-015-50020	Other Pay	11.54	
01-016-50000	Wages and Salaries	2,762.25	
01-017-50000	Wages and Salaries	7,927.56	
01-017-50010	Overtime	43.39	
01-018-50000	Wages and Salaries	14,935.21	
01-018-50010	Overtime	386.89	
01-018-50020	Other Pay	23.08	
01-020-50000	Wages and Salaries	22,431.83	
01-020-50010	Overtime	177.73	
01-020-50020	Other Pay	11.54	
01-021-50000	Wages and Salaries	6,750.08	
01-022-50000	Wages and Salaries	117,494.36	
01-022-50010	Overtime	14,589.93	
01-022-50020	Other Pay	657.70	
01-023-50000	Wages and Salaries	5,630.56	
01-023-50010	Overtime	210.01	
01-024-50000	Wages and Salaries	87,942.11	
01-024-50010	Overtime	24,120.31	
01-024-50020	Other Pay	323.12	
01-032-50000	Wages and Salaries	4,744.80	
01-034-50000	Wages and Salaries	6,344.80	
01-034-50010	Overtime	12.43	
02-026-50000	Wages and Salaries	3,907.40	
02-027-50000	Wages and Salaries	13,361.35	
02-027-50010	Overtime	154.43	
02-027-50020	Other Pay	51.93	
02-028-50000	Wages and Salaries	11,423.40	
02-028-50010	Overtime	1,088.45	
02-028-50020	Other Pay	17.31	
06-019-50000	Wages and Salaries	7,453.70	
06-019-50005	Wages and Salaries - Seasonal	192.07	
01-000-27000	Accrued Wages Payable		376,112.75
01-024-50030	Longevity Pay		
02-000-27000	Accrued Wages Payable		30,004.27
06-000-27000	Accrued Wages Payable		7,645.77
Total		**413,762.79**	**413,762.79**

Adjusting Journal Entries JE # 5
To record entry for current year amortization of deferred charges.

02-027-56212	Interest - 2016 Refunding GO	3,451.00	
02-000-16900	2016 Deferred Loss on Refunding		3,451.00
Total		**3,451.00**	**3,451.00**

Adjusting Journal Entries JE # 6
GASB 68 Entry to true up pension liability as of FYE

02-000-16000	Deferred Outflow of Resources - Contributions	4,382.00	
02-000-29000	Deferred Inflow - Actual Experience Vs. Assumption	144,158.00	
02-026-50060	TMRS Contributions	12,374.93	
02-027-50060	TMRS Contributions	38,516.37	
02-028-50060	TMRS Contributions	8,377.06	
02-000-16100	Deferred Outflow - Investment Experience		11,466.00
02-000-29050	Def (Inflow) Outflow-Diff in Assumption changes		1,917.00
02-000-29100	Net Pension Liability		193,912.00
02-029-50060	TMRS Contributions		513.36
Total		**207,808.36**	**207,808.36**

Adjusting Journal Entries JE # 7
To record & adjust OPEB balances in accordance with GASB 75 for the Enterprise Fund.

02-000-29200	OPEB SDBF Liability	59.08	
02-027-50060	TMRS Contributions	2,802.54	
02-000-16200	Deferred Outflow-OPEB SDBF Contributions		622.12
02-000-16300	Deferred Outflow-Diff in Assump OPEB SDBF		1,877.60
BWC 02-000-16400	Deferred outflow- Diff in Experience OPEB SBDF		361.90
Total		**2,861.62**	**2,861.62**

Adjusting Journal Entries JE # 8
To true up utility receivables. Accrue as of 9/30/19 and reverse as of 10/1/19.

02-000-12020	Accounts Receivable - Water Sales	8,032.51	
02-000-42000	Water Revenue		8,032.51
Total		**8,032.51**	**8,032.51**

Adjusting Journal Entries JE # 9
To reduce prior year A/P accounts with debit balances

02-028-54400	Sewer System CIP - Sewer Lines	340.00	
04-030-54000	Vehicles	3,758.38	
02-000-20001	Accounts Payable		340.00
04-000-20001	Accounts Payable Year End		3,758.38
Total		**4,098.38**	**4,098.38**

Adjusting Journal Entries JE # 10
To roll the EDC fund's beginning fund Balance

06-019-50090	Life and LTD Insurance	472.00	
06-000-30000	Fund Balance - Unrestricted		472.00
Total		**472.00**	**472.00**

Reclassifying Entries

The following entries were recorded for presentation purposes but are not required to be recorded by the City.

Reclassifying Journal Entries JE # 9000

To reclass deficit pooled cash for reporting purposes.

02-000-29900	Due to/from - contra cash reclass	605,933.00	
04-000-10000.2	Contra Cash	605,933.00	
02-000-10000.2	Contra Cash		605,933.00
04-000-29900	Due to/from - contra cash reclass		605,933.00
Total		**1,211,866.00**	**1,211,866.00**

Reclassifying Journal Entries JE # 9001

To back out asset 793-Stryker Ambulance Cot, as should not be recognized until next year. Record as of 9/30/19 and reverse as of 10/1/19.

07-000-21010	Net Governmental Capital Assets	18,311.95	
07-000-14031	PP&E - Machinery		18,311.95
Total		**18,311.95**	**18,311.95**

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

February 10, 2020

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, 2019, 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 such deficiencies have been identified. The below item was not considered to be a material weakness, however it is considered to be a deficiency that should be considered and addressed if feasible.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The following was found to be a significant deficiency within the City's internal control.

1. FINANCIAL REPORTING

As a part of our audit we proposed adjustments to certain accounts to be consistent with Generally Accepted Accounting Principles "GAAP". These adjustments are listed in the audit communication letter provided to City Council.

Recommendation

We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

Other matters are any additional noteworthy items that are unrelated to internal control such as compliance with laws and regulations. In addition, we noted other matters involving the internal control and its operation:

2. DEFICIT POOLED CASH BALANCES

Finding

The City has 11 accounts that make up the City's pooled cash. Of these 11 accounts 1 contained a negative account balance, effectively receiving a loan from another fund.

Recommendation

The City should ensure that each fund does not have a deficit cash balance by replenishing the pooled cash account with unrestricted funds available within the corresponding fund, or by approving a transfer from another fund.

This communication is intended solely for the information and use of the City Council and management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BrooksWatson & Co.

BrooksWatson & Co., PLLC