

City of Saginaw, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

**Prepared By
The City of Saginaw, Texas
Finance Department**

City of Saginaw, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
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Introductory Section



City of Saginaw



City of Saginaw

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City of Saginaw

January 16, 2018

Honorable Mayor Todd Flippo,
Members of the City Council,
City of Saginaw, Texas

The Saginaw City staff is pleased to submit the Comprehensive Annual Financial Report of the City of Saginaw, Texas, for the fiscal year ended September 30, 2017. The purpose of the report is to provide the Council, management, staff, public and other interested parties with detailed information reflecting the City's financial condition.

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

Weaver and Tidwell, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

The Reporting Entity

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

The City of Saginaw is located in Tarrant County, nine miles north of downtown Fort Worth and 37 miles west of Dallas. The Fort Worth Federal Bureau of Printing and Engraving facility is located six-tenths of a mile from Saginaw. The Alliance Airport and Texas Motor Speedway are also located just north of Saginaw (within 14 miles). The City's corporate boundaries comprise a total of approximately 7.75 square miles. Saginaw's population from the 1990 Census was 8,551. The 2000 Census was 12,374 and the 2010 Census was 19,801. The 2016 population estimate is 21,320.

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

Services Provided

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

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. The criteria used by the City for including activities in preparing its financial statements are set forth by the GASB. Based on these criteria, all municipal services listed are included in the City's 2016-2017 financial statements.

Basis of Accounting

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

Budgetary Controls

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

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

Internal Controls

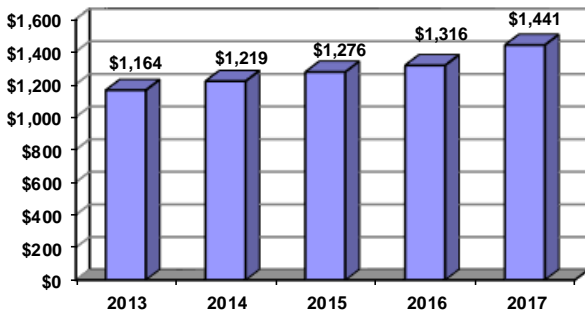
One of the objectives of the City's financial accounting system is to provide an internal control structure designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records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

Economic Outlook and Financial Condition

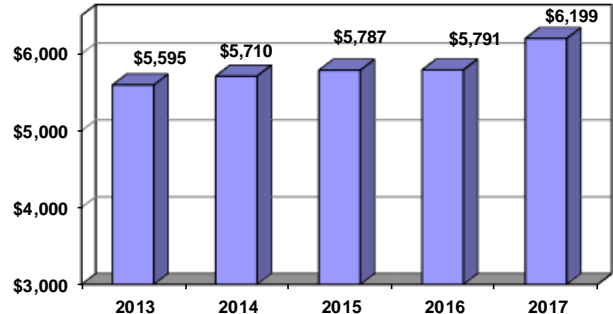
Summary of Local Economy

The local economy in Saginaw remains good. Unemployment in the area remains low and economic trends are optimistic but with a cautious outlook. The real estate market continues to see high demand with a tight inventory. The City continues to see new housing starts which adds to our tax base. Taxable values for 2017/2018 increased 8.9% and we saw \$39.4 million in added value from new construction. The Spring Creek Phase IIA residential development with 92 lots and Willow Vista Estates Phase IIIB residential development with 50 lots were completed, as well as, the International Leadership Academy charter school. Sales tax collections for the current fiscal year to date are tracking 3% higher than last year.

TAXABLE PROPERTY VALUES
(in millions)



SALES TAX COLLECTIONS
(in thousands)



Economic Prospects for the Future

Bar C Ranch Phase 2 is under construction with 66 residential lots, Willow Vista Estates Phase IIIC will be completed with 75 lots, and Basswood Crossing Phase 2 is under construction with 128 residential lots. A Fuel City gas station and AT&T retail store are under construction. Three existing businesses; Aldi, Miller Milling, and Ventura Foods are expanding. These residential and commercial construction projects will continue to boost the City's tax base. Saginaw remains an attractive place for new homes and businesses due to our location, land availability, easy freeway access, good schools, low tax rates, and the general quality of life.

Long Term Financial Planning

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

The City's Comprehensive Master Plan and the five-year Capital Improvement Plan was updated in 2016. The plan's theme is "Preparing for Build-out". The plan focuses on completing infrastructure to support development, rehabilitating aging infrastructure, and maintaining existing infrastructure. The capital improvements plan is funded with cash on hand and revenues from the Street Maintenance Fund, and the Drainage Utility Fund. No significant additional operating costs are projected to be incurred related to these capital expenditures.

Other Information

Independent Audit

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

Certificate of Achievement

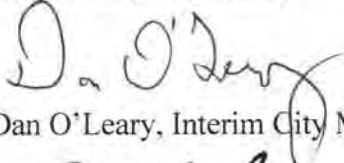
The City of Saginaw was awarded a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016 from the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded to governmental units who publish easily readable and efficiently organized annual reports which satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a one year period. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA. The City also received GFOA's Award for Distinguished Budget Presentation for its 2016-2017 annual budget document. In order to qualify for the Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. Together the Budget Award, along with the previously mentioned award are evidence of the Finance Department's dedication to producing documents that effectively communicate the City's financial condition to the elected officials, city management and the general public.

Acknowledgments

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

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

Respectfully submitted,



Dan O'Leary, Interim City Manager



Dolph Johnson, Assistant City Manager/Finance Director

City Of Saginaw, Texas
Principal Officials
September 30, 2017

GOVERNING BODY

Todd Flippo..... Mayor
David Flory..... Mayor Pro-Tem
Patrick Farr..... Councilmember, Place 2
Valerie Tankersley..... Councilmember, Place 3
Sheri Adams..... Councilmember, Place 4
Cindy Bighorse..... Councilmember, Place 5
Mary Copeland..... Councilmember, Place 6

ADMINISTRATION

Dan O'Leary..... Interim City Manager
Dolph Johnson..... Assistant City Manager/Finance Director
Kim Quin..... Assistant Finance Director/Budget Analyst
Janice England..... City Secretary
Lorraine Irby..... Municipal Court Judge
Roger Macon..... Police Chief
Doug Spears..... Fire Chief
Rick Trice..... Director of Public Works and Community Development
Keith Rinehart..... Director of Recreation and Community Services
Ellen Ritchie..... Library Director
Bryn Meredith..... City Attorney
Jeff James..... City Engineer

CITY OF SAGINAW



NCTCOG Maps
www.dfwmaps.com

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





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Saginaw
Texas**

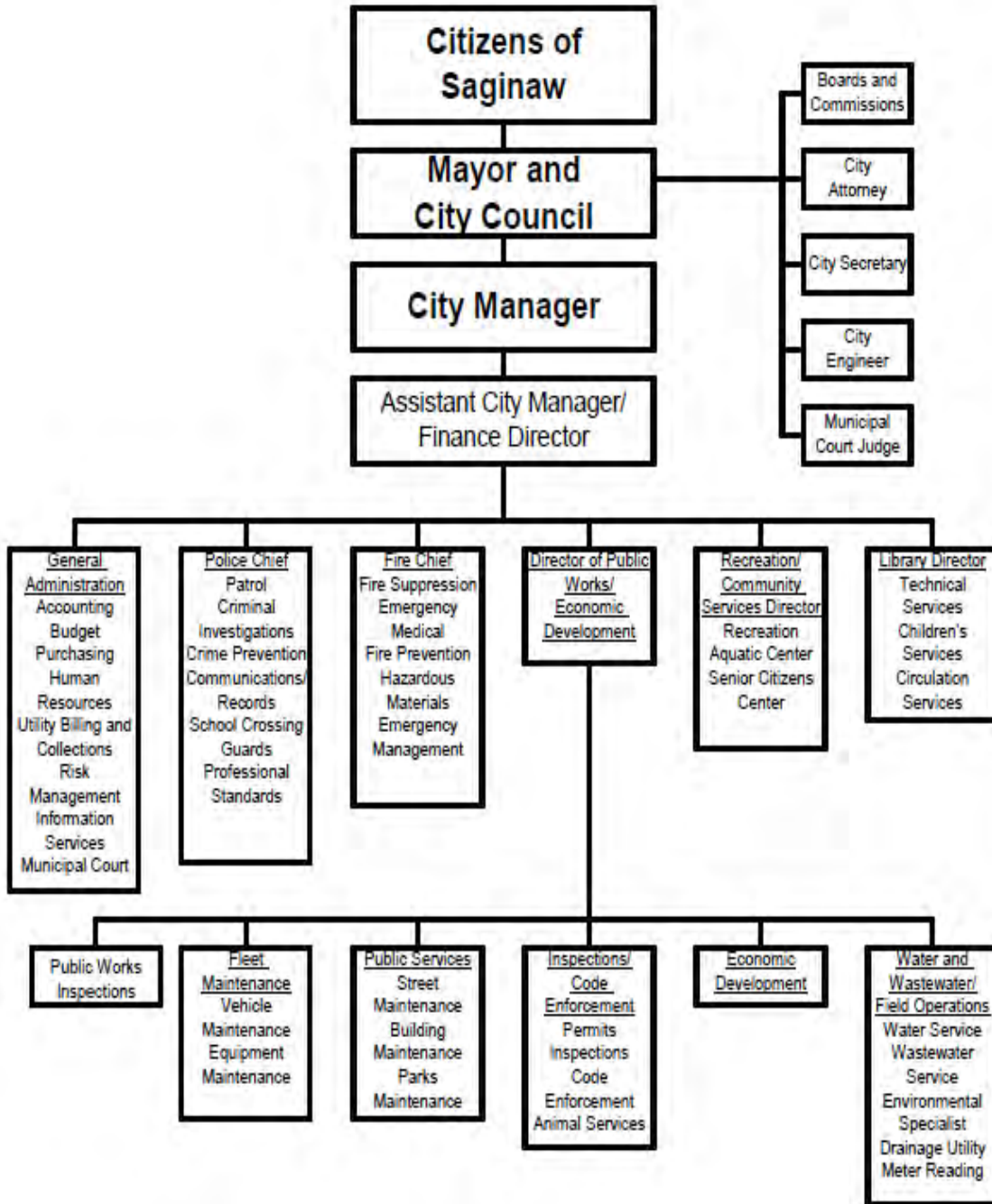
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF SAGINAW ORGANIZATIONAL CHART





City of Saginaw

Financial Section



City of Saginaw

Independent Auditor's Report

Honorable Mayor Todd Flippo
and Members of the City Council
City of Saginaw, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saginaw, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Mayor Todd Flippo
and the Members of the City Council
City of Saginaw, Texas

Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, and budgetary comparison information on pages 4 through 11, 59 through 60, and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
January 12, 2018



City of Saginaw

Management's Discussion and Analysis

As management of the City of Saginaw, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets of the City of Saginaw exceeded its liabilities at the close of the most recent fiscal year by \$102,662,593 (net position). Of this amount, \$16,540,784 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$7,984,145.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$30,513,656. About 34% of this total amount, or \$10,480,993, is unassigned and available for use with the City's fund designation and policies.
- At the end of the current year, unassigned fund balance for the general fund was \$10,480,993 or 75% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, municipal court, fire, police, public services, parks, library, recreation, fleet maintenance, inspections and economic development. The business-type activities of the City include water and wastewater services. The government-wide financial statements can be found on pages 17-19 of this report.

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

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

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

The City maintains nine governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, six Special Revenue, Debt Service, and Capital Projects funds. The basic governmental funds financial statements can be found on pages 22-25.

Proprietary Funds. The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and wastewater operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City’s programs. The City is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City does not currently have fiduciary activities to report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-56.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. As of September 30, 2017, the City of Saginaw’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,662,593.

The largest portion of the City's net position (83%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Saginaw's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$32,749,930	\$28,596,038	\$10,327,569	\$10,405,109	\$43,077,499	\$39,001,147
Capital assets	82,740,925	73,542,340	24,200,124	23,900,244	106,941,049	97,442,584
Total assets	<u>\$115,490,855</u>	<u>\$102,138,378</u>	<u>\$34,527,693</u>	<u>\$34,305,353</u>	<u>\$150,018,548</u>	<u>\$136,443,731</u>
Deferred outflows of resources	\$2,199,761	\$2,541,157	\$313,580	\$371,969	\$2,513,341	\$2,913,126
Long term liabilities	\$40,225,384	\$34,921,110	\$2,764,855	\$3,037,999	\$42,990,239	\$37,959,109
Other liabilities	4,856,511	4,288,009	1,361,257	1,922,086	6,217,768	6,210,095
Total liabilities	<u>\$45,081,895</u>	<u>\$39,209,119</u>	<u>\$4,126,112</u>	<u>\$4,960,085</u>	<u>\$49,208,007</u>	<u>\$44,169,204</u>
Deferred inflows of resources	\$ 592,076	\$ 455,200	\$ 69,213	\$ 54,005	\$661,289	\$ 509,205
Net Position						
Net Investment in capital assets	\$62,510,664	\$56,038,750	\$22,315,277	\$21,614,589	\$84,825,941	\$77,653,339
Restricted	1,120,206	1,267,190	175,662	444,944	1,295,868	1,712,134
Unrestricted	8,385,775	7,709,276	8,155,009	7,603,699	16,540,784	15,312,975
Total net position	<u>\$72,016,645</u>	<u>\$65,015,216</u>	<u>\$30,645,948</u>	<u>\$29,663,232</u>	<u>\$102,662,593</u>	<u>\$94,678,448</u>

An additional portion of the City's net position \$1,295,868 (1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$16,540,784 may be used to meet the City's ongoing obligation to citizens and creditors.

The \$7,984,145 increase in net position is a result of increased current and capital assets partially offset by a decrease in deferred outflows related to pension accounting, increased long term liabilities, and increased deferred inflows related to pension accounting. As of September 30, 2017, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2017. Overall the City had an increase in net position of \$7,984,145. Total City revenues increased by \$6,211,603. There were increases in building permits due to increases in residential and commercial construction. Municipal Court fines increased as the Police Department had fewer vacancies. Drainage Utility fees increased due to the 25% rate increase for planned future drainage improvement projects. Recreation revenues were up due to the pool being open for more days and increased participation in recreation programs. Operating grants were higher due to a Tarrant County grant for Fire Department radios and state grants for Police Department body cameras and Criminal Investigation equipment. Ad valorem tax revenue increased due to higher property values and an increased tax rate to cover increased operating costs. Sales tax collections increased due to the improved economy and increased construction activity. Cable TV franchise fees decreased due to fewer subscribers. Enterprise Fund wastewater surcharge revenue increased due to increased industrial activity. Water tap fees and water impact fees increased as a result of increased construction activity. Contributed assets for Spring Creek Phase 2, Willow Vista 3B, the International Leadership Academy, the Old Decatur Road improvements and the City of Fort Worth boundary adjustment along

Old Decatur Road increased revenues for both General Government and Enterprise Funds. Increased interest rates resulted in increased interest income for both the Governmental and Enterprise Funds.

City of Saginaw's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 3,012,073	\$ 2,785,760	\$ 9,088,796	\$ 8,733,275	\$ 12,100,869	\$ 11,519,035
Operating grants and contributions	234,121	179,979	-	-	234,121	179,979
Capital grants and contributions	5,835,552	1,549,780	1,447,523	967,271	7,283,075	2,517,051
General revenues:						
Ad valorem taxes	7,608,668	7,201,098	-	-	7,608,668	7,201,098
Sales taxes	6,198,989	5,790,661	-	-	6,198,989	5,790,661
Franchise taxes	1,693,095	1,839,384	-	-	1,693,095	1,839,384
Other taxes	32,666	28,626	-	-	32,666	28,626
Penalties and interest	17,148	15,202	111,492	110,129	128,640	125,331
Interest income	214,428	84,200	63,794	26,998	278,222	111,198
Miscellaneous	116,691	125,952	61,067	86,185	177,758	212,137
Total revenues	\$ 24,963,431	\$ 19,600,642	\$ 10,772,672	\$ 9,923,858	\$ 35,736,103	\$ 29,524,500
Expenses:						
General administrative office	\$ 2,183,540	\$ 2,060,595	\$ -	\$ -	\$ 2,183,540	\$ 2,060,595
Municipal court	190,521	186,864	-	-	190,521	186,864
Fire	3,446,465	3,242,317	-	-	3,446,465	3,242,317
Police	4,616,528	4,434,955	-	-	4,616,528	4,434,955
Public works	3,705,943	3,435,053	-	-	3,705,943	3,435,053
Parks	348,531	294,992	-	-	348,531	294,992
Recreation	1,130,034	1,076,293	-	-	1,130,034	1,076,293
Library	624,921	591,580	-	-	624,921	591,580
Inspections	861,619	824,509	-	-	861,619	824,509
Fleet maintenance	513,948	439,379	-	-	513,948	439,379
Economic development	46,520	50,197	-	-	46,520	50,197
Interest on long term debt	883,962	994,113	-	-	883,962	994,113
Water and Wastewater	-	-	9,199,426	8,355,662	9,199,426	8,355,662
Total expenses	\$ 18,552,532	\$ 17,630,847	\$ 9,199,426	\$ 8,355,662	\$ 27,751,958	\$ 25,986,509
Increases (decreases) in net position before transfers	\$ 6,410,899	\$ 1,969,795	\$ 1,573,246	\$ 1,568,196	\$ 7,984,145	\$ 3,537,991
Transfers	590,530	551,405	(590,530)	(551,405)	-	-
Increase in net position	\$ 7,001,429	\$ 2,521,200	\$ 982,716	\$ 1,016,791	\$ 7,984,145	\$ 3,537,991
Net position - October 1, as restated	65,015,216	62,494,016	29,663,232	28,646,441	94,678,448	91,140,457
Net position - September 30	\$ 72,016,645	\$ 65,015,216	\$ 30,645,948	\$ 29,663,232	\$ 102,662,593	\$ 94,678,448

Total City expenses increased by \$1,765,449. There were city wide increases related to increased salary and benefits. The increase in General Administration is due to the expense of a special election to fill vacant City Council positions, the cost of services for the interim City Manager, and the expense of a consultant used to recruit a replacement City Manager. The Fire department increases are due to salary, benefits, and pension expense. Police Department increases are for salaries and benefits and pension expense. Public Works salary savings due to vacancies are offset by increased building maintenance expense and the first year of depreciation for the Old Decatur Road improvements and the East Bailey Boswell Road phase 1 improvements. Parks increases include salaries, overtime, and increased mowing and weed control. Recreation increases include contract services and replacement of the shade structures at the Aquatics Center. The decrease in interest expense is due to recent refunding of higher interest rate debt. The increased expenses in the Enterprise Fund is due to the Lawson/Watson water line replacement and the relocation of water and sewer lines as part of the East Bailey Boswell Road improvement project.

City Governmental activities increased net position by \$7,001,429 and Enterprise Fund activities increased net position by \$982,716.

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City of Saginaw's governmental funds reported combined ending fund balances of \$30,513,656. Approximately 34% of this total (\$10,480,993) constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes. The increase in the General Fund is due to increased sales tax collections and the delay of an economic incentive loan. The fund balance decrease of \$153,288 in the Debt Service Fund was a planned drawdown using fund balance for a portion of debt service. The increase of \$2,030,900 in the Capital Projects Fund reflects the issuance of debt partially offset by the use of previously issued bond funds for the Bailey Boswell Road construction project. There was a planned increase in the Drainage Utility Fund balance for cash funding of future planned drainage projects. There was a planned \$69,881 decrease in the Crime Control and Prevention District Fund for the purchase of police vehicles and equipment. The Street Maintenance Fund balance increased by \$168,378 due to increased sales tax collections and the delay of a project due to utility construction in the area. There was a drawdown of \$20,991 in the Donations Fund. Increased donations due to new resident accounts were offset by the purchase of capital outlay and the landscaping of Old Decatur Road.

Proprietary Fund. The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Enterprise Fund is \$8,155,009. Total net position of the Enterprise Fund increased by \$982,716 from fiscal year 2016 to fiscal year 2017. The increase is due to interest expense savings due to a decreasing level of debt and contributed assets: water and sewer lines for Spring Creek phase 2 and Willow Vista phase 3B, and water lines at the International Leadership Academy.

Budgetary Highlights. The City, with City Council approval, made revisions to the original appropriations approved by the City Council. General Fund revenues were increased by \$661,230 or 5%. Increased revenues were due to increased court fines collections as a result of fewer vacancies in the Police Department, building permits due to construction activity, and sales tax collections. General Fund expenditures increased by \$223,635 or 2% for building maintenance, increased overtime for public safety, special election expenses, interim City Manager services and City Manager search consultant expenses.

The budgeted revenues of the Enterprise Fund were increased by \$366,500 or 4%. Water and sewer tap fee revenue was increased as a result of continued increase in construction activity. Expenditures were increased by \$48,415 for water meter supplies, also a result of increased construction activity.

The Capital Projects Fund budgeted expenditures were increased by \$858,965 or 9% due to the timing of construction on the Bailey Boswell Road improvements project.

The Donations Fund budgeted revenues were increased by \$7,110 or 5% to reflect Library grant receipts. Expenditures were increased by \$107,115 for a holiday light display and to budget previously collected beautification donations to fund the Old Decatur Road landscaping.

The budgeted revenues in the General Escrow Fund were increased by \$7,700 or 14% and expenditures by \$20,470 or 32% as a result of increased insurance claims activity, particularly for public safety vehicles.

The Enterprise Escrow Fund revenues were increased by \$105,000 or 31% due to increased collections of water impact fees, a result of increased construction. Expenditures were increased by \$92,100 or 94% to fund the Blue Ridge Trail sewer project.

Capital Assets

The City of Saginaw's investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$106,941,049 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress.

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

- Willow Creek Park Restroom (\$71,588).
- Improved flooring for the Recreation Center gymnasium (\$57,949).
- Old Decatur Road landscaping (\$60,056).
- Engineering for the South Hampshire 16" water line (\$7,000).
- Engineering for the Blue Ridge Trail 8" sewer line (\$24,000).
- Completion of the FM 156 12" water line (\$107,940).
- Easements related to the East Bailey Boswell Road improvement project (\$76,060).
- Construction of phases 2 and 3 of the East Bailey Boswell Road improvement project (\$5,971,340).
- Donated ROW for the Spring Creek phase 2 and the Willow Vista 3B developments (\$427,200).
- City-wide equipment replacement (\$118,627).
- Public Safety equipment (\$267,244).
- Donated streets and drainage for the Spring Creek phase 2 development (\$852,534).
- Donated streets and drainage for the Willow Vista 3B development (\$398,390).
- Donated streets, drainage, and ROW for the International Leadership Academy (\$213,424).
- Donated water lines at the International Leadership Academy (\$26,456).
- Donated water and sewer lines for Spring Creek phase 2 and Willow Vista 3B (\$814,640).

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$13,850,991	\$12,496,224	\$16,657	\$16,657	\$13,867,648	\$12,512,881
Improvements	1,898,703	1,838,648	-	-	1,898,703	1,838,648
Buildings	19,671,612	19,542,074	154,587	154,587	19,826,199	19,696,661
Equipment	7,448,530	7,193,944	1,394,657	1,441,442	8,843,187	8,635,386
Infrastructure	98,116,198	89,432,964	34,278,137	32,720,816	132,394,335	122,153,780
Construction in progress	8,139,633	6,285,639	116,808	665,925	8,256,441	6,951,564
Accumulated depreciation	(66,384,742)	(63,247,153)	(11,760,722)	(11,099,183)	(78,145,464)	(74,346,336)
Total	<u>\$82,740,925</u>	<u>\$73,542,340</u>	<u>\$24,200,124</u>	<u>\$23,900,244</u>	<u>\$106,941,049</u>	<u>\$97,442,584</u>

Additional information on the City of Saginaw's capital assets can be found in Note 4 on pages 42-43.

Debt Administration

At the end of the fiscal year, the City had a total bonded debt of \$35,786,252. Of this amount, \$34,900,000 comprises bonded debt backed by the full faith and credit of the government and \$150,000 represents bonds secured solely by water and wastewater revenues.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligations	\$30,980,000	\$25,310,000	\$1,810,000	\$2,000,000	\$32,790,000	\$27,310,000
Certificates of obligation	2,110,000	2,440,000	-	-	2,110,000	2,440,000
Revenue bonds payable	-	-	150,000	380,000	150,000	380,000
Premiums on bonds	729,335	477,503	6,918	12,106	736,253	489,609
Total	<u>\$33,819,335</u>	<u>\$28,227,503</u>	<u>\$1,966,918</u>	<u>\$2,392,106</u>	<u>\$35,786,253</u>	<u>\$30,619,609</u>

During the fiscal year, the City's total debt increased by \$5,166,644 or 17%. The final \$8 million of general obligation bonds were issued for the Bailey Boswell Road improvement project. Enterprise Fund principal payments of \$420,000 and General Fund principal payments of \$2,490,000 were made. The City's General Obligation Bonds, and Certificates of Obligation have a Standard and Poor's Ratings Services rating of AA/Stable and a Moody's Investor Service rating of Aa3. The Revenue bonds have a Standard and Poor's Rating of AA/Stable and a Moody's rating of Aa3.

Additional information on the City of Saginaw's long-term debt can be found on pages 44-46 of this report.

Economic Factors and Next Year's Budget and Rates

In the 2017-2018 budget, General Fund revenues and transfers in are budgeted to decrease by \$70,290 (0%) from the 2016-2017 revised budget year with property tax making up 31% and sales tax making up 32% of budgeted revenues. Certified assessed valuations increased 8.9% from the preceding year. The increased value has allowed the property tax rate to drop from .513 to .495 with budgeted property tax revenues estimated at \$4,489,920 (\$3,330,705 for the Debt Service Fund). General Fund expenditures and transfers increased by \$997,390 or 6.8%. Increases include funding for a new pay plan, increases in health insurance costs, a traffic signal at the intersection of Knowles Drive and West McLeroy, funding for live and/or web streaming of City Council meetings, a replacement fire engine, city-wide building maintenance and repairs, funding for events in the parks, improved parking at Willow Creek Park, and an additional part-time position at the Senior Activity Center. The General Fund budget is balanced with the use of \$1,167,595 from the beginning fund balance for one-time capital expenses including the replacement fire engine at a cost of \$650,000. A fire command vehicle, a public services truck, an inspection vehicle, and animal services truck will also be replaced. A traffic signal will be installed at Basswood Boulevard and Bailey Boswell Road at a cost of \$215,635.

The 2017-2018 budget includes a 5% increase in water rates. The increase is due to the increase charged by our supplier of water, the City of Fort Worth. The Enterprise Fund budget has been balanced with the use of \$1,005,605 from the fund balance. Fund balance is used to fund the repair and resurfacing of the elevated water storage tank at Park Center.

Request for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Assistant City Manager/Finance Director at P.O. Box 79070, Saginaw, Texas 76179, or call (817) 232-4640.



City of Saginaw

Basic Financial Statements



City of Saginaw

Government-Wide Financial Statements



City of Saginaw

City of Saginaw, Texas
Statement Of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	\$ 18,099,421	\$ 8,414,076	\$ 26,513,497
Receivables			
Taxes, net of allowance	1,096,420	-	1,096,420
Accounts, net of allowance	89,412	1,137,016	1,226,428
Other	216,174	3,870	220,044
Restricted assets			
Deposits and investments	13,248,503	772,607	14,021,110
Capital assets			
Land	13,850,991	16,657	13,867,648
Improvements	1,898,703	-	1,898,703
Buildings	19,671,612	154,587	19,826,199
Equipment	7,448,530	1,394,657	8,843,187
Infrastructure	98,116,198	34,278,137	132,394,335
Construction in progress	8,139,633	116,808	8,256,441
Accumulated depreciation	(66,384,742)	(11,760,722)	(78,145,464)
Total assets	115,490,855	34,527,693	150,018,548
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	295,555	82,070	377,625
Related to TMRS pension	1,904,206	231,510	2,135,716
Total deferred outflows of resources	2,199,761	313,580	2,513,341
LIABILITIES			
Accounts payable and accrued liabilities	1,233,884	510,760	1,744,644
Accrued interest payable	52,107	3,364	55,471
Unearned revenue	307,656	-	307,656
Payable from restricted assets			
Contracts payable	650,606	-	650,606
Current portion of revenue bonds payable	-	250,188	250,188
Current portion of capital leases payable	180,535	-	180,535
Customer deposits	-	596,945	596,945
Noncurrent liabilities			
Debt due within one year	2,431,723	-	2,431,723
Debt due in more than one year	31,387,612	1,716,729	33,104,341
Net pension liability	8,837,772	1,048,126	9,885,898
Total liabilities	45,081,895	4,126,112	49,208,007
DEFERRED INFLOWS OF RESOURCES			
Related to TMRS pension	592,076	69,213	661,289
Total deferred inflows of resources	592,076	69,213	661,289
NET POSITION			
Net investment in capital assets	62,510,664	22,315,277	84,825,941
Restricted for			
Debt service	1,120,206	175,662	1,295,868
Unrestricted	8,385,775	8,155,009	16,540,784
Total net position	\$ 72,016,645	\$ 30,645,948	\$ 102,662,593

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2017

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General administrative offices	\$ 2,183,540	\$ 32,724	\$ -	\$ -
Municipal court	190,521	493,172	-	-
Fire	3,446,465	84,000	54,529	-
Police	4,616,528	3,822	179,592	-
Public works	3,705,943	754,462	-	5,835,552
Parks	348,531	-	-	-
Recreation	1,130,034	665,004	-	-
Library	624,921	16,944	-	-
Inspection	861,619	961,945	-	-
City garage	513,948	-	-	-
Economic development	46,520	-	-	-
Interest on long term debt	883,962	-	-	-
Total governmental activities	18,552,532	3,012,073	234,121	5,835,552
Business-type activities				
Water and wastewater	9,199,426	9,088,796	-	1,447,523
Total business-type activities	9,199,426	9,088,796	-	1,447,523
Total government	\$ 27,751,958	\$ 12,100,869	\$ 234,121	\$ 7,283,075

General revenues

- Taxes
 - Ad valorem
 - Sales
 - Franchise taxes
 - Other taxes
- Penalties and interest
- Interest income
- Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expenses) Revenue and
Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ (2,150,816)	\$ -	\$ (2,150,816)
302,651	-	302,651
(3,307,936)	-	(3,307,936)
(4,433,114)	-	(4,433,114)
2,884,071	-	2,884,071
(348,531)	-	(348,531)
(465,030)	-	(465,030)
(607,977)	-	(607,977)
100,326	-	100,326
(513,948)	-	(513,948)
(46,520)	-	(46,520)
(883,962)	-	(883,962)
(9,470,786)	-	(9,470,786)
-	1,336,893	1,336,893
-	1,336,893	1,336,893
\$ (9,470,786)	\$ 1,336,893	\$ (8,133,893)
\$ 7,608,668	\$ -	\$ 7,608,668
6,198,989	-	6,198,989
1,693,095	-	1,693,095
32,666	-	32,666
17,148	111,492	128,640
214,428	63,794	278,222
116,691	61,067	177,758
590,530	(590,530)	-
16,472,215	(354,177)	16,118,038
7,001,429	982,716	7,984,145
65,015,216	29,663,232	94,678,448
\$ 72,016,645	\$ 30,645,948	\$ 102,662,593



City of Saginaw

Fund Financial Statements Governmental Funds

City of Saginaw, Texas
Balance Sheet
Governmental Funds
September 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 12,153,700	\$ 1,153,415	\$ -	\$ 4,792,306	\$ 18,099,421
Receivables					
Taxes, net of allowance	825,145	18,898	-	252,377	1,096,420
Accounts	89,412	-	-	-	89,412
Other	107,623	-	-	108,551	216,174
Restricted assets					
Deposits and investments	-	-	13,248,503	-	13,248,503
TOTAL ASSETS	\$ 13,175,880	\$ 1,172,313	\$ 13,248,503	\$ 5,153,234	\$ 32,749,930
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,219,183	\$ -	\$ -	\$ 14,701	\$ 1,233,884
Payable from restricted assets					
Contracts payable	-	-	650,606	-	650,606
Unearned revenue	282,879	-	-	24,777	307,656
Total liabilities	1,502,062	-	650,606	39,478	2,192,146
Deferred inflows of resources					
Unavailable revenue - property taxes	25,230	18,898	-	-	44,128
Total deferred inflows of resources	25,230	18,898	-	-	44,128
Fund balances					
Restricted					
Debt service	-	1,153,415	-	-	1,153,415
Capital projects	-	-	12,597,897	-	12,597,897
Street maintenance	-	-	-	1,452,255	1,452,255
Crime prevention	-	-	-	524,886	524,886
Drainage	-	-	-	1,701,294	1,701,294
Other	-	-	-	1,162,875	1,162,875
Committed					
Donations	-	-	-	272,446	272,446
Assigned	1,167,595	-	-	-	1,167,595
Unassigned	10,480,993	-	-	-	10,480,993
Total fund balances	11,648,588	1,153,415	12,597,897	5,113,756	30,513,656
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,175,880	\$ 1,172,313	\$ 13,248,503	\$ 5,153,234	\$ 32,749,930

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Reconciliation of the Governmental Funds Balance Sheet

To the Statement of Net Position

September 30, 2017

Total fund balances - governmental funds	\$ 30,513,656
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	82,740,925
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(52,107)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	44,128
Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the fund financial statements. A deferred charge on an advanced refunding of bonds payable of \$295,555 is reflected as a deferred outflow of resources on the Statement of Net Position.	(33,704,315)
Included in noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$8,837,772, a deferred resource outflow related to TMRS of \$1,904,206, and a deferred resource inflow related to TMRS of \$592,076. This resulted in a decrease in net position.	<u>(7,525,642)</u>
Net position of governmental activities	<u>\$ 72,016,645</u>

City Of Saginaw, Texas
Statement Of Revenues, Expenditures And
Changes In Fund Balances
Governmental Funds
For The Year Ended September 30, 2017

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,761,311	\$ 3,262,547	\$ -	\$ 1,516,555	\$ 15,540,413
Licenses and permits	929,188	-	-	-	929,188
Charges for services	84,000	-	-	754,362	838,362
Fines and fees	518,907	-	-	23,966	542,873
Interest income	84,195	21,698	78,300	30,235	214,428
Recreation income	496,969	-	-	-	496,969
Intergovernmental	156,018	-	-	78,104	234,122
Miscellaneous revenues	122,222	-	-	204,285	326,507
Total revenues	13,152,810	3,284,245	78,300	2,607,507	19,122,862
Expenditures					
Current					
General administrative office	1,647,854	-	-	428,036	2,075,890
Municipal court	187,886	-	-	-	187,886
Fire	3,280,597	-	-	-	3,280,597
Police	4,144,841	-	-	128,431	4,273,272
Public works	1,354,767	-	-	-	1,354,767
Parks	352,766	-	-	-	352,766
Recreation	990,618	-	-	-	990,618
Library	568,246	-	-	-	568,246
Inspection	849,217	-	-	-	849,217
City garage	471,007	-	-	-	471,007
Economic development	46,520	-	-	-	46,520
Capital outlay	-	-	6,047,400	302,190	6,349,590
Principal retirement	-	2,667,570	-	-	2,667,570
Interest charges	-	763,613	-	-	763,613
Fiscal agent's fees and debt issuance costs	-	6,350	138,555	-	144,905
Total expenditures	13,894,319	3,437,533	6,185,955	858,657	24,376,464
Excess (deficiency) of revenues over expenditures	(741,509)	(153,288)	(6,107,655)	1,748,850	(5,253,602)
Other financing sources (uses)					
Transfers in	1,697,052	-	-	-	1,697,052
Transfers out	-	-	-	(1,106,522)	(1,106,522)
Issuance of debt	-	-	7,830,000	-	7,830,000
Premium on bond issuance	-	-	308,555	-	308,555
Total other financing sources (uses)	1,697,052	-	8,138,555	(1,106,522)	8,729,085
Net change in fund balances	955,543	(153,288)	2,030,900	642,328	3,475,483
Fund Balances - beginning of year	10,693,045	1,306,703	10,566,997	4,471,428	27,038,173
Fund Balances - end of year	\$ 11,648,588	\$ 1,153,415	\$ 12,597,897	\$ 5,113,756	\$ 30,513,656

The Notes to Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement Of Activities For the Fiscal Year Ended September 30, 2017

Net change in fund balances - total governmental funds	\$ 3,475,483
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	6,660,680
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	5,835,554
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(3,292,513)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(5,136)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are capitalized and amortized in the statement of activities. This amount consists of repayments of \$2,667,570, less bond proceeds of \$7,830,000 and bond premium of \$308,555, and amortization of \$21,407 for premiums and deferred charges on refundings, which is the net effect of these differences in the treatment of long-term debt and related items.	(5,449,578)
Current year changes in the net pension liability, deferred inflows of resources and the deferred outflows of resources of the pension plan. The net effect of these items decreased net position.	(236,361)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	3,149
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	10,151
	<hr/>
Change in net position of governmental activities	<u>\$ 7,001,429</u>

The Notes to Basic Financial Statements are an integral part of these statements.



City of Saginaw

Fund Financial Statements Proprietary Funds

City of Saginaw, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017

	ASSETS	Enterprise Fund
Current assets		
Deposits and investments		\$ 8,414,076
Deposits and investments-restricted		175,662
Receivables		
Accounts receivable, net of allowance of \$58,215		636,782
Unbilled accounts		500,234
Other		3,870
Total current assets		<u>9,730,624</u>
Noncurrent assets		
Capital assets, at cost		
Land and land improvements		16,657
Buildings and improvements		154,587
Waterworks and sewer system		34,278,137
Machinery and equipment		1,394,657
Construction in progress		116,808
Accumulated depreciation		(11,760,722)
Total capital assets, net of accumulated depreciation		<u>24,200,124</u>
Deposits and investments-restricted		<u>596,945</u>
Total noncurrent assets		<u>24,797,069</u>
Total assets		<u>34,527,693</u>
	DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge for refunding		82,070
Related to the TMRS pension		231,510
Total deferred outflows of resources		<u>313,580</u>
	LIABILITIES	
Current liabilities		
Accounts payable and accrued liabilities		510,760
Accrued interest		3,364
Revenue bonds payable		250,188
Total current liabilities		<u>764,312</u>
Noncurrent liabilities		
Revenue bonds payable		1,716,729
Customer deposits		596,945
Net pension liability		1,048,126
Total noncurrent liabilities		<u>3,361,800</u>
Total liabilities		<u>4,126,112</u>
DEFERRED INFLOWS OF RESOURCES		
Related to the TMRS pension		69,213
Total deferred inflows of resources		<u>69,213</u>
	NET POSITION	
Net investment in capital assets		22,315,277
Restricted for		
Revenue bond retirement		175,662
Unrestricted		8,155,009
Total net position		<u>\$ 30,645,948</u>

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2017

	<u>Enterprise Fund</u>
Operating revenues	
Water and sewer sales	\$ 7,636,193
Penalties	111,492
Surcharges	1,452,603
Miscellaneous	61,067
	<hr/>
Total operating revenue	9,261,355
Operating expenses	
Cost of sales and services	5,540,812
Administrative	2,843,112
Depreciation	748,388
	<hr/>
Total operating expenses	9,132,312
	<hr/>
Operating income	129,043
Nonoperating revenues (expenses)	
Investment income	63,794
Gain (Loss) on sale of machinery and equipment	3,870
Interest expense and agent fees	(70,984)
	<hr/>
Total nonoperating revenues (expenses)	(3,320)
	<hr/>
Income before contributions and transfers	125,723
Capital contributions and transfers	
Capital contributions	814,640
Impact and tap fees	632,883
Transfers out	(632,070)
Transfers in	41,540
	<hr/>
Total capital contributions and transfers	856,993
	<hr/>
Change in net position	982,716
Net position, beginning of year	29,663,232
	<hr/>
Net position, end of year	<u>\$ 30,645,948</u>

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Saginaw, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 9,223,890
Cash paid to employees	(816,233)
Cash paid to suppliers	(7,943,486)
	<hr/>
Net cash provided by operating activities	464,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out to other funds	(632,070)
Transfers from other funds	41,540
	<hr/>
Net cash used in noncapital financing activities	(590,530)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Impact and tap fees	632,883
Principal paid on bonds	(420,000)
Purchase of capital assets	(229,758)
Interest and fees paid on debt issuance	(51,932)
Fiscal agent fees	(750)
	<hr/>
Net cash used in capital and related financing activities	(69,557)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	63,794
	<hr/>
Net cash provided by investing activities	63,794
	<hr/>
Net change in cash	(132,122)
Cash and cash equivalents at the beginning of the year	9,318,805
	<hr/>
Cash and cash equivalents at the end of the year	\$ 9,186,683
	<hr/> <hr/>

City of Saginaw, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Current Assets	Enterprise Fund Restricted Assets		Statement of Cash Flows Totals
		Current	Noncurrent	
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - beginning	\$ 8,294,033	\$ 444,944	\$ 579,828	\$ 9,318,805
Net increase(decrease)	120,043	(269,282)	17,117	(132,122)
Cash and cash equivalents - ending	<u>\$ 8,414,076</u>	<u>\$ 175,662</u>	<u>\$ 596,945</u>	<u>\$ 9,186,683</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income				\$ 129,043
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation				748,388
Increase in accounts receivable				(54,582)
Decrease in deferred outflows of resources-pension				34,008
Decrease in accounts payable and accrued expenses				(402,056)
Increase in customer deposits				17,117
Decrease in net pension liability				(22,955)
Increase in deferred inflows of resources-pension				15,208
Net cash provided by operating activities				<u>\$ 464,171</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers				<u>\$ 814,640</u>



City of Saginaw

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

A. General Statement

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either there is ongoing financial benefit or burden or operational responsibility. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has operational responsibility for an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

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

The following entity was found to be a component unit of the City and is included in the combined financial statements:

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

C. Basis of Presentation

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

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

Fund Financial Statements

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

Governmental funds are those funds through which most governmental functions typically are financed. The City has presented the following major governmental funds:

General Fund

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

Debt Service Fund

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

Capital Projects Fund

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

Proprietary Funds are those funds for activities supported by user fees and charges. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Enterprise Fund

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus and Basis of Accounting

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and wastewater services which are accrued. Expenses are recognized at the time the liability is incurred.

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

E. Budgetary Control

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

1. Prior to October 1, the City administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw CCPD Fund, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw CCPD Fund and Debt Service Fund.

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

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council.

F. Cash and Investments

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

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

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

G. Interfund Receivables and Payables

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

City of Saginaw, Texas
Notes to the Basic Financial Statements

H. Capital Assets

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

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

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

I. Accumulated Vacation, Compensatory Time and Sick Leave

City employees earn vacation leave and compensatory time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Unused sick leave accumulated during the year is carried over into the next year with a maximum accrual of forty working days or twenty shifts. At the time of resignation or retirement, employees with ten or more years of service will be paid for unused sick leave. The compensated absences liability increased \$96,423 over the course of the fiscal year and ended September 30, 2017 with a liability of \$797,922.

J. Nature and Purpose of Designations of Fund Balance

The City follows Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for classification of fund balances. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

In accordance with GASB 54, the City classifies governmental fund balances in its financial statements, as follows:

1. *Nonspendable Fund Balance*

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

2. *Spendable Fund Balance*

- a. **Restricted Fund Balance** – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.
 - i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
 - ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
 - iii. The proceeds of specific revenue sources that is restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.
- b. **Committed Fund Balance** – Includes amounts that can be used only for the specific purposes as determined by the governing body by use of a resolution, recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but not specifically limited to, council action regarding construction, claims, and judgments, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
- c. **Assigned Fund Balance** – Includes amounts intended to be used by the City for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. Through a resolution, the City has delegated the City Manager to determine and define the amounts of those components of fund balance that are classified as Assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.
- d. **Unassigned Fund Balance** – Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted as necessary.

L. 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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

M. Management's Use of 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 at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. The assumptions utilized for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense for a year can and does vary from actual results.

Note 2. Cash and Investments

Cash and investments as of September 30, 2017 consist of the following:

Deposits with financial institutions	\$ 835,637
Investments	<u>39,698,970</u>
	<u>\$ 40,534,607</u>

City of Saginaw, Texas

Notes to the Basic Financial Statements

Disclosures Relating to Interest Rate Risk

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

As of September 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Weighted Average Amount</u>	<u>Maturity</u>
TexPool	\$ 39,698,970	40 days

As of September 30, 2017, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of September 30, 2017</u>
Texpool	\$ 39,698,970	AAA	AAAm

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2017, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

City of Saginaw, Texas

Notes to the Basic Financial Statements

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

At September 30, 2017, the carrying amount of the City's cash on hand and deposits were \$835,637 and the bank balance was \$1,819,169. \$250,000 of the bank balance was covered by depository insurance under the FDIC, with the remaining \$1,569,169 secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

Note 3. Restricted Assets

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

Debt Service - Interest and Sinking Fund	
Cash and investments	\$ 175,662
Refundable water and wastewater deposits	<u>596,945</u>
Total	<u>\$ 772,607</u>

City of Saginaw, Texas
Notes to the Basic Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance October 1, 2016	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,496,224	\$ 1,354,767	\$ -	\$ 13,850,991
Construction in progress	6,285,639	5,979,913	(4,125,919)	8,139,633
Total capital assets not being depreciated	18,781,863	7,334,680	(4,125,919)	21,990,624
Capital assets being depreciated				
Buildings	19,542,074	129,538	-	19,671,612
Improvements	1,838,648	60,055	-	1,898,703
Infrastructure	89,432,964	8,683,234	-	98,116,198
Equipment	7,193,944	414,646	(160,060)	7,448,530
Total capital assets being depreciated	118,007,630	9,287,473	(160,060)	127,135,043
Less accumulated depreciation				
Buildings	6,128,482	501,293	-	6,629,775
Improvements	757,854	86,234	-	844,088
Infrastructure	51,771,384	2,200,092	-	53,971,476
Equipment	4,589,433	504,894	(154,924)	4,939,403
Total accumulated depreciation	63,247,153	3,292,513	(154,924)	66,384,742
Total capital assets being depreciated, net	54,760,477	5,994,960	(5,136)	60,750,301
Net governmental activities capital assets	\$ 73,542,340	\$ 13,329,640	\$ (4,131,055)	\$ 82,740,925

City of Saginaw, Texas
Notes to the Basic Financial Statements

	Balance October 1, 2016	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2017
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 16,657	\$ -	\$ -	\$ 16,657
Construction in progress	665,925	193,564	(742,681)	116,808
Total capital assets not being depreciated	682,582	193,564	(742,681)	133,465
Capital assets being depreciated				
Buildings	154,587	-	-	154,587
Water and wastewater system	32,720,816	1,557,321	-	34,278,137
Equipment	1,441,442	40,064	(86,849)	1,394,657
Total capital assets being depreciated	34,316,845	1,597,385	(86,849)	35,827,381
Less accumulated depreciation				
Buildings	64,818	3,540	-	68,358
Water and wastewater system	10,109,756	657,154	-	10,766,910
Equipment	924,609	87,694	(86,849)	925,454
Total accumulated depreciation	11,099,183	748,388	(86,849)	11,760,722
Total capital assets being depreciated, net	23,217,662	848,997	-	24,066,659
Net business-type activities capital assets	<u>\$ 23,900,244</u>	<u>\$ 1,042,561</u>	<u>(742,681)</u>	<u>\$ 24,200,124</u>

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

Governmental activities	
General administrative office	\$ 119,366
Fire	158,121
Police	307,499
Public works	2,354,954
Recreation and community services	188,004
Library	46,088
Inspections/code enforcement	14,845
Fleet maintenance	38,941
Parks	64,695
	<u>\$ 3,292,513</u>
Business-type activities	
Water and wastewater	<u>\$ 748,388</u>

The City has active construction projects as of September 30, 2017. Total accumulated commitments for capital projects are \$300,872 for the Capital Projects Fund and \$0 for the Enterprise Fund.

City of Saginaw, Texas
Notes to the Basic Financial Statements

Note 5. Long-Term Debt

At September 30, 2017, the City's bonds payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
2009 Certificates of Obligation Bonds, dated May 1, 2009, due in annual installments through September 1, 2025, bearing interest rates of 3.8% to 4.6%	780,000	-
2010 Certificates of Obligation Bonds, dated August 1, 2010, due in annual installments through September 1, 2030, bearing interest rates of 2.5% to 4%	1,330,000	-
2010 Waterworks and Sewer System Refunding Revenue Bonds, dated August 1, 2010, due in annual installments through September 1, 2020, bearing interest rates of 2% to 3%	-	150,000
2012 General Obligation Refunding Bonds, dated April 1, 2012, due in annual installments through September 1, 2023, bearing interest rates of 2% to 3%.	1,780,000	-
2013 General Obligation Refunding Bonds, dated August 29, 2013, due in annual installments through September 1, 2033, bearing interest rates of 2% to 4.1%	7,350,000	-
2014 General Obligation Refunding Bonds, dated April 8, 2014, due in annual installments through September 1, 2024, bearing an interest rate of 1.99%.	1,545,000	340,000
2015 General Obligation Bonds, dated September 7, 2015, due in annual installments through September 1, 2035, bearing an interest rate of 1.00% through 3.50%.	7,095,000	-
2015 General Obligation Refunding Bonds, dated December 22, 2015, due in annual installments through September 1, 2027, bearing an interest rate of 1.98%.	-	1,470,000
2016 General Obligation Refunding Bonds, dated June 21, 2016, due in annual installments through September 1, 2027, bearing an interest rate of 1.69%.	5,380,000	-
2017 General Obligation Bonds, dated June 1, 2017, due in annual installments through September 1, 2037, bearing an interest rate of 3.00%.	7,830,000	-
Premium on bonds	729,335	6,918
Total bonds payable	<u>\$ 33,819,335</u>	<u>\$ 1,966,918</u>

City of Saginaw, Texas

Notes to the Basic Financial Statements

During 2017, the City issued \$7,830,000 of Series 2017 General Obligation Bonds. The debt was issued to pay the costs of capital projects. The obligations are payable over the next 20 years.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2017:

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 25,310,000	\$ 7,830,000	\$ (2,160,000)	\$ 30,980,000	\$ 2,215,000
Certificates of obligation	2,440,000	-	(330,000)	2,110,000	160,000
Obligations under capital leases	358,105	-	(177,570)	180,535	180,535
Premiums on bonds	477,503	308,555	(56,723)	729,335	56,723
Total Governmental Activities	\$ 28,585,608	\$ 8,138,555	\$ (2,724,293)	\$ 33,999,870	\$ 2,612,258
Business-type Activities					
Revenue bonds	\$ 380,000	\$ -	\$ (230,000)	\$ 150,000	\$ 50,000
General obligation bonds	2,000,000	-	(190,000)	1,810,000	195,000
Premiums on bonds	12,106	-	(5,188)	6,918	5,188
Total Business-type Activities	\$ 2,392,106	\$ -	\$ (425,188)	\$ 1,966,918	\$ 250,188

The City issues general obligation bonds and certificates of obligation. General obligation bonds and certificates of obligation are direct obligations of the City and pledge the full faith and credit of the City.

The annual requirements to amortize all debts outstanding as of September 30, 2017, are as follows:

General Obligation Bonds

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2018	2,215,000	927,564	3,142,564
2019	2,330,000	810,619	3,140,619
2020	2,380,000	759,853	3,139,853
2021	2,065,000	704,128	2,769,128
2022	2,115,000	653,483	2,768,483
2023-2027	8,855,000	2,526,720	11,381,720
2028-2032	6,615,000	1,417,969	8,032,969
2033-2037	4,405,000	341,569	4,746,569
	\$ 30,980,000	\$ 8,141,905	\$ 39,121,905

City of Saginaw, Texas
Notes to the Basic Financial Statements

Certificates of Obligation

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2018	160,000	81,590	241,590
2019	165,000	75,990	240,990
2020	175,000	70,190	245,190
2021	185,000	63,860	248,860
2022	195,000	56,945	251,945
2023-2027	855,000	167,249	1,022,249
2028-2032	375,000	30,400	405,400
	<u>\$ 2,110,000</u>	<u>\$ 546,224</u>	<u>\$ 2,656,224</u>

General Obligation Bonds

Due Fiscal Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2018	195,000	35,872	230,872
2019	195,000	32,004	227,004
2020	200,000	28,138	228,138
2021	210,000	24,170	234,170
2022	220,000	20,004	240,004
2023-2027	790,000	47,619	837,619
	<u>\$ 1,810,000</u>	<u>\$ 187,807</u>	<u>\$ 1,997,807</u>

Revenue Bonds

Due Fiscal Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2018	50,000	4,500	54,500
2019	50,000	3,000	53,000
2020	50,000	1,500	51,500
	<u>\$ 150,000</u>	<u>\$ 9,000</u>	<u>\$ 159,000</u>

City of Saginaw, Texas
Notes to the Basic Financial Statements

Note 6. Capital Lease Obligations

The City entered into a capital lease agreement in January 2014 for the purchase of a ladder fire truck. The leased property under capital lease is classified as equipment with the total capitalized cost of \$944,294 and an amortized value of approximately \$835,150 at September 30, 2017. Amortization expense has been included in depreciation expense for the year ended September 30, 2017.

The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of September 30, 2017.

Year Ending September 30	
2018	183,550
	<u>183,550</u>
Less amount representing interest	<u>3,015</u>
Present value of net minimum lease payments	<u><u>\$ 180,535</u></u>

Note 7. Property Tax

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

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$150,617 for the General Fund and \$143,911 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 8. Pension Plan

Plan Description

The City of Saginaw participates as one of 872 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.

Benefits

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 and within the actuarial constraints also in the statutes. Plan provisions for the City are as follows:

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

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	72
Active employees	143
	<hr/>
	262

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 Saginaw were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Saginaw were 18.00% and 17.71% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$1,437,537, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103% and due to the size of the City, rates are multiplied by an additional factor of 100%. 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Saginaw, Texas

Notes to the Basic Financial Statements

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, 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 2016 valuation. 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 in 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

City of Saginaw, Texas
Notes to the Basic Financial Statements

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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2015	\$ 32,714,381	\$ 22,598,933	\$ 10,115,448
Changes for the year:			
Service cost	1,237,546	-	1,237,546
Interest	2,224,580	-	2,224,580
Change of benefit terms	-	-	-
Difference between expected and actual experience	(306,070)	-	(306,070)
Changes of assumptions	-	-	-
Contributions - employer	-	1,404,336	(1,404,336)
Contributions - employee	-	472,046	(472,046)
Net investment income	-	1,527,402	(1,527,402)
Benefit payments, including refunds of employee contributions	(752,837)	(752,837)	-
Administrative expense	-	(17,249)	17,249
Other changes	-	(929)	929
Net changes	2,403,219	2,632,769	(229,550)
Balance at December 31, 2016	<u>\$ 35,117,600</u>	<u>\$ 25,231,702</u>	<u>\$ 9,885,898</u>

Sensitivity of the net pension liability 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 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 in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability	\$ 15,228,371	\$ 9,885,898	\$ 5,523,860

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.tmr.com.

City of Saginaw, Texas

Notes to the Basic Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$1,688,360.

At September 30, 2017, 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	\$ -	\$ (661,289)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,047,049	-
Contributions subsequent to the measurement date	1,088,667	-
Total	<u>\$ 2,135,716</u>	<u>\$ (661,289)</u>

\$1,088,666 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 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 December 31:	
2017	\$ 205,530
2018	205,531
2019	155,464
2020	(112,191)
2021	(54,464)
Thereafter	(14,110)
Total	<u>\$ 385,760</u>

Supplemental Death Benefits

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

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

City of Saginaw, Texas

Notes to the Basic Financial Statements

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 2017, 2016, and 2015 were \$12,734, \$12,760, and \$11,147, respectively, which equaled the required contributions each year.

Note 9. Commitments

The City renewed a twenty (20) year contract in 2017 with the City of Fort Worth for the treatment and transportation of wastewater. Payments under this contract are on a strength and volume basis per month. Also, there is a twenty-five dollar (\$25) per meter monthly service charge.

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

Note 10. Interfund Balances and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	\$ 632,070
General Fund	CCPD Fund	923,390
General Fund	Donations Fund	8,120
General Fund	Escrow Fund	4,742
General Fund	Drainage Utility Fund	128,730
Enterprise Fund	Drainage Utility Fund	41,540
		\$ 1,738,592

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for vehicle maintenance expenses, operating expenses and franchise fees.
- The CCPD Fund to the General Fund for salaries and related expenses for ten Police Officers, one Public Safety Officer, one Dispatcher, and half (1/2) of one of the School Resource Officers.
- The Donations Fund to the General Fund for two seasonal part-time library pages.
- The Escrow Fund to the General Fund for police over-time for bailiff duty.
- The Drainage Utility Fund to the General Fund for salaries and related expenses.
- The Drainage Utility Fund to the Enterprise Fund for half (1/2) of the cost of the Environmental Specialist.

City of Saginaw, Texas

Notes to the Basic Financial Statements

Note 11. Risk Management

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

Note 12. Tax Abatements and Economic Incentive Agreements

Tax Abatements under Chapter 312 of the Texas Tax Code and economic incentive agreements under Chapter 380 of the Texas Tax Code allow the City to negotiate tax abatement agreements and economic incentive agreements with applicants. These agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under these programs were \$324,321 in fiscal year 2017.

Note 13. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2017 and 2018 are listed as follows:

The GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, which was effective for fiscal year 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement applies to all state and governmental entities. The implementation of this statement did not impact the City's financial statements.

The GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans, which was effective for fiscal year 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local OPEB plans for making decisions and assessing accountability. This Statement applies to all state and governmental entities. The implementation of this statement did not impact the City's financial statements.

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, which will be effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

City of Saginaw, Texas

Notes to the Basic Financial Statements

The GASB issued Statement No. 77, Tax Abatement Disclosures, which was effective for fiscal year 2017. The objective of this Statement is to require governments that enter into tax abatement agreements to provide certain disclosures regarding the commitments. This Statement applies to all state and governmental entities. See Note 12 for tax abatement disclosure.

The GASB issued Statement No. 78, Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans, which was effective for fiscal year 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement applies to all state and governmental entities. The implementation of this statement did not impact the City's financial statements.

The GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants, which was effective for fiscal year 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to all state and governmental entities. This Statement applies to all state and governmental entities. The implementation of this statement did not impact the City's financial statements.

The GASB issued Statement No. 80, Blending Requirements for Certain Component Units- an amendment of GASB Statement No. 14, which was effective for fiscal year 2017. The objective of this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement applies to all state and governmental entities. The implementation of this statement did not impact the City's financial statements.

The GASB issued Statement No. 81, Irrevocable Split-Interest Agreements, which will be effective for periods beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 82, Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73, which will be effective for periods beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

The GASB issued Statement No. 85, Omnibus 2017, which will be effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

City of Saginaw, Texas

Notes to the Basic Financial Statements

The GASB issued Statement No. 86, Certain Debt Extinguishment Issues, which will be effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement applies to all state and governmental entities. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

Note 13. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2017 through January 12, 2018, the date the financial statements were issued.

Required Supplementary Information



City of Saginaw

City of Saginaw, Texas

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System

	Year Ended December 30		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ 1,094,648	\$ 1,192,902	\$ 1,237,546
Interest (on the total pension liability)	2,004,340	2,134,257	2,224,580
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(494,746)	(194,482)	(306,070)
Change of assumptions	-	89,204	-
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)
Net Change in Total Pension Liability	1,810,286	2,421,017	2,403,219
Total Pension Liability - Beginning	28,483,078	30,293,364	32,714,381
Total Pension Liability - Ending (a)	\$ 30,293,364	\$ 32,714,381	\$ 35,117,600
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,247,471	\$ 1,351,553	\$ 1,404,336
Contributions - Employee	433,652	453,288	472,046
Net investment income	1,120,846	31,855	1,527,402
Benefit payments, including refunds of employee contributions	(793,956)	(800,864)	(752,837)
Administrative expense	(11,699)	(19,398)	(17,249)
Other	(962)	(958)	(929)
Net Change in Plan Fiduciary Net Position	1,995,352	1,015,476	2,632,769
Plan Fiduciary Net Position - Beginning	19,588,107	21,583,459	22,598,935
Plan Fiduciary Net Position - Ending (b)	\$ 21,583,459	\$ 22,598,935	\$ 25,231,704
Net Pension Liability - Ending (a) - (b)	\$ 8,709,905	\$ 10,115,446	\$ 9,885,896
Plan Fiduciary Net Position as a Percentage of			
Total Pension Liability	71.25%	69.08%	71.85%
Covered Employee Payroll	\$ 7,227,528	\$ 7,554,795	\$ 7,867,428
Net Pension Liability as a Percentage of Covered			
Employee Payroll	120.51%	133.89%	125.66%

Other Information:

Notes

Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas
 Schedule of Contributions
 Texas Municipal Retirement System

	Year Ended September 30		
	2015	2016	2017
Actuarially Determined Contribution	\$ 1,247,471	\$ 1,351,553	\$ 1,404,336
Contributions in relation to the actuarially determined contribution	1,327,755	1,416,758	1,437,537
Contribution deficiency (excess)	\$ (80,284)	\$ (65,205)	\$ (33,201)
Covered employee payroll	\$ 7,227,528	\$ 7,554,795	\$ 7,867,428
Contributions as a percentage of covered employee payroll	18.37%	18.75%	18.27%

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	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
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 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected

Other Information:

Notes There were no benefit changes during the year.

Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual – General Fund

For the Fiscal Year Ended September 30, 2017

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Over / (Under)
	Original	Final		
Revenues				
Taxes	\$ 10,435,485	\$ 10,675,485	\$ 10,761,311	\$ 85,826
Licenses and permits	580,000	880,000	929,188	49,188
Charges for services	84,000	84,000	84,000	-
Fines and fees	451,000	497,800	518,907	21,107
Interest income	30,000	70,000	84,195	14,195
Recreation income	500,000	500,000	496,969	(3,031)
Intergovernmental	111,500	145,930	156,018	10,088
Miscellaneous revenues	104,000	104,000	122,222	18,222
Total revenues	12,295,985	12,957,215	13,152,810	195,595
Expenditures				
Current				
General administrative office	1,574,800	1,687,800	1,647,854	(39,946)
Municipal court	202,660	202,660	187,886	(14,774)
Fire	3,170,790	3,243,745	3,280,597	36,852
Police	4,269,745	4,294,745	4,144,841	(149,904)
Public works	1,358,470	1,456,470	1,354,767	(101,703)
Parks	362,885	368,885	352,766	(16,119)
Recreation & community services	1,016,025	1,016,025	990,618	(25,407)
Library	572,450	574,130	568,246	(5,884)
Inspections/code enforcement	867,305	874,305	849,217	(25,088)
City garage	594,175	494,175	471,007	(23,168)
Economic development	541,700	541,700	46,520	(495,180)
Total expenditures	14,531,005	14,754,640	13,894,319	(860,321)
Excess (deficiency) of revenues over expenditures	(2,235,020)	(1,797,425)	(741,509)	1,055,916
Other financing sources (uses)				
Operating transfers in	1,697,510	1,697,510	1,697,052	(458)
Total other financing sources (uses)	1,697,510	1,697,510	1,697,052	(458)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(537,510)	(99,915)	955,543	1,055,458
Fund balances - beginning of year	10,693,045	10,693,045	10,693,045	-
Fund balances - end of year	\$ 10,155,535	\$ 10,593,130	\$ 11,648,588	\$ 1,055,458



City of Saginaw

Combining and Individual Fund Statements and Schedules



City of Saginaw

Non-Major Governmental Funds

City of Saginaw, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2017

	Special Revenue						Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	
ASSETS							
Deposits and investments	\$ 12,633	\$ 327,554	\$ 1,623,911	\$ 1,390,129	\$ 276,404	\$ 1,161,675	\$ 4,792,306
Receivables							
Other	-	-	80,797	-	24,777	2,977	108,551
Taxes	-	185,717	-	66,660	-	-	252,377
TOTAL ASSETS AND OTHER DEBITS	\$ 12,633	\$ 513,271	\$ 1,704,708	\$ 1,456,789	\$ 301,181	\$ 1,164,652	\$ 5,153,234
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ 1,018	\$ 3,414	\$ 4,534	\$ 3,958	\$ 1,777	\$ 14,701
Unearned revenue	-	-	-	-	24,777	-	24,777
Total liabilities	-	1,018	3,414	4,534	28,735	1,777	39,478
Fund balances							
Restricted							
Street maintenance	-	-	-	1,452,255	-	-	1,452,255
Crime prevention	12,633	512,253	-	-	-	-	524,886
Drainage	-	-	1,701,294	-	-	-	1,701,294
Other	-	-	-	-	-	1,162,875	1,162,875
Committed							
Donations	-	-	-	-	272,446	-	272,446
Total fund balances	12,633	512,253	1,701,294	1,452,255	272,446	1,162,875	5,113,756
TOTAL LIABILITIES, AND FUND BALANCES	\$ 12,633	\$ 513,271	\$ 1,704,708	\$ 1,456,789	\$ 301,181	\$ 1,164,652	\$ 5,153,234

City of Saginaw, Texas
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Non-Major Governmental Funds
 For the Fiscal Year Ended September 30, 2017

	Special Revenue						Total Other Governmental Funds
	Police Fund	Saginaw CCPD Fund	Drainage Utility Fund	Street Maintenance Fund	Donations Fund	Escrow Fund	
Revenues							
Taxes	\$ -	\$ 1,107,600	\$ -	\$ 391,645	\$ -	\$ 17,310	\$ 1,516,555
Fines and fees	-	-	-	-	-	23,966	23,966
Intergovernmental	-	78,104	-	-	-	-	78,104
Miscellaneous	3,526	-	-	-	168,035	32,724	204,285
Interest income	87	2,747	9,082	8,841	1,900	7,578	30,235
Drainage utility fees	-	-	754,362	-	-	-	754,362
Total revenues	3,613	1,188,451	763,444	400,486	169,935	81,578	2,607,507
Expenditures							
Current							
General operating	-	-	33,975	232,108	87,627	74,326	428,036
Police	500	127,931	-	-	-	-	128,431
Capital outlay	-	207,011	-	-	95,179	-	302,190
Total expenditures	500	334,942	33,975	232,108	182,806	74,326	858,657
Excess (deficiency) of revenues over expenditures	3,113	853,509	729,469	168,378	(12,871)	7,252	1,748,850
Other financing sources (uses) Transfers out	-	(923,390)	(170,270)	-	(8,120)	(4,742)	(1,106,522)
Total other financing sources (uses)	-	(923,390)	(170,270)	-	(8,120)	(4,742)	(1,106,522)
Net change in fund balances	3,113	(69,881)	559,199	168,378	(20,991)	2,510	642,328
Fund Balances - beginning of year	9,520	582,134	1,142,095	1,283,877	293,437	1,160,365	4,471,428
Fund Balances - end of year	\$ 12,633	\$ 512,253	\$ 1,701,294	\$ 1,452,255	\$ 272,446	\$ 1,162,875	\$ 5,113,756



City of Saginaw

Special Revenue Fund

Saginaw Crime Control and Prevention District Fund – Used to account for funds to be used to address crime control and prevention.

City of Saginaw, Texas
 Comparative Balance Sheets
 Saginaw Crime Control and Prevention District Fund
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Deposits and investments	\$ 327,554	\$ 407,970
Receivables		
Taxes, net	<u>185,717</u>	<u>175,879</u>
TOTAL ASSETS	<u>\$ 513,271</u>	<u>\$ 583,849</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 1,018</u>	<u>\$ 1,715</u>
Total liabilities	1,018	1,715
Fund balances		
Restricted for crime prevention	<u>512,253</u>	<u>582,134</u>
Total fund balances	<u>512,253</u>	<u>582,134</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 513,271</u>	<u>\$ 583,849</u>

City of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Saginaw Crime Control and Prevention District Fund

For the Fiscal Year Ended September 30, 2017 And 2016

	Budgeted amounts		Actual	Variance with	Actual
	Original	Final	GAAP	Final Budget	GAAP
			Basis	Positive (Negative)	Basis
					2016
Revenues					
Sales taxes	\$ 1,000,000	\$ 1,006,000	\$ 1,107,600	\$ 101,600	\$ 1,026,110
Intergovernmental	-	78,100	78,104	4	1,722
Interest income	1,000	1,000	2,747	1,747	1,505
Total revenues	1,001,000	1,085,100	1,188,451	103,351	1,029,337
Expenditures					
Uniforms	6,300	6,300	5,725	575	6,754
Data processing	48,000	48,000	45,402	2,598	39,312
Officer supplies and equipment	2,000	2,000	1,603	397	1,710
Books	3,500	3,500	3,500	-	2,850
Crime prevention supplies	2,000	2,000	463	1,537	980
Maintenance and repairs	-	-	58,896	(58,896)	11,209
Tactical employee training	13,500	13,500	12,342	1,158	10,559
Capital outlay	182,000	266,100	207,011	59,089	174,363
Total expenditures	257,300	341,400	334,942	6,458	247,737
Excess (deficiency) of revenues over expenditures	743,700	743,700	853,509	109,809	781,600
Other financing sources (uses)					
Transfers out	(923,390)	(923,390)	(923,390)	-	(903,395)
Total other financing sources (uses)	(923,390)	(923,390)	(923,390)	-	(903,395)
Net change in fund balance	(179,690)	(179,690)	(69,881)	109,809	(121,795)
Fund Balances - beginning of year	582,134	582,134	582,134	-	703,929
Fund Balances - end of year	\$ 402,444	\$ 402,444	\$ 512,253	\$ 109,809	\$ 582,134



City of Saginaw

Debt Service Fund

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

City of Saginaw, Texas
 Comparative Balance Sheets
 Debt Service Fund
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Deposits and investments	\$ 1,153,415	\$ 1,309,702
Receivables		
Taxes, net of allowance	<u>18,898</u>	<u>15,743</u>
TOTAL ASSETS	<u>\$ 1,172,313</u>	<u>\$ 1,325,445</u>
DEFERRED INFLOWS AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>-</u>	<u>3,000</u>
Total liabilities	-	3,000
Deferred inflows of resources		
Unavailable revenue - property taxes	<u>18,898</u>	<u>15,742</u>
Total deferred inflows of resources	18,898	15,742
Fund balance		
Restricted for debt service	<u>1,153,415</u>	<u>1,306,703</u>
Total fund balances	<u>1,153,415</u>	<u>1,306,703</u>
TOTAL DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 1,172,313</u>	<u>\$ 1,325,445</u>

City Of Saginaw, Texas

Schedule of Revenues, Expenditures and Changes in Fund

Balance – Budget and Actual

Debt Service Fund

For the Fiscal Year Ended September 30, 2017 and 2016

	Budgeted amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2016
	Original	Final			
Revenues					
Current and delinquent general property tax - debt service portion	\$ 3,235,135	\$ 3,235,135	\$ 3,255,375	\$ 20,240	\$ 3,338,828
Penalties, interest and fees on delinquent taxes	6,000	6,000	7,172	1,172	6,470
Interest income	9,000	9,000	21,698	12,698	9,612
Total revenues	3,250,135	3,250,135	3,284,245	34,110	3,354,910
Expenditures					
Bond principal payments	2,490,000	2,490,000	2,490,000	-	2,367,869
Capital lease principal payments	177,570	177,570	177,570	-	171,785
Total principal payments	2,667,570	2,667,570	2,667,570	-	2,539,654
Bond interest	768,075	768,075	751,847	16,228	842,763
Capital lease and note interest	5,980	5,980	11,766	(5,786)	11,766
Fiscal charges and debt issuance costs	8,500	8,500	6,350	2,150	203,483
Total interest payments	782,555	782,555	769,963	12,592	1,058,012
Total expenditures	3,450,125	3,450,125	3,437,533	12,592	3,597,666
Excess (deficiency) of revenues over expenditures	(199,990)	(199,990)	(153,288)	46,702	(242,756)
Other financing sources (uses)					
Proceeds from bond refunding	-	-	-	-	5,910,000
Payment on bond refunding	-	-	-	-	(5,834,072)
Total other financing sources (uses)	-	-	-	-	75,928
Net change in fund balance	(199,990)	(199,990)	(153,288)	46,702	(166,828)
Fund Balances - beginning of year	1,306,703	1,306,703	1,306,703	-	1,473,531
Fund Balances - end of year	\$ 1,106,713	\$ 1,106,713	\$ 1,153,415	\$ 46,702	\$ 1,306,703



City of Saginaw

Enterprise Fund

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

City of Saginaw, Texas
Comparative Statement of Net Position
Enterprise Fund
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Deposits and investments	\$ 8,414,076	\$ 8,294,033
Deposits and investments-restricted	175,662	444,944
Receivables		
Accounts receivable, net of allowance of \$58,215 in 2017 and \$55,055 in 2016	636,782	591,285
Unbilled accounts	500,234	470,684
Other	3,870	24,335
Total current assets	<u>9,730,624</u>	<u>9,825,281</u>
Noncurrent assets		
Capital assets, at cost		
Land and land improvements	16,657	16,657
Buildings and improvements	154,587	154,587
Waterworks and wastewater system	34,278,137	32,720,816
Machinery and equipment	1,394,657	1,441,442
Construction in progress	116,808	665,925
Accumulated depreciation	<u>(11,760,722)</u>	<u>(11,099,183)</u>
Total capital assets, net of accumulated depreciation	24,200,124	23,900,244
Deposits and investments-restricted	<u>596,945</u>	<u>579,828</u>
Total noncurrent assets	<u>24,797,069</u>	<u>24,480,072</u>
Total assets	34,527,693	34,305,353
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for refunding	82,070	106,451
Related to the TMRS pension	<u>231,510</u>	<u>265,518</u>
Total Deferred outflows of resources	313,580	371,969
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	510,760	912,816
Accrued interest	3,364	4,254
Revenue bonds payable	<u>250,188</u>	<u>425,188</u>
Total current liabilities	764,312	1,342,258
Noncurrent liabilities		
Revenue bonds payable	1,716,729	1,966,918
Customer deposits	596,945	579,828
Net pension liability	<u>1,048,126</u>	<u>1,071,081</u>
Total noncurrent liabilities	<u>3,361,800</u>	<u>3,617,827</u>
Total liabilities	4,126,112	4,960,085
DEFERRED INFLOWS OF RESOURCES		
Related to the TMRS pension	<u>69,213</u>	<u>54,005</u>
Total deferred inflows of resources	69,213	54,005
NET POSITION		
Net investment in capital assets	22,315,277	21,614,589
Restricted for		
Revenue bond retirement	175,662	444,944
Unrestricted	<u>8,155,009</u>	<u>7,603,699</u>
Total net position	<u>\$ 30,645,948</u>	<u>\$ 29,663,232</u>

City of Saginaw, Texas

Comparative Statement of Revenues, Expenses and Changes in Net Position

Enterprise Fund

For the Fiscal Years Ended September 30, 2017 and 2016

	2017	2016
Operating revenue		
Water and sewer sales	\$ 7,636,193	\$ 7,577,309
Penalties	111,492	110,129
Surcharges	1,452,603	1,155,966
Miscellaneous	61,067	86,185
Total operating revenue	9,261,355	8,929,589
Operating expenses		
Cost of sales and services	5,540,812	5,471,503
Administrative	2,843,112	1,949,416
Depreciation	748,388	709,130
Total operating expenses	9,132,312	8,130,049
Operating income	129,043	799,540
Nonoperating revenues (expenses)		
Investment income	63,794	26,998
Gain (Loss) on sale of machinery and equipment	3,870	(119,242)
Interest expense and agent fees	(70,984)	(106,371)
Total nonoperating revenues (expenses)	(3,320)	(198,615)
Income before contributions and transfers	125,723	600,925
Capital contributions and transfers		
Capital contributions	814,640	385,383
Impact and tap fees	632,883	581,888
Transfers out	(632,070)	(593,000)
Transfers in	41,540	41,595
Total capital contributions and transfers	856,993	415,866
Changes in net position	982,716	1,016,791
Net Position, beginning of year	29,663,232	28,646,441
Net Position, end of year	\$ 30,645,948	\$ 29,663,232

City of Saginaw, Texas

Comparative Statement of Cash Flows

Enterprise Fund

For the Fiscal Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 9,223,890	\$ 9,075,895
Cash paid to employees	(816,233)	(801,789)
Cash paid to suppliers	(7,943,486)	(6,466,753)
Net cash provided by operating activities	464,171	1,807,353
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(632,070)	(593,000)
Transfer from other funds	41,540	41,595
Net cash used in noncapital financing activities	(590,530)	(551,405)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Impact and tap fees	632,883	581,888
Proceeds from the issuance of bonds	-	1,610,000
Principal paid on bonds	(420,000)	(2,185,000)
Purchase of capital assets	(229,758)	(1,424,815)
Interest	(51,932)	(157,881)
Fiscal agent fees	(750)	(1,500)
Contributions	-	200,000
Net cash used in capital and related financing activities	(69,557)	(1,377,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	63,794	26,998
Net cash provided by investing activities	63,794	26,998
Net change in cash	(132,122)	(94,362)
Cash and Cash Equivalents at the beginning of the year	9,318,805	9,413,167
Cash and Cash Equivalents at the end of the year	\$ 9,186,683	\$ 9,318,805

City of Saginaw, Texas

Comparative Statement of Cash Flows – Continued

Enterprise Fund

For the Fiscal Years Ended September 30, 2017 2016

	Current	Restricted Assets	2017 Statement of Cash Flows Totals	2016 Statement of Cash Flows Totals
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents - beginning balance	\$ 8,294,033	\$ 1,024,772	\$ 9,318,805	\$ 9,413,167
Net increase (decrease)	120,043	(252,165)	(132,122)	(94,362)
Cash and cash equivalents - ending	<u>\$ 8,414,076</u>	<u>\$ 772,607</u>	<u>\$ 9,186,683</u>	<u>\$ 9,318,805</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income			\$ 129,043	\$ 799,540
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation			748,388	709,130
Decrease (Increase) in accounts receivable			(54,582)	120,723
Decrease (Increase) in deferred outflows of resources-pension			34,008	(143,497)
Increase (Decrease) in accounts payable and accrued expenses			(402,056)	131,457
Increase in customer deposits			17,117	25,583
Increase (Decrease) in net pension liability			(22,955)	154,610
Increase in deferred inflows of resources-pension			15,208	9,807
Net cash provided by operating activities			<u>\$ 464,171</u>	<u>\$ 1,807,353</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Capital asset contributions from developers			<u>\$ 814,640</u>	<u>\$ 185,383</u>



City of Saginaw

**Statistical Section
(Unaudited)**



City of Saginaw

Statistical Section (Unaudited)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	86-95
Revenue Capacity These schedules contain information to help the reader assess one of the government's most significant local source revenues, property taxes.	96-99
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	100-104
Demographic and Economic Information This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	105-106
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial reports relates to the services the government provides and the activities it performs.	107-109

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

City of Saginaw, Texas
Net Position by Component
Last Ten Fiscal Years

	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 42,189,355	\$ 41,370,363	\$ 42,319,951	\$ 44,362,424
Restricted	976,011	852,265	1,300,786	1,348,022
Unrestricted	12,696,515	12,736,406	13,800,224	13,807,108
Total governmental activities net assets	<u>\$ 55,861,881</u>	<u>\$ 54,959,034</u>	<u>\$ 57,420,961</u>	<u>\$ 59,517,554</u>
Business-type activities				
Net investment in capital assets	\$ 15,203,616	\$ 16,275,619	\$ 15,624,168	\$ 16,165,325
Restricted	513,882	518,066	577,205	436,461
Unrestricted	7,090,928	5,888,777	6,249,006	6,504,546
Total business-type activities net assets	<u>\$ 22,808,426</u>	<u>\$ 22,682,462</u>	<u>\$ 22,450,379</u>	<u>\$ 23,106,332</u>
Primary government				
Net investment in capital assets	\$ 57,392,971	\$ 57,645,982	\$ 57,944,119	\$ 60,527,749
Restricted	1,489,893	1,370,331	1,877,991	1,784,483
Unrestricted	19,787,443	18,625,183	20,049,230	20,311,654
Total primary government assets	<u>\$ 78,670,307</u>	<u>\$ 77,641,496</u>	<u>\$ 79,871,340</u>	<u>\$ 82,623,886</u>

*2013 restated for GASB 65

Table 1

2012	2013*	2014	2015	2016	2017
\$ 45,854,628	\$ 48,872,324	\$ 52,280,544	\$ 55,375,158	\$ 56,038,750	\$ 62,510,664
1,384,617	1,828,513	1,596,119	1,416,987	1,267,190	1,120,206
14,302,944	11,624,828	13,139,145	5,701,871	7,709,276	8,385,775
<u>\$ 61,542,189</u>	<u>\$ 62,325,665</u>	<u>\$ 67,015,808</u>	<u>\$ 62,494,016</u>	<u>\$ 65,015,216</u>	<u>\$ 72,016,645</u>
\$ 16,699,361	\$ 17,623,648	\$ 19,067,165	\$ 20,210,164	\$ 21,614,590	\$ 22,315,277
437,166	420,735	420,905	421,162	444,944	175,662
7,008,669	6,628,613	7,726,467	8,015,115	7,603,698	8,155,009
<u>\$ 24,145,196</u>	<u>\$ 24,672,996</u>	<u>\$ 27,214,537</u>	<u>\$ 28,646,441</u>	<u>\$ 29,663,232</u>	<u>\$ 30,645,948</u>
\$ 62,553,989	\$ 66,495,972	\$ 71,347,709	\$ 75,585,322	\$ 77,653,340	\$ 84,825,941
1,821,783	2,249,248	2,017,024	1,838,149	1,712,134	1,295,868
21,311,613	18,253,441	20,865,612	13,716,986	15,312,974	16,540,784
<u>\$ 85,687,385</u>	<u>\$ 86,998,661</u>	<u>\$ 94,230,345</u>	<u>\$ 91,140,457</u>	<u>\$ 94,678,448</u>	<u>\$ 102,662,593</u>

City of Saginaw, Texas
Changes in Net Position
Last Ten Fiscal Years

	2008	2009	2010	2011
Expenses				
Governmental activities:				
General administrative office	\$ 1,826,087	\$ 1,913,944	\$ 2,262,203	\$ 2,401,322
Municipal court	205,773	220,745	225,191	200,323
Fire	2,809,960	2,735,528	2,672,742	2,713,654
Police	3,452,302	3,519,529	3,667,446	3,698,868
Public works	3,524,022	3,440,255	3,058,371	3,301,972
Parks *	-	-	-	-
Recreation	1,108,337	1,269,148	1,086,742	1,168,490
Library	599,434	563,843	569,505	558,945
Inspection	510,912	542,983	579,670	589,130
Janitorial	57,001	-	-	-
Fleet maintenance	556,402	426,987	440,832	538,987
Economic development	40,478	30,808	12,439	142
Interest on long term debt	1,087,088	1,049,129	1,042,557	1,015,329
Total governmental activities	15,777,796	15,712,899	15,617,698	16,187,162
Business-type activities				
Water and wastewater	6,044,664	6,265,358	6,784,699	6,464,532
Total business-type activities	6,044,664	6,265,358	6,784,699	6,464,532
Total Primary government expenses	21,822,460	21,978,257	22,402,397	22,651,694
Program Revenues				
Governmental activities:				
Fines, Fees and charges for Services				
General administrative office	-	-	-	-
Municipal court	421,785	422,800	436,988	408,017
Fire	80,625	73,125	75,250	79,250
Police	6,505	5,536	4,359	3,889
Public works	427,491	446,975	421,802	430,697
Recreation	638,931	650,111	640,832	659,004
Library	23,041	31,654	28,357	19,379
Inspection	296,169	344,831	346,402	311,149
Operating Grants and Contributions				
Fire	374,297	541,018	310,411	151,412
Police	73,477	86,959	80,824	76,223
Public Works	-	-	-	-
Capital Grants and Contributions				
Public works	-	-	2,771,279	3,080,767
Total governmental activities program revenue	2,342,321	2,603,009	5,116,504	5,219,787

* Prior to 2013 Parks was included in Recreation

Table 2
(Page 1 of 2)

2012	2013*	2014	2015	2016	2017
\$ 2,214,653	\$ 2,385,797	\$ 2,343,593	\$ 2,126,569	\$ 2,060,595	\$ 2,183,540
193,082	185,237	200,512	184,794	186,864	190,521
2,864,618	2,858,957	2,955,138	3,284,144	3,242,317	3,446,465
3,848,768	3,860,896	4,038,792	4,230,644	4,434,955	4,616,528
3,177,703	3,465,002	2,895,713	3,422,440	3,435,053	3,705,943
-	195,900	208,076	226,152	294,992	348,531
1,078,909	969,556	985,348	1,076,881	1,076,293	1,130,034
524,847	540,261	548,383	564,913	591,580	624,921
565,326	583,930	603,213	716,049	824,509	861,619
-	-	-	-	-	-
566,689	546,241	573,011	531,903	439,379	513,948
14,504	64,779	35,860	19,363	50,197	46,520
866,299	1,162,182	916,082	942,168	994,113	883,962
15,915,398	16,818,738	16,303,721	17,326,020	17,630,847	18,552,532
6,972,839	7,241,735	7,068,008	7,469,979	8,355,662	9,199,426
6,972,839	7,241,735	7,068,008	7,469,979	8,355,662	9,199,426
22,888,237	24,060,473	23,371,729	24,795,999	25,986,509	27,751,958
-	-	-	40,118	63,426	32,724
476,100	459,209	543,001	561,382	441,298	493,172
80,000	80,226	80,000	80,000	83,000	84,000
4,814	3,850	3,880	4,248	4,314	3,822
431,564	563,194	577,267	583,358	592,078	754,462
669,578	680,961	652,176	670,826	646,004	665,004
17,730	18,668	20,499	18,982	16,260	16,944
296,414	377,646	433,586	740,778	939,380	961,945
76,328	57,337	77,426	24,992	29,134	54,529
156,535	75,477	97,557	209,835	150,845	179,592
84,999	-	-	-	-	-
1,959,028	1,271,666	3,854,521	1,457,517	1,549,780	5,835,552
4,253,090	3,588,234	6,339,913	4,392,036	4,515,519	9,081,746

City of Saginaw, Texas
Changes in Net Position
Last Ten Fiscal Years

	2008	2009	2010	2011
Business-type activities				
Charges for services				
Water and wastewater	\$ 6,497,059	\$ 6,550,174	\$ 6,802,875	\$ 7,973,010
Capital Grants and Contributions	287,675	94,633	564,691	76,931
Total business-type activities program revenue	<u>6,784,734</u>	<u>6,644,807</u>	<u>7,367,566</u>	<u>8,049,941</u>
Total primary government program revenues	<u>9,127,055</u>	<u>9,247,816</u>	<u>12,484,070</u>	<u>13,269,728</u>
Net (Expenses) Revenue				
Governmental Activities	(13,435,475)	(13,109,890)	(10,501,194)	(10,967,375)
Business-type Activities	740,070	379,449	582,867	1,585,409
Total Primary governmental net expenses	<u>(12,695,405)</u>	<u>(12,730,441)</u>	<u>(9,918,327)</u>	<u>(9,381,966)</u>
General Revenues				
and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Ad valorem	5,152,750	5,060,742	5,456,995	5,436,698
Sales	5,786,363	4,829,521	5,002,665	4,986,291
Franchise taxes	1,258,549	1,295,929	1,256,027	1,332,768
Other taxes	13,437	13,580	13,773	11,791
Penalties and interest	10,778	16,990	12,622	19,516
Interest income	591,222	145,855	39,895	23,208
Gain (Loss) on sale of assets	14,166	13,030	29,731	23,609
Miscellaneous revenues	220,521	211,380	185,473	200,262
Transfers	587,323	620,016	965,950	1,029,825
Total Governmental Activities	<u>13,635,109</u>	<u>12,207,043</u>	<u>12,963,131</u>	<u>13,063,968</u>
Business-type Activities:				
Interest income	229,860	69,807	15,898	8,544
Gain on Sale of Assets	-	-	31,087	2,356
Miscellaneous revenues	74,543	44,796	104,015	89,469
Transfers	(587,323)	(620,016)	(965,950)	(1,029,825)
Total Business-type Activities	<u>(282,920)</u>	<u>(505,413)</u>	<u>(814,950)</u>	<u>(929,456)</u>
Total Primary Government	<u>13,352,189</u>	<u>11,701,630</u>	<u>12,148,181</u>	<u>12,134,512</u>
Changes in Net Assets				
Governmental Activities	199,634	(902,847)	2,461,937	2,096,593
Business-type Activities	457,150	(125,964)	(232,083)	655,953
Total Primary Government	<u>\$ 656,784</u>	<u>\$ (1,028,811)</u>	<u>\$ 2,229,854</u>	<u>\$ 2,752,546</u>

Source: Comprehensive Annual Financial Reports

* 2013 restated for GASB 65

Table 2
(Page 2 of 2)

2012	2013*	2014	2015	2016	2017
\$ 8,374,910	\$ 8,419,089	\$ 8,910,914	\$ 8,965,645	\$ 8,733,275	\$ 9,088,796
389,921	88,737	1,461,468	1,040,496	967,271	1,447,523
8,764,831	8,507,826	10,372,382	10,006,141	9,700,546	10,536,319
13,017,921	12,096,060	16,712,295	14,398,177	14,216,065	19,618,065
(11,662,308)	(13,230,504)	(9,963,808)	(12,933,984)	(13,115,328)	(9,470,786)
1,791,992	1,266,091	3,304,374	2,536,162	1,344,884	1,336,893
(9,870,316)	(11,964,413)	(6,659,434)	(10,397,822)	(11,770,444)	(8,133,893)
5,758,607	5,750,493	6,277,304	6,506,284	7,201,098	7,608,668
5,365,461	5,528,937	5,709,850	5,786,769	5,790,661	6,198,989
1,552,095	1,503,183	1,420,451	1,851,551	1,839,384	1,693,095
14,968	82,634	18,682	32,116	28,626	32,666
8,350	21,585	21,965	13,367	15,202	17,148
20,389	16,172	7,587	11,883	84,200	214,428
-	-	26,704	-	-	-
120,803	201,147	206,735	110,595	125,952	116,691
846,270	909,829	964,673	564,120	551,405	590,530
13,686,943	14,013,980	14,653,951	14,876,685	15,636,528	16,472,215
5,892	7,146	2,508	4,529	26,998	63,794
2,835	12,000	9,365	-	-	-
84,415	152,392	189,967	213,116	196,314	172,559
(846,270)	(909,829)	(964,673)	(564,120)	(551,405)	(590,530)
(753,128)	(738,291)	(762,833)	(346,475)	(328,093)	(354,177)
12,933,815	13,275,689	13,891,118	14,530,210	15,308,435	16,118,038
2,024,635	783,476	4,690,143	1,942,701	2,521,200	7,001,429
1,038,864	527,800	2,541,541	2,189,687	1,016,791	982,716
\$ 3,063,499	\$ 1,311,276	\$ 7,231,684	\$ 4,132,388	\$ 3,537,991	\$ 7,984,145

City of Saginaw, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
General Fund				
Unreserved	\$ 10,300,997	\$ 9,989,714	\$ 10,886,568	\$ -
Restricted				
Capital projects	-	-	-	403,681
Municipal court	-	-	-	177,709
Hotel/motel tax	-	-	-	22,280
Assigned	-	-	-	1,512,180
Unassigned	-	-	-	9,169,052
Total general fund	<u>\$ 10,300,997</u>	<u>\$ 9,989,714</u>	<u>\$ 10,886,568</u>	<u>\$ 11,284,902</u>
All Other Governmental Funds				
Reserved for:				
Reserved for construction	\$ 4,047,653	\$ 4,239,749	\$ 4,277,000	\$ -
Reserved for debt service	943,269	900,810	1,121,903	-
Reserved for police department	6,467	7,510	7,916	-
Reserved for Saginaw CCPD	1,226,873	1,056,041	989,063	-
Reserved for drainage projects	525,041	637,247	718,018	-
Reserved for street maintenance projects	185,857	451,055	403,583	-
Reserved for animal control	-	3,173	4,322	-
Reserved for parks	-	24,602	24,508	-
Reserved for library	-	111,469	141,204	-
Reserved for beautification	-	78,367	105,389	-
Reserved for senior center	-	-	670	-
Reserved for fire	-	603	2,970	-
Restricted				
Debt service	-	-	-	1,184,312
Capital projects	-	-	-	1,795,653
Street maintenance	-	-	-	482,269
Crime prevention	-	-	-	948,234
Drainage	-	-	-	928,878
Other	-	-	-	-
Committed				
Donations	-	-	-	319,242
Total all other governmental funds	<u>\$ 6,935,160</u>	<u>\$ 7,510,626</u>	<u>\$ 7,796,546</u>	<u>\$ 5,658,588</u>

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

Table 3

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
403,681	403,681	403,681	-	-	-
178,379	142,419	146,224	-	-	-
24,814	17,385	18,723	-	-	-
2,222,595	383,370	509,935	294,445	537,510	1,167,595
8,477,945	8,637,536	8,598,487	9,499,273	10,155,535	10,480,993
<u>\$ 11,307,414</u>	<u>\$ 9,584,391</u>	<u>\$ 9,677,050</u>	<u>\$ 9,793,718</u>	<u>\$ 10,693,045</u>	<u>\$ 11,648,588</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,350,299	1,495,776	1,650,611	1,473,531	1,306,703	1,153,415
1,802,072	8,138,595	7,077,353	12,799,557	10,566,997	12,597,897
666,275	721,837	900,917	1,137,598	1,283,877	1,452,255
838,641	836,825	853,451	712,061	591,654	524,886
924,869	1,139,878	1,234,069	826,712	1,142,095	1,701,294
-	-	-	513,363	1,160,365	1,162,875
357,682	323,967	336,101	274,621	293,437	272,446
<u>\$ 5,939,838</u>	<u>\$ 12,656,878</u>	<u>\$ 12,052,502</u>	<u>\$ 17,737,443</u>	<u>\$ 16,345,128</u>	<u>\$ 18,865,068</u>

City of Saginaw, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
Revenues:				
Taxes	\$ 12,241,907	\$ 11,395,798	\$ 11,759,167	\$11,796,561
Licenses and permits	272,611	305,000	303,744	208,259
Charges for services	500,405	520,100	497,052	509,947
Fines and fees	492,737	499,821	508,003	530,286
Interest income	591,222	145,855	39,895	23,208
Recreation income	569,487	544,513	487,707	526,158
Intergovernmental	-	-	-	-
Miscellaneous revenues	741,769	957,983	3,377,019	3,669,006
Total revenues	<u>15,410,138</u>	<u>14,369,070</u>	<u>16,972,587</u>	<u>17,263,425</u>
Expenditures:				
Current:				
General administrative office	1,803,525	1,855,477	2,202,389	2,412,083
Municipal court	205,373	216,990	219,898	196,849
Fire	2,630,835	2,552,394	2,540,632	2,419,816
Police	3,240,527	3,350,395	3,370,025	3,417,127
Public works	924,431	1,261,954	890,697	973,762
Parks *	-	-	-	-
Recreation	987,201	1,051,504	841,511	927,060
Library	497,036	523,068	512,830	501,277
Inspection	494,175	524,837	555,629	572,152
Janitorial	57,001	-	-	-
City garage	554,219	422,368	435,274	522,760
Economic development	40,478	28,571	12,439	142
Capital outlay	1,630,028	1,227,084	4,476,313	5,582,508
Debt Service:				
Principal retirement	1,825,148	1,907,758	1,452,094	1,524,223
Interest charges	1,044,075	1,004,545	993,891	977,169
debt issuance costs	3,857	37,958	42,141	5,946
Total expenditures	<u>15,937,909</u>	<u>15,964,903</u>	<u>18,545,763</u>	<u>20,032,874</u>
Excess (deficiency) of revenues over expenditures	<u>(527,771)</u>	<u>(1,595,833)</u>	<u>(1,573,176)</u>	<u>(2,769,449)</u>
Other financing sources (uses)				
Capital lease proceeds	-	-	-	-
Proceeds from issuance of debt	-	1,240,000	1,790,000	-
Proceeds on refunding bonds	-	-	-	-
Premium on bond issuance	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	1,548,513	1,835,464	2,013,286	1,980,360
Transfers out	(961,190)	(1,215,448)	(1,047,336)	(950,535)
Total other financing sources (uses)	<u>587,323</u>	<u>1,860,016</u>	<u>2,755,950</u>	<u>1,029,825</u>
Net change in fund balances	<u>\$ 59,552</u>	<u>\$ 264,183</u>	<u>\$ 1,182,774</u>	<u>\$ (1,739,624)</u>
Debt service as a percentage of noncapital expenditures	20.53%	21.08%	18.11%	17.49%

* Prior to 2013 Parks was included in Recreation

Table 4

2012	2013	2014	2015	2016	2017
\$ 12,695,493	\$ 12,899,890	\$13,444,020	\$ 14,192,838	\$ 14,877,738	\$ 15,540,413
263,964	248,764	329,948	627,876	740,192	929,188
511,564	643,420	657,267	663,358	674,978	838,362
526,280	606,759	667,138	693,266	656,746	542,873
20,389	16,172	7,587	11,883	84,200	214,428
530,051	519,857	494,346	512,677	487,081	496,969
-	-	568,262	234,827	179,979	234,122
1,133,483	1,770,581	376,048	321,110	1,010,725	326,507
15,681,224	16,705,443	16,544,616	17,257,835	18,711,639	19,122,862
2,648,603	2,343,521	2,301,845	2,191,774	1,963,039	2,075,890
191,515	184,091	199,451	185,158	184,973	187,886
2,615,170	2,671,135	3,694,807	2,932,965	3,177,233	3,280,597
3,563,149	3,571,926	3,753,226	3,967,015	4,075,546	4,273,272
1,353,299	1,497,039	884,006	1,268,270	1,263,892	1,354,767
-	200,943	227,791	240,528	266,949	352,766
848,830	737,735	753,421	861,581	918,907	990,618
470,013	488,445	496,461	520,281	537,893	568,246
554,909	602,180	587,047	705,189	825,017	849,217
-	-	-	-	-	-
525,903	508,511	533,557	493,996	399,692	471,007
14,504	64,779	35,860	19,363	50,197	46,520
979,538	5,343,768	2,327,457	3,750,868	2,570,956	6,349,590
1,610,000	1,700,000	2,214,750	2,056,785	2,539,654	2,667,570
836,587	679,214	910,722	824,995	854,529	763,613
104,626	183,823	44,188	132,294	203,483	144,905
16,316,646	20,777,110	18,964,589	20,151,062	19,831,960	24,376,464
(635,422)	(4,071,667)	(2,419,973)	(2,893,227)	(1,120,321)	(5,253,602)
-	-	944,294	-	-	-
-	7,895,000	-	8,000,000	-	7,830,000
92,914	1,180,000	2,130,000	-	5,910,000	-
-	302,597	-	130,716	-	308,555
-	(1,221,742)	(2,130,711)	-	(5,834,072)	-
1,813,360	4,011,199	2,827,420	3,713,702	1,726,230	1,697,052
(967,090)	(3,101,370)	(1,862,747)	(3,149,582)	(1,174,825)	(1,106,522)
939,184	9,065,684	1,908,256	8,694,836	627,333	8,729,085
\$ 303,762	\$ 4,994,017	\$ (511,717)	\$ 5,801,609	\$ (492,988)	\$ 3,475,483
16.56%	15.50%	20.02%	17.86%	20.02%	19.37%

City Of Saginaw, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 5

Fiscal Year	Total Tax Levy	Current Tax Collections	% of Current Tax Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	% of Delinquent Taxes to Tax Levy
2007/08	5,138,154	5,081,928	98.9%	48,095	5,130,023	99.8%	8,131	0.2%
2008/09	5,241,665	5,170,741	98.6%	63,559	5,234,300	99.9%	7,365	0.1%
2009/10	5,444,770	5,390,942	99.0%	44,784	5,435,726	99.8%	9,044	0.2%
2010/11	5,436,187	5,391,855	99.2%	37,896	5,429,751	99.9%	6,436	0.1%
2011/12	5,724,960	5,691,320	99.4%	27,031	5,718,352	99.9%	6,608	0.1%
2012/13	5,739,750	5,704,489	99.4%	26,860	5,731,349	99.9%	8,401	0.1%
2013/14	6,223,951	6,184,458	99.4%	29,005	6,213,463	99.8%	10,488	0.2%
2014/15	6,484,972	6,448,230	99.4%	26,457	6,474,686	99.8%	10,285	0.2%
2015/16	7,175,560	7,141,585	99.5%	1,675	7,143,259	99.5%	32,300	0.5%
2016/17	7,557,636	7,513,508	99.4%	0	7,513,508	99.4%	44,128	0.6%

City of Saginaw, Texas

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Table 6

Fiscal Year	Real Property		Personal Property		Total		Property Tax Rate Per \$100
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2007/08	881,908,837	881,908,837	235,213,300	235,213,300	1,117,122,137	1,117,122,137	0.456
2008/09	892,955,279	892,955,279	235,076,728	235,076,728	1,128,032,007	1,128,032,007	0.446
2009/10	873,263,617	873,263,617	264,608,841	264,608,841	1,137,872,458	1,137,872,458	0.449
2010/11	867,157,651	867,157,651	245,208,785	245,208,785	1,112,366,436	1,112,366,436	0.484
2011/12	889,390,320	889,390,320	303,309,705	303,309,705	1,192,700,025	1,192,700,025	0.480
2012/13	863,406,401	863,406,401	300,718,127	300,718,127	1,164,124,528	1,164,124,528	0.490
2013/14	896,517,649	896,517,649	322,802,502	322,802,502	1,219,320,151	1,219,320,151	0.510
2014/15	956,608,601	956,608,601	319,120,061	319,120,061	1,275,728,662	1,275,728,662	0.510
2015/16*	962,111,241	962,111,241	354,242,308	354,242,308	1,316,353,549	1,316,353,549	0.544
2016/17	1,061,912,257	1,061,912,257	379,440,615	379,440,615	1,441,352,872	1,441,352,872	0.513

Note: Assessed values are established by a central appraisal district on the basis of 100% of its appraised value. 9/1 Certified Net Taxable Value

* For 2015/2016 used February tax roll total. The September certified values did not include \$98,175,368 in pending value due to delays caused by a software change at the appraisal district. All other years are September certified values.

City of Saginaw, Texas

Property Tax Rates – All Direct and Overlapping Governments

Per \$100 Assessed Value

Last Ten Fiscal Years

Table 7

Fiscal Year	General Fund	Debt Service Fund	Total	School	County (1)	State	Total
2007/08	0.204090	0.251910	0.456000	1.330100	0.636270	0.000000	2.422370
2008/09	0.222150	0.223850	0.446000	1.465800	0.629857	0.000000	2.541657
2009/10	0.263906	0.185209	0.449115	1.465800	0.629567	0.000000	2.544482
2010/11	0.285615	0.198385	0.484000	1.495800	0.629537	0.000000	2.609337
2011/12	0.287098	0.192902	0.480000	1.530000	0.640867	0.000000	2.650867
2012/13	0.300075	0.189925	0.490000	1.540000	0.640867	0.000000	2.670867
2013/14	0.289024	0.220976	0.510000	1.540000	0.641397	0.000000	2.691397
2014/15	0.298511	0.211489	0.510000	1.540000	0.641397	0.000000	2.691397
2015/16	0.291937	0.252063	0.544000	1.540000	0.641397	0.000000	2.725397
2016/17	0.293308	0.219692	0.513000	1.540000	0.626627	0.000000	2.679627

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

City of Saginaw, Texas
Principal Taxpayers
Current Year and Nine Years Ago

Table 8

2017			2008		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Trinity Industries	\$ 57,068,244	3.96	Walmart	\$ 23,748,329	2.32
Miller Milling Company LLC	41,999,578	2.91	Trinity Industries	23,348,798	2.28
Ventura Foods	34,692,033	2.41	Conagra Foods Flour Milling	21,692,602	2.12
Gavilon Grain/ADM	25,585,119	1.78	Sem Materials LP	20,580,664	2.01
CTI Holdings	19,080,954	1.32	Universal Forest Products	12,383,833	1.21
Walmart	16,854,111	1.17	Norton Metal Products	11,484,297	1.12
BNSF Railway Company	15,004,739	1.04	Txu Electric Delivery Co	10,371,335	1.01
Ardent Mills LLC	14,822,934	1.03	Horizon Milling LLC	8,083,104	0.79
Trinity Tank Car Inc	14,502,168	1.01	Ventura Foods	7,503,519	0.73
Universal Forest Products	13,613,006	0.94	BNSF Railway Company	6,156,665	0.60
		<u>17.57</u>			<u>14.19</u>

Source: Information obtained from Tarrant Appraisal District

City of Saginaw, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government		% of	
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Water and Sewer Bonds	Gen. Oblig. Refunding Bonds	Capital Leases	Premiums/ Loss on Refundings	Total All Debt	Personal Income (a)	Per Capita (b)
2007/08	14,985,000	7,910,000	190,504	6,375,000	-	-	(217,429)	29,243,075	5.69%	1,518
2008/09	12,715,000	9,595,000	107,745	5,945,000	-	848,700	(197,901)	29,013,544	5.62%	1,499
2009/10	11,870,000	10,865,000	19,223	5,510,000	-	901,489	(307,127)	28,858,585	5.54%	1,480
2010/11	10,920,000	10,310,000	-	4,990,000	-	682,544	(275,809)	26,626,735	5.01%	1,345
2011/12	10,925,000	8,665,000	-	4,455,000	-	463,036	(116,320)	24,391,716	4.54%	1,220
2012/13	18,570,000	7,200,000	-	3,895,000	-	235,490	154,262	30,054,752	5.56%	1,492
2013/14	17,010,000	6,830,000	704,544	2,915,000	520,000	-	451,857	28,431,401	5.20%	1,396
2014/15	23,515,000	6,440,000	532,760	2,490,000	465,000	-	536,092	33,978,852	5.85%	1,659
2015/16	25,310,000	2,440,000	358,106	380,000	2,000,000	-	489,609	30,977,715	5.44%	1,494
2016/17	30,980,000	2,110,000	180,535	150,000	1,810,000	-	736,253	35,966,788	6.10%	1,687

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

(b) See Schedule of Demographic Statistics on Table 14 for population data.

City of Saginaw, Texas

Table 10

Ratio of General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Total General Bonded Debt</u>	<u>Less: Amounts Available for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2007/08	19,260	1,117,122,137	22,680,126	976,011	21,704,115	2.03%	1,127
2008/09	19,350	1,128,032,007	22,114,143	852,265	21,261,878	1.96%	1,099
2009/10	19,500	1,137,872,458	22,558,160	1,300,786	21,257,374	1.98%	1,090
2010/11	19,801	1,112,366,436	21,071,229	1,348,022	19,723,207	1.89%	996
2011/12	19,995	1,192,700,025	19,348,314	1,384,617	17,963,697	1.62%	898
2012/13	20,140	1,164,124,528	25,987,131	1,828,513	24,158,618	2.23%	1,200
2013/14	20,370	1,219,320,151	24,269,375	1,596,119	22,673,256	1.99%	1,113
2014/15	20,480	1,275,728,662	30,473,798	1,416,987	29,056,811	2.39%	1,419
2015/16	20,740	1,316,353,549	28,227,503	1,267,190	26,960,313	2.14%	1,300
2016/17	21,320	1,441,352,872	33,819,335	1,120,206	32,699,129	2.35%	1,534

General Bonded Debt total includes Premiums and Deferred Loss on Refunding Bonds.

City of Saginaw, Texas

Computation of Direct and Overlapping Bonded Debt
September 30, 2017

Table 11

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Saginaw	Amount Applicable to City of Saginaw
City of Saginaw	\$ 33,999,870	100.00%	\$ 33,999,870
Subtotal: City of Saginaw direct debt			\$ 33,999,870
Eagle Mountain-Saginaw Independent School District	552,961,224	20.06%	110,927,791
Tarrant County	339,570,000	0.96%	3,276,179
Tarrant County Hospital District	39,500,000	0.96%	381,097
Tarrant County College District	0	0.96%	0
Subtotal: overlapping debt			\$ 114,585,067
Total direct and overlapping debt			\$ 148,584,937
Ratio of direct and overlapping funded debt to taxable assessed valuation			10.31%
Per capita direct and overlapping bonded debt			6,969

Source: Individual taxing entities and Tarrant Appraisal District

Note: Percentage of overlap based on net taxable value

City of Saginaw, Texas
 Schedule of Revenue Bond Coverage
 Last Ten Fiscal Years

Table 12

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2007/08	7,049,446	5,109,375	1,940,071	420,000	375,356	795,356	2.44
2008/09	6,791,480	5,373,031	1,418,449	430,000	302,633	732,633	1.94
2009/10	7,132,599	5,766,080	1,366,519	538,253	210,412	748,665	1.83
2010/11	8,150,310	5,603,937	2,546,373	520,000	216,832	736,832	3.46
2011/12	8,590,876	6,096,024	2,494,852	535,000	209,429	744,429	3.35
2012/13	8,679,364	6,294,404	2,384,960	560,000	195,146	755,146	3.16
2013/14	9,344,552	6,253,171	3,091,381	980,000	143,113	1,123,113	2.75
2014/15	9,637,603	6,617,157	3,020,446	480,000	128,904	608,904	4.96
2015/16	9,538,475	7,420,919	2,117,556	510,000	106,371	616,371	3.44
2016/17	9,961,902	8,383,924	1,577,978	420,000	70,984	490,984	3.21

Notes: 1. Operating revenues and nonoperating revenues of Enterprise Fund excluding contributed assets.

2. Total operating expenses of Enterprise Fund exclusive of depreciation.

City of Saginaw, Texas
Computation of Legal Debt Margin
Year Ended September 30, 2017

Table 13

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

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

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

The rate for fiscal year 2017 was established at \$.513 per \$100 of assessed valuation based on 100% of appraised value.

City of Saginaw, Texas
 Demographic Statistics
 Last Ten Fiscal Years

Table 14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2007/08	19,260	514,184,220	26,697	15,292	5.50%
2008/09	19,350	516,586,950	26,697	16,087	8.30%
2009/10	19,500	520,591,500	26,697	16,663	8.40%
2010/11	19,801	531,538,044	26,844	17,180	8.30%
2011/12	19,995	536,745,780	26,844	17,600	7.80%
2012/13	20,140	540,638,160	26,844	18,132	6.00%
2013/14	20,370	546,812,280	26,844	18,580	5.00%
2014/15	20,480	580,587,520	28,349	19,198	4.00%
2015/16	20,740	569,416,700	27,455	19,582	4.10%
2016/17	21,320	589,839,120	27,666	19,293	3.40%

- Sources:
1. US Census American Community Survey
 2. Eagle Mountain-Saginaw Independent School District
 Enrollment is for the district. Enrollment for schools within the City of Saginaw is 5,121.
 3. Bureau of Labor Statistics

City of Saginaw, Texas
 Principal Employers
 Current Year and Nine Years Ago

Table 15

2017			2008		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Eagle Mountain-Saginaw ISD	2,458	25%	Eagle Mountain-Saginaw ISD	1,825	
Wal Mart Supercenter #5316	500	5%	Wal Mart	463	
CTI Chefco Foods	356	4%	Trinity Industries	376	
Trinity N. Amer.Freight Car Inc.	350	4%	Universal Forest Products	260	
Ventura Foods	215	2%	Builders Gypsum Supply	226	
Russo Corporation	200	2%	Durham Transportation	217	
Ranger Fire	200	2%	Ventura Foods	180	
DOS Project - Standard Meat	189	2%	Bana Box Inc.	160	
Texas Army National Guard	185	2%	Albertsons	130	
Universal Forestry Products	180	2%	Anchor Fabrication	125	
Total	4,833	50%		3,962	

Source: City Economic Development Division.

Note: Percentage of Total City Employment not available for 2008

EMS ISD is for the district. Employment for schools within the City of Saginaw is 895.

City of Saginaw, Texas
 Full-Time Equivalent City Government
 Employees by Function/Program
 Last Ten Fiscal Years

Table 16

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of October 1</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government										
Administration	8	8	8	7	7	7	7	7	7	7
Municipal Court	2	2	2	2	2	2	3	3	3	3
Public Safety										
Fire	27	27	27	27	27	27	27	26	26	25
Police	46.5	45.5	44.5	44.5	44.5	44.5	43.5	43.5	49.5	51.5
Public Works										
Streets	9	9	9	9	9	9	11	9	9	9
Parks Maintenance (a)	2	2	2	2	2	2	0	0	0	0
Building Inspections	4	4	4	3	3	3	4	4	3.5	3.5
Code Enforcement (b)	2	2	2	2	2	2	0	0	0	0
Animal Services	4.5	4.5	3.5	3	3	3	4	4	4	4
City Garage	2	2	2	2	2	2	2	2	2	2
Economic Development	0	0	0	0	0	0	0	0.5	1	1
Recreation & Community Service:	7	7	6	6	6	6	6	8.5	8.5	9.5
Library	8	8	8	8	9	9	9	9	8.5	9
Water/Wastewater	17	16	16	16	16	16	16.5	16.5	16.5	16.5
Drainage	2	2	2	2	2	2	2.5	2.5	2.5	2.5
Total	141	139	136	133.5	134.5	134.5	135.5	135.5	141	143.5

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

City of Saginaw, Texas
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year			
	2017	2016	2015	2014
Police				
Stations	1	1	1	1
Licensed Officers	39	38	38	38
Patrol units on duty at any one time	4	4	4	4
Fire				
Stations	2	2	2	2
Firefighter/paramedics	24	24	24	24
Library				
Number of libraries	1	1	1	1
Volumes in collection	59,029	58,302	58,138	59,816
Average monthly circulation	7,358	7,522	8,280	10,895
Average monthly visitors	6,653	6,690	5,934	11,338
Public works				
Streets (miles)	85.4	83.4	82.8	81.7
Streetlights*	1,187	1,135	1,131	1,120
Parks and recreation				
Acreage	101	101	100	100
Parks	7	7	7	7
Recreation Centers	1	1	1	1
Senior/community Centers	2	2	2	2
Water				
Number of water customers	7,606	7,427	7,227	7,133
Annual water consumption (1,000 gallons)	1,020,550	967,332	1,008,306	1,083,712
Daily consumption (1,000 gallons)	2,796	2,643	2,763	2,969
Water mains (miles)	114.9	113.7	113.3	112.2
Fire hydrants	823	809	803	795
Storage capacity (thousands of gallons)	4,250	4,250	4,250	4,250
Wastewater				
Number of wastewater customers	7,477	7,307	7,107	7,013
Wastewater treated annually (1,000 gallons)	804,134	915,347	825,789	739,594
Sanitary sewers (miles)	83.9	83.1	82.8	81.8
Storm sewers (miles)	17.1	17.0	16.8	16.7

Sources: Various city departments.

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

* Number of Streetlights restated in 2015 based on street light audit

Table 17

Fiscal Year					
2013	2012	2011	2010	2009	2008
1	1	1	1	1	1
38	38	38	39	39	41
4	4	4	4	4	4
2	2	2	2	2	2
24	24	24	24	24	24
1	1	1	1	1	1
56,420	55,838	54,830	53,358	50,308	54,853
11,590	9,877	12,200	11,500	12,555	13,069
15,485	13,749	12,967	10,356	10,356	8,187
79.2	79.2	78.5	78.5	78.5	78.5
1084	1,084	1,074	1,058	1,058	1,058
100	100	100	100	100	100
7	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
7,042	6,964	6,935	6,812	6,805	6,750
1,032,241	1,109,997	1,174,505	1,047,830	1,047,830	1,061,546
2,828	3,041	3,218	2,871	2,871	2,908
109.5	109.5	108.6	107.8	107.8	107.8
766	766	751	741	741	741
4,250	4,250	4,250	4,250	4,250	4,250
6,930	6,859	6,830	6,722	6,722	6,717
750,644	858,778	785,139	773,199	773,199	788,198
79.8	79.8	79.5	79.2	79.2	79.2
15.9	15.9	15.0	14.9	14.9	14.9

City of Saginaw, Texas

Continuing Financial Disclosure Tables

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. The financial tables that follow are updated through September 30, 2017, from the last debt issues that were sold in fiscal year ending September 30, 2017. This information is also sent to the Municipal Securities Rule Making Board (the "MSRB") or filed with the United States Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12. The information is also available to the public on the MSRB's Internet Website www.emma.msrb.org.

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 General Obligation Tables

ASSESSED VALUATION	TABLE GO-1
2016 Actual Total Appraised Value of Taxable Property (100% of Actual)*	\$ 1,774,321,042
Less Adjustments to Market Value:	
Agriculture Productivity Value Loss	11,923,241
Abatement	54,748,267
Disabled and Deceased Veterans' Exemptions	7,252,037
Freeport Property	41,820,186
Local, Option Over-65 / Disabled	55,112,477
Pollution Control	436,791
Solar/Wind/Other	239,834
Totally Exempt Property	96,361,950
Cases before ARB and Incomplete Accounts	65,073,387
Total Adjustments to Market Value:	<u>332,968,170</u>
2015 Certified Net Taxable Assessed Valuation	<u>\$1,441,352,872</u>

*See "AD VALOREM TAX PROCEDURES" and "CITY APPLICATION OF THE TEXAS TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.

Source: Tarrant County Appraisal District - September certified values

GENERAL OBLIGATION BONDED DEBT	TABLE GO-2
<i>(As of September 30, 2017)</i>	
General Obligation Debt Principal Outstanding:	
Combination Tax and Revenue Certificates of Obligation, Series 2009	\$ 780,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	1,330,000
General Obligation Refunding Bonds, Series 2012	1,780,000
General Obligation Refunding and Improvement Bonds, Series 2013	7,350,000
General Obligation Refunding Bonds, Series 2014	1,885,000
General Obligation Bonds, Series 2015	7,095,000
General Obligation Refunding Bonds, Series 2015	1,470,000
General Obligation Refunding Bonds, Series 2016	5,380,000
General Obligation Refunding Bonds, Series 2017	7,830,000
Total Gross General Obligation Debt Principal Outstanding:	<u>\$ 34,900,000</u>
Less: Self-Supporting General Obligation Debt Principal	
General Obligation Refunding Bonds, Series 2014	\$ 340,000
General Obligation Refunding Bonds, Series 2015	1,470,000
Total Self-Supporting General Obligation Debt	<u>\$ 1,810,000</u>
Total Net General Obligation Debt Principal Outstanding:	<u>\$ 33,090,000</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2017	<u>\$ 1,153,415</u>
Ratio of Gross General Obligation Debt Principal to 2016 Net Assessed Valuation	<u>2.42%</u>
Ratio of Net General Obligation Debt Principal to 2016 Net Assessed Valuation	<u>2.30%</u>
2016 Net Taxable Assessed Value	<u>\$ 1,441,352,872</u>
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; Current (Estimate) -	21,320
Per Capita 2016 Net Taxable Assessed Valuation -	\$ 67,606
Per Capita Gross General Obligation Debt Principal -	\$ 1,637
Per Capita Net General Obligation Debt Principal -	<u>\$ 1,552</u>

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 General Obligation Tables

OTHER OBLIGATIONS

TABLE GO-3

Capital Lease Obligations

The City entered into a capital lease agreement in January 2014 for the purchase of a ladder fire truck. The leased property is classified as equipment with the total capitalized cost of \$944,294 and an amortized value of \$835,150 at September 30, 2017.

The following is a schedule of future minimum payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2017.

<u>Fiscal Year</u>	<u>Future Minimum Payments</u>
2018	<u>183,550</u>
Total minimum lease payments	\$ 183,550
Less: amount representing interest	<u>(3,015)</u>
Present value of future minimum lease payments	<u><u>\$ 180,535</u></u>

FUND BALANCES

TABLE GO-4

(As of September 30, 2017)

General Operating Fund (Undesignated)	\$ 9,098,588
General Obligation Debt Service (I&S) Fund	<u>1,153,415</u>
Special Revenue Funds	<u>5,113,756</u>
Capital Projects Fund	<u>12,597,897</u>
Enterprise Fund (Undesignated)	<u>3,381,911</u>
Revenue Bond Reserve	<u>151,112</u>
Revenue Bond Debt Service (I&S) Reserve	<u>25,273</u>
General Fund Emergency Reserve	<u>2,550,000</u>
Enterprise Fund Emergency Reserve	<u>2,200,000</u>
Enterprise Fund (Designated)	<u>2,572,375</u>
Total	<u><u>\$ 38,844,327</u></u>

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 General Obligation Tables

PRINCIPAL TAXPAYERS 2016-2017

TABLE GO-5

Name	Type of Business	2016 Net Taxable	% of Total 2016
		Assessed Valuation	Net Taxable Assessed Valuation
Trinity Industries	Manufacturing	\$ 57,068,244	3.96%
Miller Milling Company LLC	Food Processing Plant	41,999,578	2.91%
Ventura Foods	Food Processing Plant	34,692,033	2.41%
CTI Holdings	Food Processing Plant	19,080,954	1.32%
Walmart	Retail	16,854,111	1.17%
Ardent Mills LLC	Food Processing Plant	14,822,934	1.03%
Gavilon Grain/ADM	Warehousing and Storage	25,585,119	1.78%
BNSF Railway Company	Transportation	15,004,739	1.04%
Trinity Tank Car Inc	Manufacturing	14,502,168	1.01%
Universal Forest Products	Manufacturing	13,613,006	0.94%
	Total	\$ 253,222,886	17.57%

2016 Net Taxable Assessed Valuation \$ 1,441,352,872
 on September 2016

Source: Tarrant County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE GO-6

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections		Fiscal Year Ended
				Current	Total	
2007	1,117,122,137	0.4560	5,138,154	98.91%	99.84%	9-30-08
2008	1,128,032,007	0.4460	5,241,665	98.65%	99.86%	9-30-09
2009	1,137,872,458	0.4491	5,444,770	99.01%	99.83%	9-30-10
2010	1,112,366,436	0.4840	5,436,187	99.18%	99.88%	9-30-11
2011	1,192,700,025	0.4800	5,724,960	99.41%	99.88%	9-30-12
2012	1,164,124,528	0.4900	5,739,750	99.39%	99.85%	9-30-13
2013	1,219,320,151	0.5100	6,223,951	99.37%	99.83%	9-30-14
2014	1,275,728,662	0.5100	6,484,972	99.43%	99.84%	9-30-15
2015	1,316,353,549	0.5440	7,175,560	99.53%	99.55%	9-30-16
2016	1,441,352,872	0.5130	7,557,636	99.42%	99.42%	9-30-17

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

TAX RATE DISTRIBUTION

TABLE GO-7

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Fund	\$0.2933	\$0.2919	\$0.2985	\$0.2890	\$0.3001	\$0.2871	\$0.2856
I & S Fund	\$0.2197	\$0.2521	\$0.2115	\$0.2210	\$0.1899	\$0.1929	\$0.1984
TOTAL	\$0.5130	\$0.5440	\$0.51000	\$0.5100	\$0.4900	\$0.4800	\$0.4840

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 General Obligation Tables

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

TABLE GO-8

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Revenues:					
Taxes	\$ 10,761,311	\$ 10,124,958	\$ 10,089,566	\$ 9,355,084	\$ 9,318,103
Licenses and Permits	929,188	740,192	627,876	329,948	248,764
Charges for Services	84,000	83,000	80,000	80,000	80,226
Fines and Fees	518,907	635,652	665,378	667,138	606,759
Interest Income	84,195	32,068	5,183	3,380	10,306
Recreation Income	496,969	487,081	512,677	494,346	519,857
Intergovernmental	156,018	178,257	173,618	167,380	-
Miscellaneous Revenues	122,222	129,032	112,137	206,935	328,257
Total Revenues	\$ 13,152,810	\$ 12,410,240	\$ 12,266,435	\$ 11,304,211	\$ 11,112,272
Expenditures:					
Current:					
General Administrative Office	\$ 1,647,854	\$ 1,492,131	\$ 1,632,392	\$ 1,983,715	\$ 1,855,433
Municipal Court	187,886	184,973	185,158	199,451	184,091
Fire	3,280,597	3,177,233	2,932,965	3,694,807	2,671,135
Police	4,144,841	4,002,172	3,864,955	3,667,944	3,486,634
Public Works	1,354,767	1,263,892	1,268,270	884,006	1,497,039
Parks	352,766	266,949	240,528	227,791	200,943
Recreation	990,618	918,907	861,581	753,421	737,735
Library	568,246	537,893	520,281	496,461	488,445
Inspection	849,217	825,017	705,189	587,047	602,180
Fleet Maintenance	471,007	399,692	493,996	533,557	508,511
Economic Development	46,520	50,197	19,363	35,860	64,779
Total Expenditures	\$ 13,894,319	\$ 13,119,056	\$ 12,724,678	\$ 13,064,060	\$ 12,296,925
Excess (Deficit) of Revenues Over Expenditures	\$ (741,509)	\$ (708,816)	\$ (458,243)	\$ (1,759,849)	\$ (1,184,653)
Other Financing Sources (Uses):					
Lease Proceeds	\$ -	\$ -	\$ -	\$ 944,294	\$ -
Operating Transfers In	1,697,052	1,632,566	1,582,674	1,501,850	1,572,750
Operating Transfers Out	-	(24,423)	(1,007,763)	(593,636)	(2,111,120)
Total Other Financing Sources (Uses)	\$ 1,697,052	\$ 1,608,143	\$ 574,911	\$ 1,852,508	\$ (538,370)
Excess (Deficit) of Revenues/Other Sourc Sources Over Expenditures/Other Uses	955,543	899,327	116,668	92,659	(1,723,023)
Fund Balance - Beginning of Year	10,693,045	9,793,718	9,677,050	9,584,391	11,307,414
Fund Balance - September 30	\$ 11,648,588	\$ 10,693,045	\$ 9,793,718	\$ 9,677,050	\$ 9,584,391

Source: The Issuer's Comprehensive Annual Financial Reports

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 Revenue Debt Tables

REVENUE BOND DEBT PRINCIPAL DATA	TABLE REV-1
<i>(As of September 30, 2017)</i>	
Revenue Bond Debt Principal Outstanding:	
Waterworks and Sewer System Revenue Refunding Bonds, Series 2010	\$ 150,000
Total Revenue Debt Principal Outstanding	<u>\$ 150,000</u>
Plus: Waterworks and Sewer System General Obligation Debt Principal	
General Obligation Refunding Bonds, Series 2014	\$ 340,000
General Obligation Refunding Bonds, Series 2015	1,470,000
Total Waterworks and Sewer System General Obligation Debt	<u>\$ 1,810,000</u>
Total Revenue Debt Principal Outstanding	<u><u>\$ 1,960,000</u></u>

CONDENSED WATERWORKS AND WASTEWATER SYSTEM OPERATING STATEMENT	Fiscal Year Ending September 30					TABLE REV-2
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Revenues ^(a)	\$ 9,485,704	\$ 9,083,332	\$ 9,268,305	\$ 9,164,561	\$ 8,621,454	
Expenses	<u>8,383,924</u>	<u>7,420,919</u>	<u>6,617,157</u>	<u>6,253,171</u>	<u>6,294,404</u>	
Net Revenue Available for Debt Service	<u>\$ 1,101,780</u>	<u>\$ 1,662,413</u>	<u>\$ 2,651,148</u>	<u>\$ 2,911,390</u>	<u>\$ 2,327,050</u>	
Annual Revenue Bond Debt Service Requirements	\$ 241,400	\$ 461,578	\$ 529,885	\$ 520,978	\$ 639,677	
Revenue Debt Service Coverage	<u>4.56 x</u>	<u>3.60 x</u>	<u>5.00 x</u>	<u>5.59 x</u>	<u>3.64 x</u>	
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 471,041	\$ 567,880	\$ 599,343	\$ 558,192	\$ 700,061	
Debt Service Coverage on all Bonds Paid from System Revenues	<u>2.34 x</u>	<u>2.93 x</u>	<u>4.42 x</u>	<u>5.22 x</u>	<u>3.32 x</u>	
Customer Count :						
Water	7,606	7,427	7,227	7,133	7,042	
Wastewater	7,477	7,307	7,107	7,013	6,930	

^(a) Does not include Impact Fees of: \$ 476,198 \$ 455,143 \$ 369,298 \$ 179,991 \$ 57,909
 Revenues include operating, interest income, and tap fees. Impact fees are not included in revenues and may be used for debt service, if required.

COVERAGE OF THE BONDS	TABLE REV-3
<i>(As of September 30, 2017)</i>	
Fiscal Year 2017 Net Revenues Available for Debt Service	<u>\$ 1,101,780</u>
Following the Issuance of the Bonds:	
Maximum Revenue Debt Service Requirement Excluding Self-Supporting General Obligation Debt (2018) Coverage	<u>\$ 54,500</u> <u>20.22 X</u>
Maximum Debt Service Requirement Including Self-Supporting General Obligation Debt (2018) Coverage	<u>\$ 285,372</u> <u>3.86 X</u>
Average Annual Revenue Debt Service Requirement Excluding General Obligation Debt (2018-2020) Coverage	<u>\$ 53,000</u> <u>20.79 X</u>
Average Annual Debt Service Requirement Including Self-Supporting General Obligation Debt (2018-2020) Coverage	<u>\$ 215,681</u> <u>5.11 X</u>

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 Revenue Debt Tables

SELF-SUPPORTING WATERWORKS AND WASTEWATER SYSTEM OBLIGATIONS

HISTORICALLY PAID FROM NET SYSTEM REVENUES

TABLE REV-4

(As of September 30, 2017)

	<u>Principal Outstanding</u>	<u>Amount of Principal Self-Supporting</u>
General Obligation Refunding Bonds, Series 2014	\$ 1,885,000	\$ 340,000
General Obligation Refunding Bonds, Series 2015	\$ 1,470,000	\$ 1,470,000
Total	<u>\$ 3,355,000</u>	<u>\$ 1,810,000</u>

<u>Fiscal Year Ending Sept. 30</u>	<u>Self-Supporting General Obligation Debt Requirements</u>	<u>Waterworks and Wastewater System Debt Service</u>	<u>Total Debt Service Being Supported by Net System Revenues</u>
2018	230,872	54,500	285,372
2019	227,005	53,000	280,005
2020	228,137	51,500	279,637
2021	234,171	-	234,171
2022	240,006	-	240,006
2023	165,642	-	165,642
2024	167,672	-	167,672
2025	169,603	-	169,603
2026	166,435	-	166,435
2027	168,267	-	168,267
	<u>\$ 1,997,809</u>	<u>\$ 159,000</u>	<u>\$ 2,156,809</u>

REVENUE BONDS AUTHORIZED BUT UNISSUED

TABLE REV-5

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

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

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 Revenue Debt Tables

WATER RATES

TABLE REV-6

(Based on Monthly Billing)

Rates Effective October 1, 2014	
<u>Residential</u>	
First 2,000 Gallons	\$14.65 (minimum)
3,000 to 10,000 Gallons	4.54 /M Gallons
Over 10,000 Gallons	4.83 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$14.65 (minimum)
3,000 to 8,000 Gallons	4.83 /M Gallons
Over 8,000 Gallons	5.84 /M Gallons
<u>Commercial / Industrial</u>	
First 2,000 Gallons	\$14.65 (minimum)
3,000 to 10,000 Gallons	4.83 /M Gallons
Over 10,000 Gallons	5.84 /M Gallons

PRINCIPAL WATER CUSTOMERS 2016-2017

TABLE REV-7

(As of September 30, 2017)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
CTI Foods	9,917,667	\$ 57,896
DOS Project	2,473,500	14,578
Ventura Foods	1,849,167	10,786
Eagle Mnt/Saginaw ISD	1,081,417	6,313
Williamsburg Village Apartments	797,583	5,197
Camelot Square Apartments	648,833	4,184
Blueknight Energy Partners	521,750	3,048
Unkuk inc	419,417	2,441
Saginaw Crossing Apartments	403,750	2,649
Ardent Mills, LLC	384,583	2,241
Total	18,497,667	\$ 109,332

City of Saginaw, Texas
 Continuing Financial Disclosure Tables
 Revenue Debt Tables

WASTEWATER RATES

TABLE REV-8

(Based on Monthly Billing)

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

PRINCIPAL WASTEWATER CUSTOMERS 2016-2017

TABLE REV-9

(As of September 30, 2017)

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
Williamsburg Village Apartments	\$ 4,252.73
Camelot Square Apartments	3,555.72
Saginaw Crossing Apartments	2,300.23
Eagle Mnt/Saginaw ISD	2,286.96
Unkuk Inc	1,523.05
Qualwash, Inc	1,167.09
American Homes 4 Rent	1,045.39
Saginaw Laundry Center	860.89
Centennial Cross Pointe Center	806.38
Great Western Inn (Bhupat Zaveri)	663.34
Total	\$ 18,461.78

WASTEWATER SYSTEM PRODUCTION

TABLE REV-10

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

<u>Fiscal Year</u>	<u>Annual Sewage Flow (000s Gallons)</u>	<u>Average Daily Flow (000s GPD)</u>	<u>Peak Daily Flow and Date (MGD)</u>
2008	788,198	2,159	5.7 09-17-08
2009	773,199	2,118	5.3 06-11-09
2010	968,278	2,653	6.7 11-07-09
2011	785,139	2,178	6.5 04-15-11
2012	858,778	2,353	8.2 03-20-12
2013	750,644	2,057	6.6 09-25-13
2014	739,594	2,026	4.0 12-20-13
2015	825,789	2,262	6.3 05-29-15
2016	915,347	2,508	6.2 12-28-15
2017	804,134	2,203	6.3 09-14-17