

**CITY OF SAGINAW, TEXAS
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2008**

PREPARED BY
THE CITY OF SAGINAW
FINANCE DEPARTMENT

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INTRODUCTORY SECTION



City of Saginaw

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January 30, 2009

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

The Saginaw City staff is pleased to submit the Comprehensive Annual Financial Report of the City of Saginaw, Texas, for the fiscal year ended September 30, 2008. 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 REPORT

The report is organized into three major sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal City Officials, an organizational chart of the City Government, table of contents, and this letter of transmittal. The Financial Section includes the Management's Discussion and Analysis (MD&A), general purpose financial statements, the opinion of the independent auditor and supplementary information. 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 Statistical Section, through the use of tables, presents comparative economic and financial data to give users of the report a perspective of the City's performance over a number of years.

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). The combined financial statements and related notes have been audited by an independent firm of Certified Public Accountants, Weaver and Tidwell, L.L.P., whose report is included herein.

GENERAL INFORMATION

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 population estimate for the 2007-2008 fiscal year is 19,260.

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 Councilmembers 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 and account groups 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 2007-2008 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 Sewer Enterprise Fund are maintained on the accrual basis.

Budgetary Controls

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

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

Internal Controls

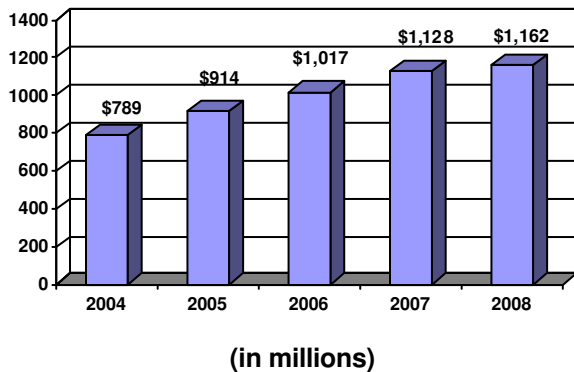
One of the objectives of the City's financial accounting system is to provide an internal control structure designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records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

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

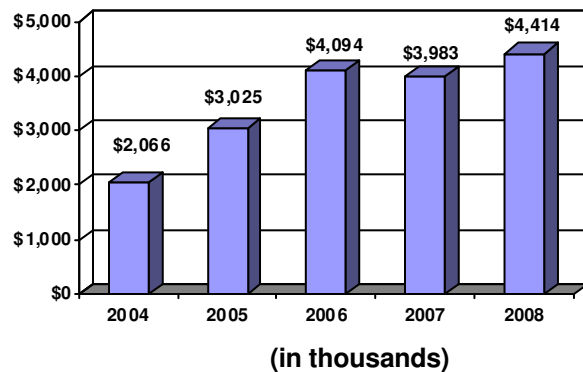
Summary of Local Economy

The local economy in Saginaw and the surrounding area remains stable. The tax base has grown an average of 10.6% annually for the past six years and we expect growth in fiscal year 2008-2009 to remain steady. Retail construction and commercial expansion have contributed greatly to the increase and diversification of the tax base. New home starts declined in 2007-2008 to 64 from the 127 permits issued in 2006-2007. The average construction value of these new homes was \$135,729. Commercial and industrial growth also continued during the last year. Fresherized Foods opened their new processing facility. New businesses opening during the year included the Educational Employees Credit Union, Arby's, Mark Dean BBQ, Taco Casa, a Quick Trip Convenience Store, Children's Lighthouse Daycare, and medical and office buildings. Sales tax revenue for the City of Saginaw continues to be very positive. Sales tax collections for the 2007-2008 fiscal year were up 9.43% over the previous fiscal year.

TAXABLE PROPERTY VALUES



SALES TAX COLLECTIONS



Economic Prospects for the Future

No new residential subdivisions were completed during the last fiscal year, however new home starts continue on existing lots. We anticipate 50 new home starts during the next fiscal year. Tarrant County's population grew by 240,000 in the 1990's with an additional 260,000 expected by 2010. Saginaw continues to lead west Tarrant County in population growth. Forbes magazine listed Saginaw as one of the 50 fastest growing suburbs in the nation. The list was compiled using U.S. Census growth data from 2000 to 2006. The main attractions to Saginaw are location, land availability, easy freeway access, good schools, low tax rates, and the general quality of life.

Commercial construction and expansion projects will continue to boost the City's tax base. Projects under construction or in the permitting process include an Aldi's grocery store, the new Crestview Printing facility, a new retail center on N. Main, the conversion of the 84 lumber yard to Shoppa's Fork Lift Sales and Service, and a new medical building in the Ballard Office Complex. Several of our largest industries are expanding their facilities including Carolina High Mast, Cargill Milling, Ventura Foods, and the Avomex processing plant.

Cash Management

The City's cash management policy is adopted by the City Council and strictly defines the parameters by which the City investments are made. Section 5 of the Public Funds Investment Act of 1987 prescribes that cities are to adopt rules to govern their investment practices. The City of Saginaw adopted its Investment Policies on January 26, 1988 and amendments were made in September 1988, February 1990, March 1996, and September 2001. The City has revised and adopted new requirements to the Investment Policies per the Public Funds Investment Act. Permissible investments include certificates of deposit purchased from FDIC insured banks in the State of Texas, U.S. Treasury Bills and Notes, U.S. Treasury Bonds, fully collateralized repurchase agreements with remaining maturities not to exceed three years, Federal Mortgage Association Bonds, State of Texas Treasury Securities and Government National Mortgage Association Securities.

The investment policy also stipulates the types of financial institutions with which the City may make investments, and establishes specific collateral and safekeeping requirements. The City has all invested funds with the Texas State Treasury TexPool and in interest bearing checking accounts with the City's Depository Bank.

Risk Management

A city government is constantly exposed to risks of all kinds, including damage to public property and liability resulting from injury to persons and damage to their property. As a means of providing reasonable protection against these risks, the City of Saginaw has a renewable one-year policy with the Texas Municipal League (TML) for law enforcement liability and public officials' liability. TML also provides the City protection in areas of comprehensive general liability, auto liability, losses to municipal buildings and contents, and public employee dishonesty coverage. This also includes fire liability and medical malpractice coverage.

The City is an active participant in the Texas Municipal League Intergovernmental Risk Pool for workers' compensation which is a self-insurance pooling mechanism for political subdivisions in Texas. Organized in 1974, TML provides medical and indemnity payments to workers injured while performing their duties for public entities in Texas. The workers' compensation rates are set by the State Board of Insurance. Each entity's workers' compensation contribution is adjusted based on its workers' compensation history through a modifier and discount. At the present time, TML provides service to over 2,600 public agencies throughout Texas.

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, 2007 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 2007-2008 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,

A handwritten signature in black ink, appearing to read "Nan Stanford". The signature is fluid and cursive, with the first letter "N" being particularly large and stylized.

Nan Stanford
City Manager

A handwritten signature in black ink, appearing to read "Dolph Johnson". The signature is fluid and cursive, with the first letter "D" being particularly large and stylized.

Dolph Johnson
Assistant City Manager/Finance Director

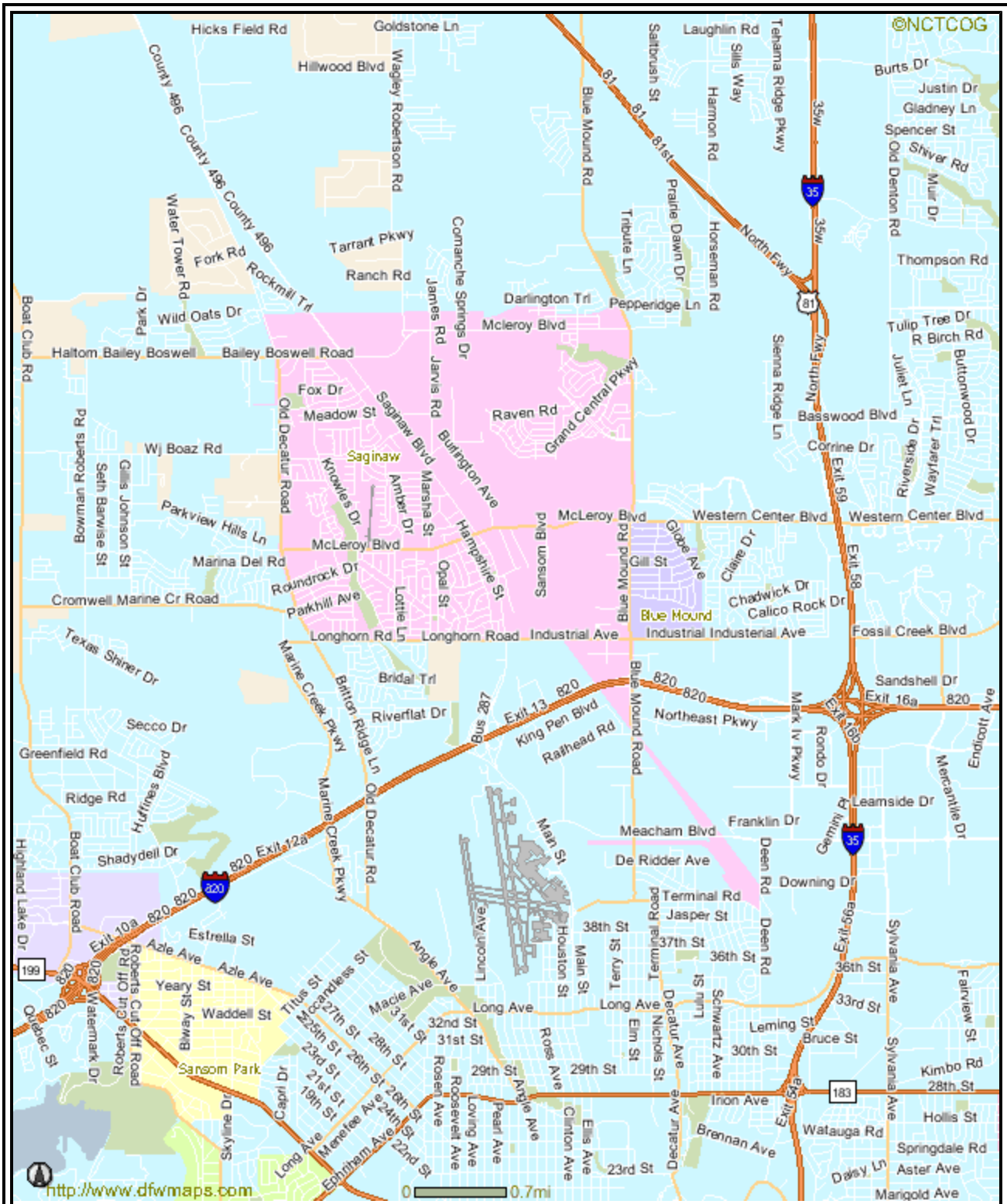
**CITY OF SAGINAW, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2008**

GOVERNING BODY

Gary Brinkley	Mayor
David Flory	Mayor Pro-Tem
Ed Larson	Councilmember, Place 2
Todd Flippo	Councilmember, Place 3
Delbert Sedberry	Councilmember, Place 4
Gerry Davis	Councilmember, Place 5
Jackie Nethery	Councilmember, Place 6

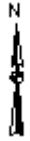
ADMINISTRATION

Nan Stanford	City Manager
Dolph Johnson	Assistant City Manager/ Finance Director
Nelda Mays	City Secretary
Donna Mahaffey	Municipal Court Judge
Roger Macon	Police Chief
Bob Harvey	Fire Chief
Mark White	Director of Public Works
Bryn Meredith	City Attorney
Bobby Samuel	City Engineer



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.



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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

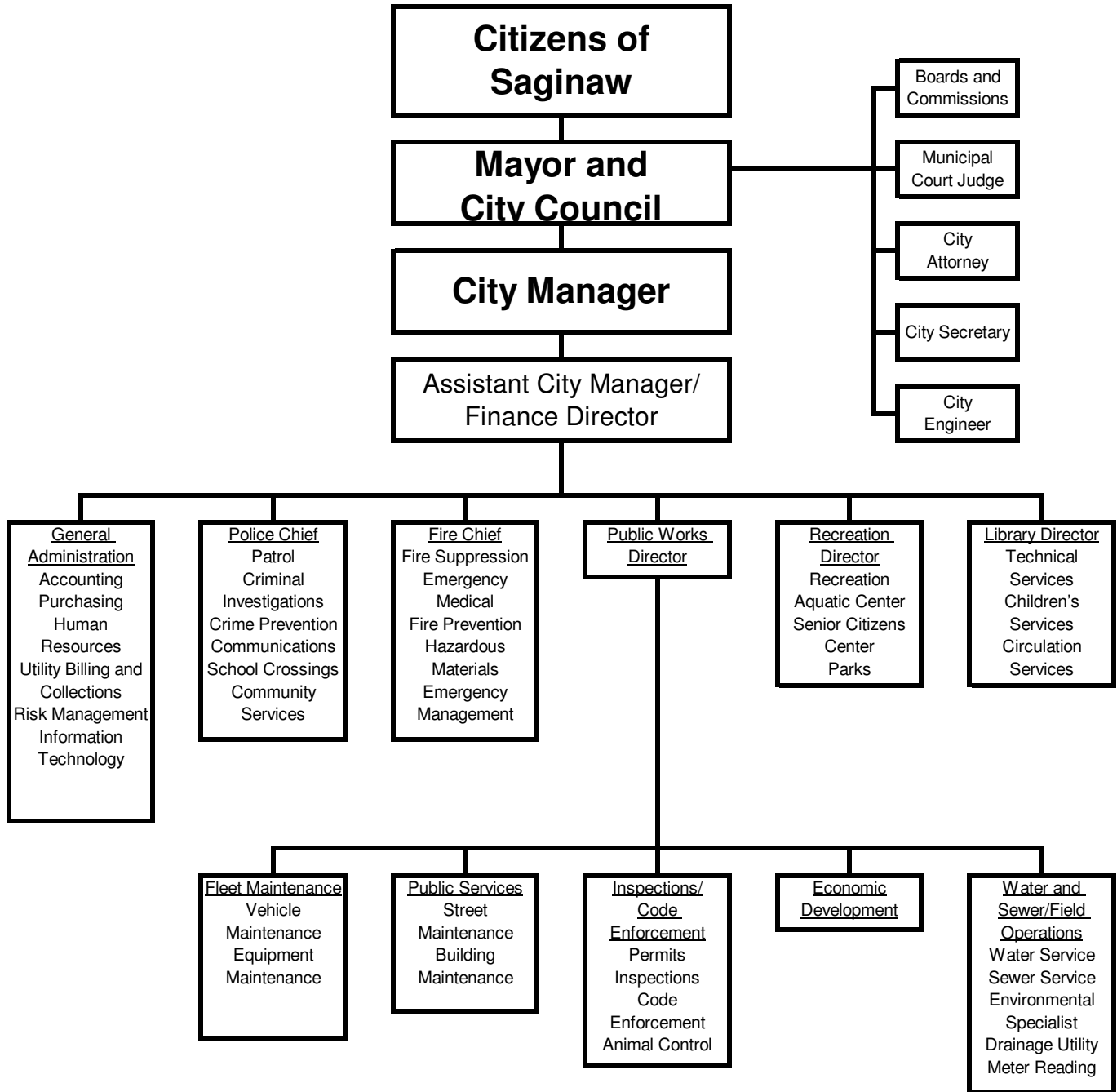
**CITY OF SAGINAW, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
SEPTEMBER 30, 2007**

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saginaw, Texas for our Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

CITY OF SAGINAW ORGANIZATIONAL CHART



FINANCIAL SECTION



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Saginaw, Texas as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Saginaw, Texas as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, the analysis of funding progress and budgetary comparison information on pages 3 through 11 and 49 through 52, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Suite 300*

*Fort Worth, Texas 76102-2506
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WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

OFFICES IN

DALLAS

FORT WORTH

HOUSTON

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

Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, TX
January 30, 2009

**CITY OF SAGINAW, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2008
(UNAUDITED)**

As management of the City of Saginaw, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. 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 - vi 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 \$78,670,307 (net assets). Of this amount, \$19,787,443 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total capital assets decreased by \$601,484.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$17,236,157. Over 59% of this total amount or \$10,300,997 is unreserved and available for use with the City's fund designation and policies.
- At the end of the current year, unreserved fund balance for the general fund was \$10,300,997 or 92% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general governmental and administration, fire, police, public services, janitorial, library, recreation, city garage, inspection, and community development. The business-type activities of the City include water and sewer services. The government-wide financial statements can be found on pages 12-14 of this report.

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

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

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

The City maintains six governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, four Special Revenue, Debt Service, and Capital Projects funds. The basic governmental funds financial statements can be found on pages 15-18.

Proprietary Funds – The City maintains one type of proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19-22 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the City’s programs. The city is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All the City’s fiduciary activities are reported in separate statements and can be found on pages 23-24 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-48.

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

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time and a useful indicator of a government’s financial position. As of September 30, 2008, the City of Saginaw’s assets exceeded liabilities by \$78,670,307.

The largest portion of the City’s net assets (75%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Saginaw's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$18,843,123	\$18,840,765	\$9,238,336	\$10,287,849	\$28,081,459	\$29,128,614
Capital assets	61,110,281	62,736,193	21,026,499	20,002,070	82,136,780	82,738,263
Total assets	<u>\$79,953,404</u>	<u>\$81,576,958</u>	<u>\$30,264,835</u>	<u>\$30,289,919</u>	<u>\$110,218,239</u>	<u>\$111,866,877</u>
Long term liabilities	\$20,984,502	\$22,870,634	\$5,942,955	\$6,372,445	\$26,927,457	\$29,243,079
Other liabilities	3,107,021	3,044,157	1,513,454	1,566,198	4,620,475	4,610,355
Total liabilities	<u>\$24,091,523</u>	<u>\$25,914,791</u>	<u>\$7,456,409</u>	<u>\$7,938,643</u>	<u>\$31,547,932</u>	<u>\$33,853,434</u>
Net Assets						
Invested in capital assets*	\$42,189,355	\$43,470,367	\$15,203,616	\$13,210,135	\$57,392,971	\$56,680,502
Restricted	976,011	836,097	513,882	1,218,878	1,489,893	2,054,975
Unrestricted	12,696,515	11,355,703	7,090,928	7,922,263	19,787,443	19,277,966
Total net assets	<u>\$55,861,881</u>	<u>\$55,662,167</u>	<u>\$22,808,426</u>	<u>\$22,351,276</u>	<u>\$78,670,307</u>	<u>\$78,013,443</u>

*Net of related debt

An additional portion of the City's net assets (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$19,787,443 may be used to meet the City's ongoing obligation to citizens and creditors.

As of September 30, 2008, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended September 30, 2008. Overall the City had an increase in net assets of \$656,864. Governmental activities increased net assets by \$199,714. General revenue increases related to the growth of the City include collection of more ad valorem taxes, fees and charges for services and sales tax revenues. Business-type activities increased the City's net assets by \$457,150. Less rainfall this year contributed to an increase in revenues (water sales) and a decrease in expenditures (decreased wastewater flows and treatment.)

City of Saginaw's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Fees, fines and charges						
for services	\$1,894,547	\$1,955,956	\$6,497,059	\$5,948,134	\$8,391,606	\$7,904,090
Operating grants and contributions	447,774	147,901	-	-	447,774	147,901
Capital grants and contributions	-	87,083	287,675	586,282	287,675	673,365
General revenues						
Ad valorem taxes	5,152,750	5,018,022	-	-	5,152,750	5,018,022
Sales taxes	5,786,363	5,551,551	-	-	5,786,363	5,551,551
Franchise taxes	1,258,549	1,171,259	-	-	1,258,549	1,171,259
Other taxes	13,437	13,577	-	-	13,437	13,577
Penalties and interest	10,778	25,359	-	-	10,778	25,359
Interest income	591,222	804,852	229,860	449,755	821,082	1,254,607
Gain of sale of asset	14,166	39,735	-	-	14,166	39,735
Miscellaneous	220,521	579,646	74,543	62,406	295,064	642,052
Total revenues	\$15,390,107	\$15,394,941	\$7,089,137	\$7,046,577	\$22,479,244	\$22,441,518
Expenditures:						
General admin. offices	1,826,087	1,506,767	-	-	1,826,087	1,506,767
Municipal court	205,773	173,795	-	-	205,773	173,795
Fire	2,809,960	2,357,074	-	-	2,809,960	2,357,074
Police	3,452,302	3,383,062	-	-	3,452,302	3,383,062
Public Works	3,524,022	3,720,923	-	-	3,524,022	3,720,923
Recreation	1,108,337	1,144,105	-	-	1,108,337	1,144,105
Library	599,434	570,070	-	-	599,434	570,070
Inspection	510,912	468,160	-	-	510,912	468,160
Janitorial	57,001	62,883	-	-	57,001	62,883
City Garage	556,402	426,217	-	-	556,402	426,217
Economic Development	40,478	38,076	-	-	40,478	38,076
Interest on long term debt	1,087,008	1,033,565	-	-	1,087,008	1,033,565
Water and Sewer	-	-	6,044,664	7,130,097	6,044,664	7,130,097
Total expenditures	\$15,777,716	\$14,884,697	\$6,044,664	\$7,130,097	21,822,380	22,014,794
Changes in net assets						
before transfers	(\$387,609)	\$510,244	\$1,044,473	(\$83,520)	\$656,864	\$426,724
Transfers	587,323	621,341	(587,323)	(621,341)	-	-
Change in net assets	\$199,714	\$1,131,585	\$457,150	(\$704,861)	\$656,864	\$426,724
Net assets - October 1	55,662,167	54,530,582	22,351,276	23,056,137	78,013,443	77,586,719
Net assets - September 30	\$55,861,881	\$55,662,167	\$22,808,426	\$22,351,276	\$78,670,307	\$78,013,443

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At the end of the current fiscal year, the City of Saginaw's governmental funds reported combined ending fund balances of \$17,236,157. Approximately 60% of this total (\$10,300,997) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for other purposes.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the water and sewer fund are \$7,090,928.

General Fund Budgetary Highlights – The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in an increase in budgeted expenditures from the original budget of 3% or \$307,955. The majority of the increase was due to increased fuel costs, salaries and expenditures associated with hiring three new firefighters from a Homeland Security Grant, and a street sweeper paid for with matching funds from the Beautification Committee donations.

The General Fund's budgeted revenues increased 9% or \$842,390 which was the result of increased revenue projections in sales tax, grant assistance, and interest earnings.

CAPITAL ASSETS

The City of Saginaw’s investment in capital assets for its governmental and business type activities as of September 30, 2008 amounts to \$82,136,780 (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:

- Kay Lane water line replacement at a cost of \$73,466 with funding provided by a Community Development Block Grant.
- Street Rehabilitation totaling \$609,310
- Completing renovation of Fire Station No. 1 (\$60,869)
- Completing construction of the new 1.5 MG elevated water storage tank (\$470,223) and associated 16” water line (\$253,878).
- Beginning design and right-of-way acquisition for Longhorn Road project (\$974,070).

Capital Assets at Year End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$9,662,425	\$9,662,425	\$4,813	\$4,813	\$9,667,238	\$9,667,238
Improvements	1,423,639	1,423,639	-	-	1,423,639	1,423,639
Buildings	15,749,462	15,042,945	163,869	163,869	15,913,331	15,206,814
Equipment	6,657,668	6,510,321	1,232,657	1,114,176	7,890,325	7,624,497
Infrastructure	67,010,604	65,388,919	25,269,359	24,942,017	92,279,963	90,330,936
Construction in progress	2,318,572	2,830,369	1,338,579	200,040	3,657,151	3,030,409
Accumulated depreciation	<u>(41,712,089)</u>	<u>(38,122,424)</u>	<u>(6,982,778)</u>	<u>(6,422,845)</u>	<u>(48,694,867)</u>	<u>(44,545,269)</u>
Total	<u>\$61,110,281</u>	<u>\$62,736,194</u>	<u>\$21,026,499</u>	<u>\$20,002,070</u>	<u>\$82,136,780</u>	<u>\$82,738,264</u>

Additional information on the City of Saginaw’s capital assets can be found in note 5 on pages 36-37.

DEBT ADMINISTRATION

At the end of the fiscal year, the City had a total bonded debt of \$29,052,571. Of this amount, \$22,680,126 comprises bonded debt backed by the full faith and credit of the government and \$6,372,445 represents bonds secured solely by water and sewer revenues.

Outstanding Bond Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligations	\$ 14,110,000	\$ 15,420,000	\$ -	\$ -	\$ 14,110,000	\$ 15,420,000
Certificates of obligation	8,785,000	9,220,000	-	-	8,785,000	9,220,000
Revenue bonds payable	-	-	6,375,000	6,795,000	6,375,000	6,795,000
Deferred loss on refunding bonds	(214,874)	(233,891)	(2,555)	(3,065)	(217,429)	(236,956)
Total	\$ 22,680,126	\$ 24,406,109	\$ 6,372,445	\$ 6,791,935	\$ 29,052,571	\$ 31,198,044

During the fiscal year, the City's total debt bonded decreased by \$2,145,473 or 7%. The City's General Obligation Bonds have a Moody's Investor Service underlying rating of A2. The Revenue Bonds also have an underlying rating of A2. By insuring these bonds they all hold a Moody's rating of Aaa.

Additional information on the City of Saginaw's long-term debt can be found on pages 38-42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2008-2009 budget, General Fund revenues and transfers in are budgeted to increase by only 0.2% from the 2007-2008 budget year with property tax making up 22.2% and sales tax making up 36.7% of budgeted revenues. Certified assessed valuations increased 3.0% over the preceding year. The City's budget has benefited from an expanding tax base that has grown an average of 10.6% annually for the past six years. We expect growth in fiscal year 2008-2009 to remain steady. We are projecting 50 new home starts compared to 64 actual in 2007-2008. Growth in the commercial and retail area has contributed to increased sales tax revenues and we expect that growth to continue with several retail projects currently in development. We have budgeted for an additional police dispatcher (paid from the Crime Tax Fund) and a part time park maintenance worker to meet expected service levels.

The 2008-2009 budget includes a 6% increase in the water rate and a 6% decrease in the sewer rates. The Enterprise fund is budgeted to break even with the use of \$1,199,040 of the beginning balance to construct a new 16" water line.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**CITY OF SAGINAW, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

	Primary Government			Component Unit - Saginaw Industrial Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Deposits and investments	\$ 12,913,560	\$ 6,898,992	\$ 19,812,552	\$ -
Receivables				
Taxes, net of allowance	1,264,657	-	1,264,657	-
Accounts, net of allowance	236,644	705,742	942,386	-
Other	110,482	-	110,482	-
Due from primary government	-	-	-	24,065
Restricted assets				
Deposits and investments	4,092,227	1,507,036	5,599,263	-
Deferred Charges	225,553	126,566	352,119	-
Capital assets:				
Land	9,662,425	4,813	9,667,238	-
Improvements	1,423,639	-	1,423,639	-
Buildings	15,749,462	163,869	15,913,331	-
Equipment	6,657,668	1,232,657	7,890,325	-
Infrastructure	67,010,604	25,269,359	92,279,963	-
Construction in progress	2,318,572	1,338,579	3,657,151	-
Accumulated depreciation	(41,712,089)	(6,982,778)	(48,694,867)	-
TOTAL ASSETS	\$ 79,953,404	\$ 30,264,835	\$ 110,218,239	\$ 24,065
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,062,815	\$ 618,303	\$ 1,681,118	\$ -
Accrued interest payable	89,439	22,069	111,508	-
Due to component unit	24,065	-	24,065	-
Payable from restricted assets				
Contracts payable	44,574	-	44,574	-
Current portion of revenue bonds payable	-	429,490	429,490	-
Customer deposits	-	443,592	443,592	-
Noncurrent liabilities:				
Debt due within one year	1,886,128	-	1,886,128	-
Debt due in more than one year	20,984,502	5,942,955	26,927,457	-
Total liabilities	24,091,523	7,456,409	31,547,932	-
NET ASSETS				
Invested in capital assets, net of related debt	42,189,355	15,203,616	57,392,971	-
Restricted for:				
Debt service	976,011	513,882	1,489,893	-
Unrestricted	12,696,515	7,090,928	19,787,443	24,065
Total net assets	\$ 55,861,881	\$ 22,808,426	\$ 78,670,307	\$ 24,065

**CITY OF SAGINAW, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008**

Program Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General administrative offices	\$ 1,826,087	\$ -	\$ -	\$ -
Municipal court	205,773	421,785	-	-
Fire	2,809,960	80,625	374,297	-
Police	3,452,302	6,505	73,477	-
Public works	3,524,022	427,491	-	-
Recreation	1,108,337	638,931	-	-
Library	599,434	23,041	-	-
Inspection	510,912	296,169	-	-
Janitorial	57,001	-	-	-
City garage	556,402	-	-	-
Economic development	40,478	-	-	-
Interest on long term debt	1,087,008	-	-	-
Total governmental activities	<u>15,777,716</u>	<u>1,894,547</u>	<u>447,774</u>	<u>-</u>
Business-type activities				
Water and sewer	<u>6,044,664</u>	<u>6,497,059</u>	<u>-</u>	<u>287,675</u>
Total business-type activities	<u>6,044,664</u>	<u>6,497,059</u>	<u>-</u>	<u>287,675</u>
Total government	<u>\$ 21,822,380</u>	<u>\$ 8,391,606</u>	<u>\$ 447,774</u>	<u>\$ 287,675</u>

General Revenues:

Taxes:

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

Transfers

Total general revenues and transfers

Change in net assets

Net Assets - beginning of year

Net Assets - end of year

Net (Expenses) Revenue and Changes in Net Assets			Component Unit - Saginaw Industrial Development Authority
Governmental Activities	Business- type Activities	Total	
\$ (1,826,087)	\$ -	\$ (1,826,087)	\$ -
216,012	-	216,012	-
(2,355,038)	-	(2,355,038)	-
(3,372,320)	-	(3,372,320)	-
(3,096,531)	-	(3,096,531)	-
(469,406)	-	(469,406)	-
(576,393)	-	(576,393)	-
(214,743)	-	(214,743)	-
(57,001)	-	(57,001)	-
(556,402)	-	(556,402)	-
(40,478)	-	(40,478)	-
(1,087,008)	-	(1,087,008)	-
<u>(13,435,395)</u>	<u>-</u>	<u>(13,435,395)</u>	<u>-</u>
<u>-</u>	<u>740,070</u>	<u>740,070</u>	<u>-</u>
<u>-</u>	<u>740,070</u>	<u>740,070</u>	<u>-</u>
<u>\$ (13,435,395)</u>	<u>\$ 740,070</u>	<u>\$ (12,695,325)</u>	<u>\$ -</u>
5,152,750	\$ -	\$ 5,152,750	\$ -
5,786,363	-	5,786,363	-
1,258,549	-	1,258,549	-
13,437	-	13,437	-
10,778	-	10,778	-
591,222	229,860	821,082	767
14,166	-	14,166	-
220,521	74,543	295,064	-
587,323	(587,323)	-	-
<u>13,635,109</u>	<u>(282,920)</u>	<u>13,352,189</u>	<u>767</u>
199,714	457,150	656,864	767
<u>55,662,167</u>	<u>22,351,276</u>	<u>78,013,443</u>	<u>23,298</u>
<u>\$ 55,861,881</u>	<u>\$ 22,808,426</u>	<u>\$ 78,670,307</u>	<u>\$ 24,065</u>

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 10,329,358	\$ 943,269	\$ -	\$ 1,640,933	\$ 12,913,560
Receivables					
Taxes, net	898,559	126,663	-	239,435	1,264,657
Accounts	236,644	-	-	-	236,644
Other	19,107	-	-	91,375	110,482
Restricted assets					
Deposits and investments	-	-	4,092,227	-	4,092,227
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 11,483,668</u>	<u>\$ 1,069,932</u>	<u>\$ 4,092,227</u>	<u>\$ 1,971,743</u>	<u>\$ 18,617,570</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,059,375	\$ -	\$ -	\$ 27,505	\$ 1,086,880
Payable from restricted assets					
Contracts payable	-	-	44,574	-	44,574
Deferred revenue	123,296	126,663	-	-	249,959
Total liabilities	<u>1,182,671</u>	<u>126,663</u>	<u>44,574</u>	<u>27,505</u>	<u>1,381,413</u>
Fund balances					
Reserved for construction	-	-	4,047,653	-	4,047,653
Reserved for debt service	-	943,269	-	-	943,269
Reserved for police department	-	-	-	6,467	6,467
Reserved for Saginaw Police Crime Control and Prevention District	-	-	-	1,226,873	1,226,873
Reserved for drainage projects	-	-	-	525,041	525,041
Reserved for street maintenance projects	-	-	-	185,857	185,857
Unreserved	10,300,997	-	-	-	10,300,997
Total fund balances	<u>10,300,997</u>	<u>943,269</u>	<u>4,047,653</u>	<u>1,944,238</u>	<u>17,236,157</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,483,668</u>	<u>\$ 1,069,932</u>	<u>\$ 4,092,227</u>	<u>\$ 1,971,743</u>	<u>\$ 18,617,570</u>

**CITY OF SAGINAW, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Total fund balances - governmental funds	\$ 17,236,157
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	61,110,281
Costs associated with the issuance of governmental long term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.	225,553
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.	(89,439)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	249,959
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements.	<u>(22,870,630)</u>
Net assets of governmental activities	<u><u>\$ 55,861,881</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,007,971	\$ 2,859,857	\$ -	\$ 1,374,079	\$ 12,241,907
Licenses and permits	272,611	-	-	-	272,611
Charges for services	80,625	-	-	419,780	500,405
Fines and fees	482,600	10,137	-	-	492,737
Interest income	316,961	65,028	162,470	46,763	591,222
Rent income- recreation	569,487	-	-	-	569,487
Miscellaneous revenues	739,950	-	-	1,819	741,769
Total revenues	<u>10,470,205</u>	<u>2,935,022</u>	<u>162,470</u>	<u>1,842,441</u>	<u>15,410,138</u>
Expenditures:					
Current:					
General administrative offices	1,640,234	-	-	163,291	1,803,525
Municipal court	205,373	-	-	-	205,373
Fire	2,630,835	-	-	-	2,630,835
Police	3,206,377	-	-	34,150	3,240,527
Public works	924,431	-	-	-	924,431
Recreation	987,201	-	-	-	987,201
Library	497,036	-	-	-	497,036
Inspection	494,175	-	-	-	494,175
Janitorial	57,001	-	-	-	57,001
City garage	554,219	-	-	-	554,219
Economic development	40,478	-	-	-	40,478
Capital outlay	-	-	1,536,474	93,554	1,630,028
Debt Service:					
Principal retirement	-	1,825,148	-	-	1,825,148
Interest charges	-	1,044,075	-	-	1,044,075
Fiscal agent's fees and debt issuance costs	-	3,857	-	-	3,857
Total expenditures	<u>11,237,360</u>	<u>2,873,080</u>	<u>1,536,474</u>	<u>290,995</u>	<u>15,937,909</u>
Excess (deficiency) of revenues over expenditures	<u>(767,155)</u>	<u>61,942</u>	<u>(1,374,004)</u>	<u>1,551,446</u>	<u>(527,771)</u>
Other financing sources (uses)					
Transfers in	1,456,808	91,705	-	-	1,548,513
Transfers out	(59,577)	-	-	(901,613)	(961,190)
Total other financing sources (uses)	<u>1,397,231</u>	<u>91,705</u>	<u>-</u>	<u>(901,613)</u>	<u>587,323</u>
Net change in fund balances	630,076	153,647	(1,374,004)	649,833	59,552
Fund Balances - beginning of year	<u>9,670,921</u>	<u>789,622</u>	<u>5,421,657</u>	<u>1,294,405</u>	<u>17,176,605</u>
Fund Balances - end of year	<u>\$ 10,300,997</u>	<u>\$ 943,269</u>	<u>\$ 4,047,653</u>	<u>\$ 1,944,238</u>	<u>\$ 17,236,157</u>

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

**CITY OF SAGINAW, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008**

Net change in fund balances - total governmental funds	\$ 59,552
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.	1,963,752
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(3,589,665)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount consists of repayments of \$1,825,148 less ammortization of \$43,528 which is the net effect of these differences in the treatment of long-term debt and related items.	1,781,620
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.	4,484
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	<u>(20,029)</u>
Change in Net Assets of Governmental activities	<u><u>\$ 199,714</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2008**

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Deposits and investments	\$ 6,898,992
Deposits and investments-restricted	1,063,444
Receivables	
Accounts receivable, net of allowance of \$136,848	344,754
Unbilled accounts	360,988
Total current assets	<u>8,668,178</u>
Noncurrent assets:	
Capital assets, at cost	
Land and land improvements	4,813
Buildings and improvements	163,869
Waterworks and sewer system	25,269,359
Machinery and equipment	1,232,657
Construction in progress	1,338,579
Accumulated depreciation	<u>(6,982,778)</u>
Total capital assets, net of accumulated depreciation	21,026,499
Deferred charges	126,566
Deposits and investments-restricted	<u>443,592</u>
Total noncurrent assets	<u>21,596,657</u>
TOTAL ASSETS	<u><u>30,264,835</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	618,303
Accrued interest	22,069
Revenue bonds payable	<u>429,490</u>
Total current liabilities	1,069,862
Noncurrent liabilities:	
Revenue bonds payable	5,942,955
Customer deposits	<u>443,592</u>
Total liabilities	<u><u>7,456,409</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	15,203,616
Restricted for:	
Revenue bond retirement	513,882
Unrestricted	<u>7,090,928</u>
Total net assets	<u><u>\$ 22,808,426</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Fund
Operating revenues:	
Water and sewer sales	\$ 5,997,524
Penalties	132,472
Surcharges	367,063
Miscellaneous	74,543
	<hr/>
Total operating revenue	6,571,602
Operating expenses:	
Cost of sales and services	3,552,812
Administrative	1,556,563
Depreciation	559,933
	<hr/>
Total operating expenses	5,669,308
Operating income (loss)	<hr/> 902,294
Nonoperating revenues (expenses)	
Impact and tap fees	214,209
Investment income	229,860
Interest expense and agent fees	(375,356)
	<hr/>
Total nonoperating revenues (expenses)	68,713
Income (loss) before contributions and transfers	<hr/> 971,007
Capital contributions	73,466
Transfers out	(621,098)
Transfers in	33,775
	<hr/>
Change in net assets	457,150
Net assets, beginning of year	<hr/> 22,351,276
Net assets, end of year	<hr/> <u>\$ 22,808,426</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2008**

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 6,506,870
Cash paid to employees	(704,636)
Cash paid to suppliers	<u>(4,316,972)</u>
Net cash provided by operating activities	<u>1,485,262</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out to other funds	(621,098)
Transfers from other funds	<u>33,775</u>
Net cash used in noncapital financing activities	<u>(587,323)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Impact and tap fees	214,209
Principal paid on revenue bonds	(420,000)
Acquisition and construction of property, plant and equipment	(1,510,896)
Interest paid on revenue bonds	(356,774)
Fiscal agent fees	<u>(3,277)</u>
Net cash used in capital and related financing activities	<u>(2,076,738)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	<u>229,860</u>
Net cash provided by investing activities	<u>229,860</u>
Net decrease in cash	(948,939)
Cash and Cash Equivalents at the beginning of the year	<u>9,354,967</u>
Cash and Cash Equivalents at the end of the year	<u><u>\$ 8,406,028</u></u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2008**

	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 ASSETS:				
Cash and cash equivalents - beginning	\$ 7,713,543	\$ 1,218,878	\$ 422,546	\$ 9,354,967
Net increase (decrease)	(814,551)	(155,434)	21,046	(948,939)
Cash and cash equivalents - ending	<u>\$ 6,898,992</u>	<u>\$ 1,063,444</u>	<u>\$ 443,592</u>	<u>\$ 8,406,028</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income				\$ 902,294
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation				559,933
Decrease in accounts receivable				85,779
Decrease in accounts payable and accrued expenses				(83,790)
Increase in customer deposits				21,046
Net cash provided by operating activities				<u>\$ 1,485,262</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Community Development Block Grant				<u>\$ 73,466</u>

**CITY OF SAGINAW, TEXAS
 STATEMENT OF FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2008**

	<u>Private Purpose Trust Funds</u>
ASSETS	
Deposits and investments	<u>\$ 5,015</u>
TOTAL ASSETS	<u><u>\$ 5,015</u></u>
NET ASSETS	
Restricted for scholarships	<u>\$ 5,015</u>
TOTAL NET ASSETS	<u><u>\$ 5,015</u></u>

CITY OF SAGINAW, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2008

	<u>Private Purpose Trust Funds</u>
Additions:	
Interest income	<u>\$ 187</u>
Total additions	<u>187</u>
Deductions:	
Scholarship expense	<u>1,000</u>
Total deductions	<u>1,000</u>
Change in net assets	(813)
Net assets, beginning of year	<u>5,828</u>
Net assets, end of year	<u><u>\$ 5,015</u></u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity - continued

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

The following entities were found to be component units of the City and are included in the combined financial statements:

Blended Component Unit – The Saginaw Crime Control and Prevention District 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 Crime Control and Prevention Fund is the same as that of the primary government. The Saginaw Crime Control and Prevention District is reported as a governmental activity in the government wide financial statements and as a Special Revenue Fund in the governmental financial statements.

Discrete Component Unit – The City created the Saginaw Industrial Development Authority for the special purpose of promoting and developing commercial, industrial and manufacturing enterprise and encouraging employment within the boundaries of the City. The members of the Authority are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval of the City Council. The Authority has been included in the basic financial statements as a discrete presentation.

C. Basis of Presentation

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

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation - continued

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

Fund Financial Statements:

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

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund-

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

Debt Service Fund-

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

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation - continued

Capital Projects Fund-

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

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary fund:

The Enterprise Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer 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 sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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

D. Measurement Focus and Basis of Accounting

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses)

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus and Basis of Accounting - continued

in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

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

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

E. Budgetary Control

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

1. Prior to October 1, the City administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council amended the budget during the year.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Budgetary Control - continued

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Saginaw Crime Control and Prevention District, Enterprise Fund and Debt Service Fund. A budget is legally adopted for the General Fund, Saginaw Crime Control and Prevention District and Debt Service Fund.

Budgets for the Saginaw Crime Control and Prevention District and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The General Fund Budgetary Comparison Schedule presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of expenditures classified as non departmental and revenues and expenditures designated for special purposes that are recorded through escrow accounts for budgetary purposes.

All appropriations lapse on September 30 of the fiscal year.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

F. Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash 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 contain other obligations, repurchase agreements, money market mutual funds and certificates of deposits within established criterion.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Interfund Receivables and Payables

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

H. Capital Assets

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

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

Buildings	40 Years
Water and Sewer System	50 Years
Infrastructure	10-50 Years
Machinery and Equipment	5-15 Years
Improvements	25 Years

I. Accumulated Vacation, Compensated Time and Sick Leave

City employees earn vacation leave and compensated time off for holidays worked. All annual vacation leave must be taken within one year after it is earned unless an exception has been granted by the City Manager. All earned vacation leave not taken within one year of its accumulation will be forfeited. Employees are not compensated for unused sick leave.

J. Nature and Purpose of Reservations and Designations of Fund Equity

The City classifies fund balances as follows:

1. Reserves - used to denote that portion of fund equity, which is not appropriable for expenditures or is legally segregated for specific future use.
 - a. Reserved for debt service represents that portion of fund equity legally restricted to retirement of General Obligation bond principal and interest.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Nature and Purpose of Reservations and Designations of Fund Equity - continued

- b. Reserved for revenue bond retirement represents that portion of retained earnings legally restricted to retirement of revenue bond principal and interest.
 - c. Reserved for construction represents amounts that are either legally restricted because of the revenue source (general fund) or are restricted because of certain bond indentures.
 - d. Reserved for police department represents amounts restricted for use by the police department.
 - e. Reserved for the Saginaw Police Crime Control and Prevention District represents amounts restricted for purposes authorized by the district.
 - f. Reserved for drainage projects represents amounts restricted for use in maintenance and construction of drainage projects.
 - g. Reserved for street maintenance projects represents amounts restricted for use in maintenance and repair of streets throughout the City.
2. Designations - used to denote that portion of fund equity, which is council established for future use.

Designated for emergency use represents amounts restricted by council for use in extreme emergencies. Expenditures must be council approved.

Designated for equipment replacement represents amounts restricted by the council for use in funding future equipment replacement.

Designated – other represents amounts designated by council and management for various purposes.

3. Unreserved, undesignated - used to denote that portion of fund equity which is available for appropriation.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

NOTE 2. CAPITAL LEASE OBLIGATIONS

The City has entered into capital lease agreements. The leased property under capital leases is classified as machinery and equipment with a total capitalized cost of approximately \$571,471 and an amortized value of approximately \$311,532 at September 30, 2008. Amortization expense has been included in depreciation expense for the year ended September 30, 2008.

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, 2008:

<u>Year Ending September 30</u>	
2009	\$ 91,705
2010	91,705
2011	<u>19,346</u>
	202,756
Less amount representing interest	<u>12,252</u>
Present value of net minimum lease payments	<u>\$ 190,504</u>

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2008 consist of the following:

Deposits with financial institutions	\$ 194,111
Investments	<u>25,222,719</u>
	<u>\$25,416,830</u>

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 45 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

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

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Disclosures relating to interest rate risk - continued

As of September 30, 2008, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 25,222,719	42 days

As of September 30, 2008 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.

Investment Type	Amount	Minimum Legal Rating	Rating as of September 30, 2008
Texpool	\$ 25,222,719	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, 2008, other than external investment pools, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following

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

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk - continued

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, 2008, the carrying amount of the City's cash on hand and deposits were \$194,111 and the bank balance was \$470,724. Of the bank balance, \$100,000 was covered by federal depository insurance while the remaining \$370,724 was secured with securities held by the pledging financial institution's trust department or agent in the City's name.

Investment in State Investment Pools

The City is a voluntary participant in the TexPool external investment pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

NOTE 4. RESTRICTED ASSETS

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

Debt Service - Interest and Sinking Fund	
Cash and investments	\$ 513,882
Construction	549,562
Refundable water and sewer deposits	<u>443,592</u>
	<u>\$ 1,507,036</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

	Balance October 1, <u>2007</u>	Additions/ <u>Completions</u>	Retirements/ <u>Adjustments</u>	Balance September 30, <u>2008</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 9,662,425	\$ -	\$ -	\$ 9,662,425
Construction in progress	<u>2,830,369</u>	<u>1,711,862</u>	<u>(2,223,659)</u>	<u>2,318,572</u>
Total capital assets not being depreciated	<u>12,492,794</u>	<u>1,711,862</u>	<u>(2,223,659)</u>	<u>11,980,997</u>
Capital assets being depreciated				
Buildings	15,042,945	706,517	-	15,749,462
Improvements	1,423,639	-	-	1,423,639
Infrastructure	65,388,919	1,621,685	-	67,010,604
Equipment	<u>6,510,321</u>	<u>147,347</u>	<u>-</u>	<u>6,657,668</u>
Total capital assets being depreciated	<u>88,365,824</u>	<u>2,475,549</u>	<u>-</u>	<u>90,841,373</u>
Less accumulated depreciation:				
Buildings	1,789,883	482,410	-	2,272,293
Improvements	529,876	133,321	-	663,197
Infrastructure	31,589,822	2,534,761	-	34,124,583
Equipment	<u>4,212,843</u>	<u>439,173</u>	<u>-</u>	<u>4,652,016</u>
Total accumulated depreciation	<u>38,122,424</u>	<u>3,589,665</u>	<u>-</u>	<u>41,712,089</u>
Total capital assets being depreciated, net	<u>50,243,400</u>	<u>(1,114,116)</u>	<u>-</u>	<u>49,129,284</u>
Net governmental activities capital assets	<u>\$62,736,194</u>	<u>\$ 597,746</u>	<u>\$ (2,223,659)</u>	<u>\$ 61,110,281</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 4,813	\$ -	\$ -	\$ 4,813
Construction in progress	<u>200,040</u>	<u>1,392,417</u>	<u>(253,878)</u>	<u>1,338,579</u>
Total capital assets not being depreciated	<u>204,853</u>	<u>1,392,417</u>	<u>(253,878)</u>	<u>1,343,392</u>
Capital assets being depreciated				
Buildings	163,869	-	-	163,869
Equipment	1,114,176	118,481	-	1,232,657
Infrastructure	<u>24,942,017</u>	<u>327,342</u>	<u>-</u>	<u>25,269,359</u>
Total capital assets being depreciated	<u>26,220,062</u>	<u>445,823</u>	<u>-</u>	<u>26,665,885</u>
Less accumulated depreciation:				
Buildings	130,166	6,106	-	136,272
Equipment	831,072	56,668	-	887,740
Infrastructure	<u>5,461,607</u>	<u>497,159</u>	<u>-</u>	<u>5,958,766</u>

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

NOTE 5. CAPITAL ASSETS – CONTINUED

	Balance October 1, 2007	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2008
Total accumulated depreciation	<u>6,422,845</u>	<u>559,933</u>	-	<u>6,982,778</u>
Total capital assets being depreciated, net	<u>19,797,217</u>	<u>(114,110)</u>	-	<u>19,683,107</u>
Net business-type activities capital assets	<u>\$20,002,070</u>	<u>\$ 1,278,307</u>	<u>\$ (253,878)</u>	<u>\$21,026,499</u>

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

Governmental activities:

General administrative offices	\$ 22,562
Municipal Court	400
Fire	273,794
Police	211,777
Public works	2,739,242
Recreation	278,357
Library	44,613
Inspection	16,737
City garage	<u>2,183</u>
 Total depreciation expense-Governmental activities	 <u>\$ 3,589,665</u>

Business-type activities:

Water and sewer	<u>\$ 559,933</u>
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The City has active construction projects as of September 30, 2008. Total accumulated commitments for ongoing capital projects are as follows:

Capital Projects Fund	\$ 126,495
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**CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT

At September 30, 2008, the City's bonds payable consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
1996 Waterworks and Sewer System Revenue Bonds, dated March 1, 1996, due in annual installments through September 1, 2016, bearing interest rates of 5.25% to 7%	\$ -	\$ 630,000
1997 Waterworks and Sewer System Revenue Bonds, dated June 1, 1997, due in annual installments through September 1, 2017, bearing interest rates of 5% to 7%	-	1,305,000
1997 Certificates of Obligation Bonds, dated June 1, 1997, due in annual installments through September 1, 2017, bearing interest rates of 5% to 7%	1,720,000	-
2000 Waterworks and Sewer System Revenue Bonds, dated February 1, 2000, due in annual installments through September 1, 2020, bearing interest rates of 5.5% to 7%	-	690,000
2000 Certificates of Obligation Bonds, dated March 1, 2000, partially refunded in 2006, due in annual installments through September 1, 2010, bearing interest rates of 5.5% to 7%	125,000	-
2000 General Obligation Bonds, dated September 1, 2000, partially refunded in 2006, due in annual installments through September 1, 2011, bearing interest rates of 5.0% to 5.625%	405,000	-
2001 Waterworks and Sewer System Revenue Bonds, dated October 2, 2001, due in annual installments through September 1, 2022, bearing interest rates of 4.2% to 5.7%	-	795,000

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

NOTE 6. LONG-TERM DEBT – CONTINUED

	<u>Governmental</u>	<u>Business-type</u>
2002 General Obligation Bonds, dated April 2, 2002, due in annual installments through September 1, 2023, bearing interest rates of 4.5% to 6%	4,035,000	-
2002 General Obligation Refunding Bonds, dated December 1, 2002, due in annual installments through September 1, 2014, bearing interest rates of 3% to 3.90%	1,455,000	-
2003 Waterworks and Sewer System Refunding Revenue Bonds, dated September 1, 2003, due in annual installments through September 1, 2013, bearing interest rates of 2% to 3.95%	-	500,000
2003 General Obligation Refunding Bonds, dated September 1, 2003, due in annual installments through September 1, 2010, bearing interest rates of 2% to 3.5%	455,000	-
2004 General Obligation Bonds, dated September 1, 2004, due in annual installments through September 1, 2024, bearing interest rates of 3.5% to 4.7%	2,975,000	-
2004 Certificates of Obligation Bonds, dated January 1, 2004, due in annual installments through September 1, 2024, bearing interest rates of 4% to 4.6%	1,365,000	-
2006 General Obligation Refunding Bonds, dated April 1, 2006, due in annual installments through September 1, 2026, bearing interest rates of 3.9% to 4%	4,785,000	-
2006 Certificates of Obligation Bonds, dated October 1, 2006, due in annual installments through September 1, 2027, bearing interest rates of 4% to 4.3%	1,880,000	-

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

NOTE 6. LONG-TERM DEBT – CONTINUED

	<u>Governmental</u>	<u>Business-type</u>
2006 Waterworks and Sewer System Revenue Bonds, dated October 1, 2006, due in annual installments through September 30, 2027, bearing interest rates of 4.0% to 4.9%	-	2,455,000
2007 Certificates of Obligation Bonds, dated September 1, 2007, due in annual installments through October 1, 2027, bearing interest rates of 4% to 4.4%	3,695,000	-
Deferred loss on refunding bonds	<u>(214,874)</u>	<u>(2,555)</u>
Total Bonds Payable	<u>\$ 22,680,126</u>	<u>\$ 6,372,445</u>

In prior years, the City issued \$4,995,000 in General Obligation Refunding Bonds to defease \$1,565,000 in Certificates of Obligation then outstanding and \$1,770,000 in General Obligation Bonds then outstanding. Of the \$1,565,000 in Certificates of Obligations and \$1,770,000 in General Obligation Bonds originally defeased, \$870,000 and \$1,770,000 remains outstanding at September 30, 2008, respectively.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2008:

	Balance October 1, 2007	Increases	Decreases	Balance September 30, 2008	Due Within One Year
Governmental Type Activities					
General Obligation Bonds	\$ 15,420,000	\$ -	\$ (1,310,000)	\$ 14,110,000	\$ 1,365,000
Certificates of Obligation	9,220,000	-	(435,000)	8,785,000	460,000
Obligation Under Capital Leases	270,652	-	(80,148)	190,504	80,145
Deferred loss on refunding Bonds	(233,891)	-	19,017	(214,874)	(19,017)
Total Governmental Type Activities	\$ 24,676,761	\$ -	\$ (1,806,131)	\$ 22,870,630	\$ 1,886,128
Business Type Activities					
Revenue Bonds	\$ 6,795,000	\$ -	\$ (420,000)	\$ 6,375,000	\$ 430,000
Deferred loss on refunding Bonds	(3,065)	-	510	(2,555)	(510)
Total Business Type Activities	\$ 6,791,935	\$ -	\$ (419,490)	\$ 6,372,445	\$ 429,490

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 City did not issue any general obligation bonds or certificates of obligations during 2008.

The annual requirements to amortize all debts outstanding as of September 30, 2008, are as follows:

General Obligation Bonds

Due Fiscal Year Ending September 30	Governmental Activities		Total
	Principal	Interest	
2009	\$ 1,365,000	\$ 603,595	\$ 1,968,595
2010	875,000	550,879	1,425,879
2011	950,000	513,560	1,463,560
2012	990,000	473,475	1,463,475
2013	1,040,000	434,200	1,474,200
2014-2018	4,455,000	1,577,320	6,032,320
2019-2023	3,890,000	634,234	4,524,234
2024-2027	545,000	37,038	582,038
	<u>\$ 14,110,000</u>	<u>\$ 4,824,301</u>	<u>\$ 18,934,301</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

Certificates of Obligation

Due Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2009	\$ 460,000	\$ 392,010	\$ 852,010
2010	490,000	369,681	859,681
2011	445,000	346,076	791,076
2012	465,000	325,551	790,551
2013	485,000	303,895	788,895
2014-2018	2,590,000	1,156,093	3,746,093
2019-2023	2,145,000	644,668	2,789,668
2024-2027	<u>1,705,000</u>	<u>178,023</u>	<u>1,883,023</u>
	<u>\$ 8,785,000</u>	<u>\$ 3,715,997</u>	<u>\$ 12,500,997</u>

Revenue Bonds

Due Fiscal Year Ending September 30	Business Type Activities		
	Principal	Interest	Total
2009	\$ 430,000	\$ 299,170	\$ 729,170
2010	455,000	278,410	733,410
2011	480,000	256,538	736,538
2012	505,000	233,335	738,335
2013	540,000	209,218	749,218
2014-2018	2,100,000	683,938	2,783,938
2019-2023	1,155,000	280,583	1,435,583
2024-2027	<u>710,000</u>	<u>72,600</u>	<u>782,600</u>
	<u>\$ 6,375,000</u>	<u>\$ 2,313,792</u>	<u>\$ 8,688,792</u>

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. PROPERTY TAX

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

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

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual have been recognized as revenue. Property taxes are recorded net of the allowance for uncollectible taxes (\$26,897 for the General Fund and \$23,102 for the Debt Service Fund). The allowance is evaluated annually based upon analysis of historical trends, current economic conditions and other pertinent factors. Uncollectible personal property taxes are written off upon expiration of the five year statute of limitations.

NOTE 8. PENSION PLAN

Plan Description

The City of Saginaw provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions.

In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always

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

NOTE 8. PENSION PLAN – CONTINUED

Benefits - continued

been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit rate	6%
Matching ratio (City to employee)	2-1
A member is vested after	5 years

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

Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly.

Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009).

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN – CONTINUED

Contributions – continued

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$12,386,489 and the funded ratio would have been 57.7%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in City contribution rates, following the December 31, 2009 actuarial valuation.

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

NOTE 8. PENSION PLAN – CONTINUED

Contributions – continued

The following is a schedule of actuarial liabilities and funding progress.

Actuarial valuation date	12/31/07
Actuarial value of assets	\$ 7,143,550
Actuarial accrued liability	15,141,998
Percentage funded	47.2%
Unfunded actuarial accrued liability	7,998,448
Annual covered payroll	5,903,644
Unfunded actuarial accrued liability as a percentage of covered payroll	135.5%
Net pension obligation at the beginning of period	-
Annual pension cost:	
Annual required contribution	645,320
Interest on net pension obligation	-
Adjustment to the annual required contribution	-
	645,320
Total annual pension cost	645,320
Contributions made	(645,320)
Increase in net pension obligation	-
Net pension obligation at the end of the period	\$ -

Trend information for the past three years for TMRS is as follows:

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 549,742	100%	\$ -
2006	596,815	100	-
2007	645,320	100	-

The following actuarial assumptions were used:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	25 Years – Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by Age and Service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1% (3.0% CPI)

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

NOTE 8. PENSION PLAN – CONTINUED

Contributions – continued

The City is one of 827 municipalities having the benefit plan administered by TMRS. Each of the 827 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

NOTE 9. COMMITMENTS

The City renewed a thirty (30) year contract in 1987 with the City of Fort Worth for the treatment and transportation of sanitary sewage. 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.

NOTE 10. INTERFUND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 621,098
General Fund	Police Crime Prevention District	745,000
Debt Service Fund	General Fund	59,577
General Fund	Drainage Utility Fund	90,710
Enterprise Fund	Drainage Utility Fund	33,775
Debt Service Fund	Drainage Utility Fund	<u>32,128</u>
		<u>\$ 1,582,288</u>

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for reimbursement for janitorial expenses, vehicle maintenance expenses, Franchise fee, data processing costs, building rental, insurance, telephone expenses, postage, computer/telephone system lease purchase, newsletter expenses and utilities.
- The Police Crime Control and Prevention District to the General Fund for reimbursement of salaries and related expenses for six officers and miscellaneous administrative costs.
- The General Fund to the Debt Service Fund for lease and loan payments.
- The Drainage Utility Fund to the General Fund and Enterprise Fund for reimbursement of salaries and related expenses.
- The Drainage Utility Fund to the Debt Service Fund for reimbursement of lease payment.

CITY OF SAGINAW, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

NOTE 12. INTERGOVERNMENTAL REVENUES

The City received \$73,466 in Community Development Block Grants from Tarrant County. That was used to improve the City's water and sewer system and have been included as capital contributions in the Enterprise Fund.

NOTE 13. CONDUIT DEBT OBLIGATIONS

Certain revenue bonds have been issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2008, there were two series of revenue bonds outstanding in the aggregate principal amount of approximately \$2,510,000.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SAGINAW, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR
 PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM
 YEAR ENDED SEPTEMBER 30, 2008**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/05	5,309,334	8,631,239	61.5	3,321,905	4,887,987	68.0
12/31/06	6,320,182	9,840,499	64.2	3,520,317	5,264,280	66.9
12/31/07	7,143,550	15,141,998	47.2	7,998,448	5,903,644	135.5

**CITY OF SAGINAW, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted amounts		Actual GAAP Basis
	Original	Final	
Revenues			
Taxes	\$ 7,369,620	\$ 7,924,620	\$ 8,007,971
Licenses and permits	252,000	247,000	272,611
Charges for services	74,250	80,625	80,625
Fines and fees	437,000	444,700	482,600
Interest income	400,000	310,000	316,961
Rent income - recreation	450,000	540,000	569,487
Miscellaneous revenues	284,345	562,660	739,950
Total revenues	<u>9,267,215</u>	<u>10,109,605</u>	<u>10,470,205</u>
Expenditures:			
Current			
General administrative offices	851,535	930,030	1,640,234
Municipal court	190,095	190,095	205,373
Fire	2,070,950	2,209,980	2,630,835
Police	2,803,515	2,803,515	3,206,377
Public works	719,520	865,520	924,431
Recreation	741,035	787,185	987,201
Library	419,840	426,750	497,036
Inspection	453,480	460,480	494,175
Janitorial	69,000	69,000	57,001
City garage	436,500	475,500	554,219
Nondepartmental	2,032,900	2,047,400	-
Economic development	69,275	69,275	40,478
Total expenditures	<u>10,857,645</u>	<u>11,334,730</u>	<u>11,237,360</u>
Excess (deficiency) of revenues over expenditures	<u>(1,590,430)</u>	<u>(1,225,125)</u>	<u>(767,155)</u>
Other financing sources (uses)			
Operating transfers in	1,634,120	1,596,120	1,456,808
Operating transfers out	<u>(40,235)</u>	<u>(59,585)</u>	<u>(59,577)</u>
Total other financing sources (uses)	<u>1,593,885</u>	<u>1,536,535</u>	<u>1,397,231</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,455	311,410	630,076
Fund Balances - beginning of year	<u>9,215,345</u>	<u>9,215,345</u>	<u>9,670,921</u>
Fund Balances - end of year	<u>\$ 9,218,800</u>	<u>\$ 9,526,755</u>	<u>\$ 10,300,997</u>

Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
\$ (6,780)	\$ 8,001,191	\$ 76,571
-	272,611	25,611
-	80,625	-
(27,749)	454,851	10,151
-	316,961	6,961
(7,196)	562,291	22,291
<u>(209,974)</u>	<u>529,976</u>	<u>(32,684)</u>
(251,699)	10,218,506	108,901
(761,272)	878,962	51,068
(23,039)	182,334	7,761
(407,985)	2,222,850	(12,870)
(450,880)	2,755,497	48,018
(192,386)	732,045	133,475
(209,811)	777,390	9,795
(89,533)	407,503	19,247
(47,852)	446,323	14,157
(1,540)	55,461	13,539
(98,545)	455,674	19,826
1,812,138	1,812,138	235,262
12	40,490	28,785
<u>(470,693)</u>	<u>10,766,667</u>	<u>568,063</u>
218,994	(548,161)	676,964
139,142	1,595,950	(170)
-	(59,577)	8
<u>139,142</u>	<u>1,536,373</u>	<u>(162)</u>
358,136	988,212	676,802
	9,215,345	-
	<u>\$ 10,203,557</u>	<u>\$ 676,802</u>

CITY OF SAGINAW, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET BASIS OF ACCOUNTING

The City adopts its budget of the general fund on the modified accrual basis of accounting by activity, function, or department, except for expenditures relating to employee benefits and certain administration expenditures, which are budgeted as nondepartmental expenditures. In addition, various expenditures out of funds collected for a specific purpose are recorded by the City through designated escrow accounts and are not budgeted.

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the budget basis to a GAAP basis are provided below:

Excess of revenues and other sources over expenditures and other uses – budget basis	\$ 988,212
Record revenues designated for special purposes and recorded through escrow accounts	251,699
Allocated insurance costs to the Enterprise Fund	(139,142)
Record expenditures from funds collected for special purposes and recorded through escrow accounts	<u>(470,693)</u>
Excess of revenues and other sources over expenditures and other uses – GAAP basis	<u>\$ 630,076</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF SAGINAW, TEXAS
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	Special Revenue				Total Other Governmental Funds
	Police Fund	Saginaw Crime Control and Prevention District	Drainage Fund	Street Maintenance Fund	
ASSETS					
Deposits and investments	\$ 6,467	\$ 1,063,105	\$ 450,024	\$ 121,337	\$ 1,640,933
Receivables					
Other	-	-	91,375	-	91,375
Taxes	-	174,915	-	64,520	239,435
TOTAL ASSETS	<u>\$ 6,467</u>	<u>\$ 1,238,020</u>	<u>\$ 541,399</u>	<u>\$ 185,857</u>	<u>\$ 1,971,743</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 11,147	\$ 16,358	\$ -	\$ 27,505
Total liabilities	-	11,147	16,358	-	27,505
Fund balances					
Reserved for police department	6,467	-	-	-	6,467
Reserved for Saginaw Police Crime Control and Prevention District	-	1,226,873	-	-	1,226,873
Reserved for Drainage Projects	-	-	525,041	-	525,041
Reserved for Street Maintenance Projects	-	-	-	185,857	185,857
Total fund balances	6,467	1,226,873	525,041	185,857	1,944,238
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,467</u>	<u>\$ 1,238,020</u>	<u>\$ 541,399</u>	<u>\$ 185,857</u>	<u>\$ 1,971,743</u>

**CITY OF SAGINAW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue				Total Other Governmental Funds
	Police Fund	Saginaw Crime Control and Prevention District	Drainage Fund	Street Maintenance Fund	
Revenues:					
Taxes	\$ -	1,188,695	\$ -	\$ 185,384	\$ 1,374,079
Miscellaneous	-	1,819	-	-	1,819
Interest income	202	33,367	12,721	473	46,763
Fees	-	-	419,780	-	419,780
Total revenues	<u>202</u>	<u>1,223,881</u>	<u>432,501</u>	<u>185,857</u>	<u>1,842,441</u>
Expenditures:					
Current:					
General administrative offices	3,491	-	159,800	-	163,291
Police	-	34,150	-	-	34,150
Capital outlay	-	85,106	8,448	-	93,554
Total expenditures	<u>3,491</u>	<u>119,256</u>	<u>168,248</u>	<u>-</u>	<u>290,995</u>
Excess (deficiency) of revenues over expenditures	<u>(3,289)</u>	<u>1,104,625</u>	<u>264,253</u>	<u>185,857</u>	<u>1,551,446</u>
Other financing sources (uses)					
Transfers out	-	(745,000)	(156,613)	-	(901,613)
Total other financing sources (uses)	<u>-</u>	<u>(745,000)</u>	<u>(156,613)</u>	<u>-</u>	<u>(901,613)</u>
Net change in fund balances	(3,289)	359,625	107,640	185,857	649,833
Fund Balances - beginning of year	<u>9,756</u>	<u>867,248</u>	<u>417,401</u>	<u>-</u>	<u>1,294,405</u>
Fund Balances - end of year	<u>\$ 6,467</u>	<u>\$ 1,226,873</u>	<u>\$ 525,041</u>	<u>\$ 185,857</u>	<u>\$ 1,944,238</u>

SPECIAL REVENUE FUND

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

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT
SEPTEMBER 30, 2008
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Deposits and investments	\$ 1,063,105	\$ 769,288
Receivables		
Taxes, net	<u>174,915</u>	<u>232,360</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,238,020</u>	<u>\$ 1,001,648</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 11,147</u>	<u>\$ 134,400</u>
Total liabilities	<u>11,147</u>	<u>134,400</u>
Fund balances		
Reserved for Saginaw Police Crime Control and Prevention District	<u>1,226,873</u>	<u>867,248</u>
Total fund balances	<u>1,226,873</u>	<u>867,248</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,238,020</u>	<u>\$ 1,001,648</u>

**CITY OF SAGINAW, TEXAS
SAGINAW CRIME CONTROL AND PREVENTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted amounts		Actual GAAP Basis
	Original	Final	
Revenues:			
Sales taxes	\$ 1,100,000	\$ 1,200,000	\$ 1,188,695
Miscellaneous revenues	-	1,000	1,819
Interest income	40,000	33,000	33,367
Total revenues	<u>1,140,000</u>	<u>1,234,000</u>	<u>1,223,881</u>
Expenditures:			
Uniforms	2,500	2,500	2,919
Data processing	30,000	30,000	12,430
Officer supplies and equipment	3,000	3,000	2,939
Investigator supplies and equipment	3,000	3,000	-
Crime prevention supplies	3,000	4,000	2,997
Tactical employee training	15,000	15,000	12,865
Capital outlay	160,000	160,000	85,106
Total expenditures	<u>216,500</u>	<u>217,500</u>	<u>119,256</u>
Excess (deficiency) of revenues over expenditures	<u>923,500</u>	<u>1,016,500</u>	<u>1,104,625</u>
Other financing sources (uses)			
Operating transfers out	<u>(745,000)</u>	<u>(745,000)</u>	<u>(745,000)</u>
Total other financing sources (uses)	<u>(745,000)</u>	<u>(745,000)</u>	<u>(745,000)</u>
Net change in fund balance	178,500	271,500	359,625
Fund Balances - beginning of year	<u>867,248</u>	<u>867,248</u>	<u>867,248</u>
Fund Balances - end of year	<u><u>\$ 1,045,748</u></u>	<u><u>\$ 1,138,748</u></u>	<u><u>\$ 1,226,873</u></u>

Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2007
\$ (11,305)	\$ 1,324,438
819	-
<u>367</u>	<u>52,911</u>
<u>(10,119)</u>	<u>1,377,349</u>
(419)	8,361
17,570	33,099
61	4,984
3,000	2,006
1,003	2,052
2,135	15,364
<u>74,894</u>	<u>1,382,516</u>
<u>98,244</u>	<u>1,448,382</u>
<u>88,125</u>	<u>(71,033)</u>
<u>-</u>	<u>(435,000)</u>
<u>-</u>	<u>(435,000)</u>
88,125	(506,033)
<u>-</u>	<u>1,373,281</u>
<u>\$ 88,125</u>	<u>\$ 867,248</u>

DEBT SERVICE FUND

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

**CITY OF SAGINAW, TEXAS
BALANCE SHEET -
DEBT SERVICE FUND
SEPTEMBER 30, 2008
WITH COMPARATIVE BALANCES
FOR SEPTEMBER 30, 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Deposits and investments	\$ 943,269	\$ 823,180
Receivables		
Taxes, net	<u>126,663</u>	<u>140,396</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,069,932</u>	<u>\$ 963,576</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 33,558
Deferred revenue	<u>126,663</u>	<u>140,396</u>
Total liabilities	<u>126,663</u>	<u>173,954</u>
Fund balances		
Reserved for debt service	<u>943,269</u>	<u>789,622</u>
Total fund balances	<u>943,269</u>	<u>789,622</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,069,932</u>	<u>\$ 963,576</u>

**CITY OF SAGINAW, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted amounts		Actual GAAP Basis
	Original	Final	
Revenues			
Current and delinquent general property tax - debt service portion	\$ 2,867,140	\$ 2,867,140	\$ 2,859,857
Penalties, interest and fees on delinquent taxes	5,000	5,000	10,137
Interest income	80,000	60,000	65,028
Total revenues	<u>2,952,140</u>	<u>2,932,140</u>	<u>2,935,022</u>
Expenditures			
Bond principal payments	1,670,000	1,745,000	1,745,000
Capital lease and note principal payments	64,200	80,155	80,148
Total principal payments	<u>1,734,200</u>	<u>1,825,155</u>	<u>1,825,148</u>
Bond interest	1,162,250	1,087,250	1,035,909
Capital lease and note interest	8,170	11,565	8,166
Fiscal charges and debt issuance costs	9,900	9,900	3,857
Total interest payments	<u>1,180,320</u>	<u>1,108,715</u>	<u>1,047,932</u>
Total expenditures	<u>2,914,520</u>	<u>2,933,870</u>	<u>2,873,080</u>
Excess (deficiency) of revenues over expenditures	<u>37,620</u>	<u>(1,730)</u>	<u>61,942</u>
Other financing sources (uses)			
Operating transfers in	72,370	91,720	91,705
Total other financing sources (uses)	<u>72,370</u>	<u>91,720</u>	<u>91,705</u>
Net change in fund balance	109,990	89,990	153,647
Fund Balances - beginning of year	<u>789,622</u>	<u>789,622</u>	<u>789,622</u>
Fund Balances - end of year	<u>\$ 899,612</u>	<u>\$ 879,612</u>	<u>\$ 943,269</u>

Variance with Final Budget Positive (Negative)	Actual GAAP Basis 2007
\$ (7,283)	\$ 2,516,971
5,137	12,600
<u>5,028</u>	<u>101,394</u>
<u>2,882</u>	<u>2,630,965</u>
-	1,510,000
<u>7</u>	<u>60,253</u>
7	1,570,253
51,341	959,281
3,399	12,106
<u>6,043</u>	<u>4,769</u>
<u>60,783</u>	<u>976,156</u>
<u>60,790</u>	<u>2,546,409</u>
<u>63,672</u>	<u>84,556</u>
<u>(15)</u>	72,359
<u>(15)</u>	<u>72,359</u>
63,657	156,915
<u>-</u>	<u>632,707</u>
<u>\$ 63,657</u>	<u>\$ 789,622</u>

ENTERPRISE FUND

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

**CITY OF SAGINAW, TEXAS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

ASSETS	2008	2007
Current assets:		
Deposits and investments	\$ 6,898,992	\$ 7,713,543
Deposits and investments-restricted	1,063,444	1,218,878
Receivables		
Accounts receivable, net of allowance of \$136,847 in 2008 and \$136,847 in 2007	344,754	574,724
Unbilled accounts	360,988	216,797
Total current assets	8,668,178	9,723,942
Noncurrent assets:		
Capital assets, at cost		
Land and land improvements	4,813	4,813
Buildings and improvements	163,869	163,869
Waterworks and sewer system	25,269,359	24,942,017
Machinery and equipment	1,232,657	1,114,176
Construction in progress	1,338,579	200,040
Accumulated depreciation	(6,982,778)	(6,422,845)
Total capital assets, net of accumulated depreciation	21,026,499	20,002,070
Deferred charges	126,566	141,361
Deposits and investments-restricted	443,592	422,546
Total noncurrent assets	21,596,657	20,565,977
TOTAL ASSETS	30,264,835	30,289,919
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	618,303	702,093
Accrued interest	22,069	22,069
Revenue bonds payable	429,490	419,490
Total current liabilities	1,069,862	1,143,652
Noncurrent liabilities:		
Revenue bonds payable	5,942,955	6,372,445
Customer deposits	443,592	422,546
Total liabilities	7,456,409	7,938,643
NET ASSETS		
Investment in capital assets, net of related debt	15,203,616	13,931,450
Restricted for:		
Revenue bond retirement	513,882	497,563
Unrestricted		
Undesignated	7,090,928	7,922,263
Total net assets	\$ 22,808,426	\$ 22,351,276

**CITY OF SAGINAW, TEXAS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2008
WITH COMPARATIVE TOTALS
FOR YEAR ENDED SEPTEMBER 30, 2007**

	<u>2008</u>	<u>2007</u>
Operating revenue		
Water and sewer sales	\$ 5,997,524	\$ 5,492,428
Penalties	132,472	138,561
Surcharges	367,063	317,145
Miscellaneous	74,543	62,406
	<u>6,571,602</u>	<u>6,010,540</u>
Total operating revenue		
Operating expenses		
Cost of sales and services	3,552,812	5,086,489
Administrative	1,556,563	1,159,008
Depreciation	559,933	536,055
	<u>5,669,308</u>	<u>6,781,552</u>
Total operating expenses		
Operating income (loss)	<u>902,294</u>	<u>(771,012)</u>
Nonoperating revenues (expenses)		
Impact and tap fees	214,209	407,695
Investment income	229,860	449,755
Interest expense and agent fees	(375,356)	(348,545)
	<u>68,713</u>	<u>508,905</u>
Total nonoperating revenues (expenses)		
Income (loss) before contributions and transfers	<u>971,007</u>	<u>(262,107)</u>
Capital contributions	73,466	178,587
Transfers out	(621,098)	(652,106)
Transfers in	33,775	30,765
	<u>457,150</u>	<u>(704,861)</u>
Changes in net assets		
Net Assets, beginning of year	<u>22,351,276</u>	<u>23,056,137</u>
Net Assets, end of year	<u>\$ 22,808,426</u>	<u>\$ 22,351,276</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2008
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 6,506,870	\$ 5,971,243
Cash paid to employees	(704,636)	(679,206)
Cash paid to suppliers	<u>(4,316,972)</u>	<u>(5,545,173)</u>
Net cash provided by (used in) operating activities	<u>1,485,262</u>	<u>(253,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out to other funds	(621,098)	(652,106)
Transfer from other funds	<u>33,775</u>	<u>30,765</u>
Net cash used in noncapital financing activities	<u>(587,323)</u>	<u>(621,341)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Impact and tap fees	214,209	407,695
Principal paid on revenue bonds	(420,000)	(330,000)
Capital expenditures	(1,510,896)	(515,052)
Proceeds from debt issuance	-	2,535,000
Interest paid on revenue bonds	(356,774)	(366,448)
Fiscal agent fees	<u>(3,277)</u>	<u>(1,431)</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,076,738)</u>	<u>1,729,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>229,860</u>	<u>449,755</u>
Net cash provided by investing activities	<u>229,860</u>	<u>449,755</u>
Net increase in cash	(948,939)	1,305,042
Cash and Cash Equivalents at the beginning of the year	<u>9,354,967</u>	<u>8,049,925</u>
Cash and Cash Equivalents at the end of the year	<u>\$ 8,406,028</u>	<u>\$ 9,354,967</u>

**CITY OF SAGINAW, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2008
WITH COMPARATIVE TOTALS FOR
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>2008 Statement of Cash Flows Totals</u>	<u>2007 Statement of Cash Flows Totals</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET:				
Cash and cash equivalents - beginning balance	\$ 7,713,543	\$ 1,641,424	\$ 9,354,967	\$ 8,049,925
Net increase (decrease)	<u>(814,551)</u>	<u>(134,388)</u>	<u>(948,939)</u>	<u>1,305,042</u>
Cash and cash equivalents - ending	<u>\$ 6,898,992</u>	<u>\$ 1,507,036</u>	<u>\$ 8,406,028</u>	<u>\$ 9,354,967</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)			\$ 902,294	\$ (771,012)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation			559,933	536,055
(Increase) decrease in accounts receivable			85,779	(249,951)
Increase (decrease) in accounts payable and accrued expenses			(83,790)	195,717
Increase in customer deposits			<u>21,046</u>	<u>36,055</u>
Net cash provided by (used in) operating activities			<u>\$ 1,485,262</u>	<u>\$ (253,136)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING, CAPITAL AND INVESTING ACTIVITIES				
Community Development Block Grant			<u>\$ 73,466</u>	<u>\$ 178,587</u>

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	65-72
Revenue Capacity These schedules contain information to help the reader assess the government's two most significant local source revenues, water and sewer and the sales and use tax.	73-76
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.	77-80
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.	81-82
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.	83-86

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

**CITY OF SAGINAW, TEXAS
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS(a)**

	<u>2003</u>	<u>2004</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 41,911,912	\$ 42,120,437
Restricted	146,316	424,345
Unrestricted	5,341,578	6,507,804
Total governmental activities net assets	<u>\$ 47,399,806</u>	<u>\$ 49,052,586</u>
Business-type activities		
Invested in capital assets, net of related	\$ 12,797,445	\$ 13,528,348
Restricted	1,315,287	909,398
Unrestricted	3,624,263	4,521,022
Total business-type activities net assets	<u>\$ 17,736,995</u>	<u>\$ 18,958,768</u>
Primary government		
Invested in capital assets, net of related debt	54,709,357	55,648,785
Restricted	1,461,603	1,333,743
Unrestricted	8,965,841	11,028,826
Total primary government assets	<u>\$ 65,136,801</u>	<u>\$ 68,011,354</u>

(a) *The City of Saginaw first applied GASB Statement 34 in fiscal year ended 9/30/03; therefore, government-wide financial information for years prior to fiscal year ended 9/30/03 is not available.*

Table 1

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 41,392,997	\$ 44,426,385	\$ 43,470,367	42,189,355
538,608	692,411	836,097	976,011
8,240,155	9,411,787	11,355,703	12,696,515
<u>\$ 50,171,760</u>	<u>\$ 54,530,583</u>	<u>\$ 55,662,167</u>	<u>\$ 55,861,881</u>
\$ 14,111,336	\$ 15,258,061	\$ 13,210,135	15,203,616
666,675	486,623	1,218,878	513,882
6,083,686	7,311,453	7,922,263	7,090,928
<u>\$ 20,861,697</u>	<u>\$ 23,056,137</u>	<u>\$ 22,351,276</u>	<u>\$ 22,808,426</u>
55,504,333	59,684,446	56,680,502	57,392,971
1,205,283	1,179,034	2,054,975	1,489,893
14,323,841	16,723,240	19,277,966	19,787,443
<u>\$ 71,033,457</u>	<u>\$ 77,586,720</u>	<u>\$ 78,013,443</u>	<u>\$ 78,670,307</u>

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

Table 2
(page 1 of 2)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General administrative offices	\$ 1,169,587	\$ 1,018,175	\$ 1,258,791	\$ 1,662,869	\$ 1,510,834	\$ 1,826,087
Municipal court	132,240	122,537	139,495	175,909	173,795	205,773
Fire	1,573,367	1,581,919	2,000,796	2,109,883	2,357,074	2,809,960
Police	1,979,759	2,161,383	2,497,751	2,596,794	3,383,062	3,452,302
Public works	3,331,390	3,690,933	3,550,185	3,772,225	3,720,923	3,524,022
Recreation	238,498	262,467	664,246	742,411	1,144,105	1,108,337
Library	367,436	376,618	415,265	435,045	570,070	599,434
Inspection	281,153	264,101	390,154	730,758	468,160	510,912
Janitorial	58,750	66,072	77,611	80,753	62,883	57,001
City garage	240,052	270,433	352,296	389,764	426,217	556,402
Economic development	30,940	34,316	41,947	40,825	38,076	40,478
Interest on long term debt	922,079	892,528	1,006,766	955,174	1,033,565	1,087,008
Total governmental activities	10,325,251	10,741,482	12,395,303	13,692,410	14,888,764	15,777,716
Business-type activities						
Water and sewer	4,384,308	4,408,781	4,480,084	5,655,141	7,130,097	6,044,664
Total business-type activities	4,384,308	4,408,781	4,480,084	5,655,141	7,130,097	6,044,664
Total Primary government expenses	14,709,559	15,150,263	16,875,387	19,347,551	22,018,861	21,822,380
Program Revenues						
Governmental activities:						
Fines, Fees and charges for Services						
Municipal court	362,624	345,344	319,140	299,763	471,283	421,785
Fire	52,500	58,125	60,000	69,000	74,250	80,625
Police	3,590	4,274	4,837	4,064	5,615	6,505
Public works	66,086	142,969	323,534	505,705	425,386	427,491
Recreation	122,442	199,390	253,822	405,401	592,727	638,931
Library	20,680	21,094	29,330	26,373	28,630	23,041
Inspection	593,858	652,453	646,821	484,333	358,065	296,169
Operating Grants and Contributions						
General administrative offices	150	250	-	-	-	-
Fire	-	-	-	171,706	85,801	374,297
Police	30,861	29,940	32,331	64,226	109,999	73,477
Capital Grants and Contributions						
Public works	126,528	38,773	-	2,970,632	87,083	-
Total governmental activities program revenues	1,379,319	1,492,612	1,669,815	5,001,203	2,238,839	2,342,321

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

Table 2
(page 2 of 2)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Business-type activities						
Charges for services						
Water and Sewer	\$ 4,737,241	\$ 4,945,120	\$ 5,528,411	\$ 6,395,934	\$ 5,948,134	\$ 6,497,059
Capital Grants and Contributions	2,865,875	1,205,487	1,256,816	1,732,134	586,282	287,675
Total business-type activities program revenues	<u>7,603,116</u>	<u>6,150,607</u>	<u>6,785,227</u>	<u>8,128,068</u>	<u>6,534,416</u>	<u>6,784,734</u>
Total primary government program revenues	<u>8,982,435</u>	<u>7,643,219</u>	<u>8,455,042</u>	<u>13,129,271</u>	<u>8,773,255</u>	<u>9,127,055</u>
Net (Expenses) Revenue						
Governmental Activities	(8,945,932)	(9,248,870)	(10,725,488)	(8,691,207)	(12,649,925)	(13,435,395)
Business-type Activities	3,218,808	1,741,826	2,305,143	2,472,927	(595,681)	740,070
Total Primary governmental net expenses	<u>(5,727,124)</u>	<u>(7,507,044)</u>	<u>(8,420,345)</u>	<u>(6,218,280)</u>	<u>(13,245,606)</u>	<u>(12,695,325)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Ad valorem	3,725,185	4,025,691	4,316,475	4,779,910	5,018,022	5,152,750
Sales	2,314,780	2,834,150	4,155,762	5,339,856	5,551,551	5,786,363
Franchise taxes	877,700	903,696	1,009,157	1,190,759	1,171,259	1,258,549
Other taxes	3,300	3,494	4,496	9,630	13,577	13,437
Penalties and interest	38,314	38,094	25,334	19,502	25,359	10,778
Interest income	151,059	122,367	327,532	702,686	804,852	591,222
Gain on sale of assets	2,935,547	2,287,295	934,800	39,735	39,735	14,166
Miscellaneous revenues	218,195	78,010	518,951	397,814	535,813	220,521
Transfers	576,848	608,856	552,152	570,138	621,341	587,323
Total Governmental Activities	<u>10,840,928</u>	<u>10,901,653</u>	<u>11,844,659</u>	<u>13,050,030</u>	<u>13,781,509</u>	<u>13,635,109</u>
Business-type Activities:						
Interest income	65,781	58,715	124,748	262,208	449,755	229,860
Miscellaneous revenues	35,905	30,088	25,190	29,443	62,406	74,543
Transfers	(576,848)	(608,856)	(552,152)	(570,138)	(621,341)	(587,323)
Total Business-type Activities	<u>(475,162)</u>	<u>(520,053)</u>	<u>(402,214)</u>	<u>(278,487)</u>	<u>(109,180)</u>	<u>(282,920)</u>
Total Primary Government	<u>10,365,766</u>	<u>10,381,600</u>	<u>11,442,445</u>	<u>12,771,543</u>	<u>13,672,329</u>	<u>13,352,189</u>
Changes in Net Assets						
Governmental Activities	1,894,996	1,652,783	1,119,171	4,358,823	1,131,584	199,714
Business-type Activities	2,743,646	1,221,773	1,902,929	2,194,440	(704,861)	457,150
Total Primary Government	<u>\$ 4,638,642</u>	<u>\$ 2,874,556</u>	<u>\$ 3,022,100</u>	<u>\$ 6,553,263</u>	<u>\$ 426,723</u>	<u>\$ 656,864</u>

Source: Comprehensive Annual Financial Reports

(a) The City of Saginaw first applied GASB Statement 34 in fiscal year ended 9/30/03; therefore, government-wide financial information for years prior to fiscal year ended 9/30/03 is not available.

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved for other	\$ -	\$ -	\$ -	\$ -
Unreserved	2,400,306	3,155,722	3,926,208	4,174,623
Total general fund	<u>\$ 2,400,306</u>	<u>\$ 3,155,722</u>	<u>\$ 3,926,208</u>	<u>\$ 4,174,623</u>
All Other Governmental Funds				
Reserved for:				
Reserved for construction	\$ 597,325	\$ 4,551,950	\$ 2,623,668	\$ 5,528,622
Reserved of debt service	56,195	54,201	84,154	35,293
Reserved for police department	25,169	25,357	27,523	28,601
Reserved for Saginaw Police Crime Control and Prevention District	168,434	222,086	293,933	311,664
Reserved for drainage projects	-	-	-	-
Reserved for street maintenance projects	-	-	-	-
Total all other governmental funds	<u>\$ 847,123</u>	<u>\$ 4,853,594</u>	<u>\$ 3,029,278</u>	<u>\$ 5,904,180</u>

Table 3

2003	2004	2005	2006	2007	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,459,428	5,585,720	6,704,672	8,342,180	9,670,921	10,300,997
<u>\$ 4,459,428</u>	<u>\$ 5,585,720</u>	<u>\$ 6,704,672</u>	<u>\$ 8,342,180</u>	<u>\$ 9,670,921</u>	<u>\$ 10,300,997</u>
\$ 3,788,670	\$ 5,871,618	\$ 5,022,003	\$ 2,368,204	\$ 5,421,657	\$ 4,047,653
218,074	388,929	505,941	632,707	789,622	943,269
22,716	18,758	16,364	16,637	9,756	6,467
411,201	612,035	1,065,823	1,373,281	867,248	1,226,873
-	-	117,368	194,495	417,401	525,041
-	-	-	-	-	185,857
<u>\$ 4,440,661</u>	<u>\$ 6,891,340</u>	<u>\$ 6,727,499</u>	<u>\$ 4,585,324</u>	<u>\$ 7,505,684</u>	<u>\$ 6,935,160</u>

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

	1999	2000	2001	2002
Revenues:				
Taxes	\$ 3,982,700	\$ 4,507,516	\$ 5,145,502	\$ 5,853,808
Licenses and permits	493,881	622,695	651,869	443,361
Charges for services	22,500	30,000	50,000	53,910
Fines and fees	520,986	347,062	422,739	455,289
Interest income	208,188	414,679	451,094	184,953
Rent income- recreation	36,802	33,667	34,865	38,813
Miscellaneous revenues	220,842	392,464	533,648	220,279
Total revenues	<u>5,485,899</u>	<u>6,348,083</u>	<u>7,289,717</u>	<u>7,250,413</u>
Expenditures:				
Current:				
General administrative offices	940,766	804,688	823,823	848,257
Municipal court	88,243	99,072	115,288	112,923
Fire	633,816	730,975	908,842	1,279,665
Police	1,401,234	1,557,185	1,571,304	1,717,377
Public works	460,778	509,299	561,305	787,463
Recreation	86,877	98,271	137,067	163,490
Library	203,458	206,483	268,166	271,224
Inspection	150,872	203,642	154,537	213,675
Janitorial	44,929	46,547	49,903	55,140
City garage	160,973	210,273	231,510	237,742
Economic development	51,062	-	-	21,408
Capital outlay	989,971	560,173	2,457,918	2,112,057
Bond sale expense				43,412
Debt Service:				
Principal retirement	695,472	775,640	863,515	914,368
Interest charges	657,848	626,506	843,695	769,539
Fiscal agent's fees and debt issuance costs	3,200	3,530	5,138	4,657
Total expenditures	<u>6,569,499</u>	<u>6,432,284</u>	<u>8,992,011</u>	<u>9,552,397</u>
Excess (deficiency) of revenues over expenditures	<u>(1,083,600)</u>	<u>(84,201)</u>	<u>(1,702,294)</u>	<u>(2,301,984)</u>
Other financing sources (uses)				
Capital lease proceeds	330,000	-	-	-
Issuance of debt	-	-	-	-
Bond Proceeds		4,245,000		4,845,000
Proceeds on refunding bonds	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	955,829	1,007,048	1,042,174	967,771
Transfers out	<u>(348,460)</u>	<u>(405,960)</u>	<u>(393,710)</u>	<u>(387,470)</u>
Total other financing sources (uses)	<u>937,369</u>	<u>4,846,088</u>	<u>648,464</u>	<u>5,425,301</u>
Net change in fund balances	<u>\$ (146,231)</u>	<u>\$ 4,761,887</u>	<u>\$ (1,053,830)</u>	<u>\$ 3,123,317</u>
Debt service as a percentage of noncapital expenditures	32.05%	31.39%	35.41%	29.50%

Table 4

2003	2004	2005	2006	2007	2008
\$ 6,916,942	\$ 7,898,741	\$ 9,525,772	\$ 11,270,983	\$ 11,752,870	\$ 12,241,907
585,580	644,000	634,093	470,872	338,520	272,611
52,500	58,125	317,779	475,881	500,938	500,405
461,257	522,134	443,175	459,755	551,067	492,737
151,059	122,367	379,588	702,686	804,852	591,222
44,012	122,864	327,532	342,695	528,746	569,487
327,636	223,499	495,433	738,420	833,394	741,769
<u>8,538,986</u>	<u>9,591,730</u>	<u>12,123,372</u>	<u>14,461,292</u>	<u>15,310,387</u>	<u>15,410,138</u>
1,401,202	978,084	1,219,687	1,626,702	1,505,262	1,803,525
132,240	122,537	141,270	175,510	173,396	205,373
1,674,275	1,429,385	1,899,401	2,350,782	2,428,970	2,630,835
1,869,091	2,034,128	2,396,321	2,442,792	2,863,106	3,240,527
565,334	751,998	793,417	933,192	1,203,546	924,431
178,309	246,917	527,983	516,409	999,445	987,201
307,150	308,733	355,829	381,868	520,671	497,036
245,659	262,987	402,875	730,326	471,479	494,175
58,750	66,072	77,611	80,753	62,883	57,001
240,051	272,243	352,096	389,564	432,394	554,219
30,940	34,316	41,947	40,825	38,076	40,478
1,881,468	3,071,704	1,302,565	4,916,195	4,187,891	1,630,028
1,018,454	1,163,421	1,371,089	1,440,343	1,570,253	1,825,148
925,333	847,374	979,779	922,820	971,387	1,044,075
-	-	-	-	-	-
134,967	68,716	3,942	66,165	77,566	3,857
<u>10,663,223</u>	<u>11,658,615</u>	<u>11,865,812</u>	<u>17,014,246</u>	<u>17,506,325</u>	<u>15,937,909</u>
<u>(2,124,237)</u>	<u>(2,066,885)</u>	<u>257,560</u>	<u>(2,552,954)</u>	<u>(2,195,938)</u>	<u>(527,771)</u>
238,027	-	-	-	-	-
-	5,035,000	145,400	1,415,000	5,823,698	-
5,630,000	-	-	3,580,000	-	-
(5,499,352)	-	-	(3,516,850)	-	-
912,334	969,913	1,030,587	1,166,457	1,244,685	1,548,513
(335,486)	(361,057)	(478,435)	(596,319)	(623,344)	(961,190)
<u>945,523</u>	<u>5,643,856</u>	<u>697,552</u>	<u>2,048,288</u>	<u>6,445,039</u>	<u>587,323</u>
<u>\$ (1,178,714)</u>	<u>\$ 3,576,971</u>	<u>\$ 955,112</u>	<u>\$ (504,666)</u>	<u>\$ 4,249,101</u>	<u>\$ 59,552</u>
29.00%	30.90%	28.64%	24.44%	23.76%	25.85%

**CITY OF SAGINAW, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Table 5

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>% of Delinquent Taxes to Tax Levy</u>
1998/99	1,787,090	1,773,097	99.2%	10,723	1,783,820	99.8%	137,316	7.7%
1999/00	2,082,422	2,063,426	99.1%	9,726	2,073,152	99.6%	148,803	7.1%
2000/01	2,532,569	2,486,069	98.2%	17,521	2,503,590	98.9%	174,342	6.9%
2001/02	3,170,069	3,034,316	95.7%	46,157	3,080,473	97.2%	331,272	10.4%
2002/03	3,706,997	3,569,436	96.3%	95,225	3,664,661	98.9%	373,608	10.1%
2003/04	4,024,112	3,938,943	97.9%	168,652	4,107,595	102.1%	290,125	7.2%
2004/05	4,302,271	4,235,430	98.4%	84,510	4,319,940	100.4%	269,277	6.3%
2005/06	4,661,325	4,623,656	99.2%	79,834	4,703,490	100.9%	318,449	6.8%
2006/07	4,992,355	4,922,329	98.6%	57,034	4,979,363	99.7%	319,986	6.4%
2007/08	5,094,077	5,081,928	99.8%	64,231	5,146,159	101.0%	299,958	5.9%

CITY OF SAGINAW, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Table 6

Fiscal Year	Real Property		Personal Property		Total		Property Tax Rate Per \$100
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1998/99	274,470,860	274,470,860	76,847,976	76,847,976	351,318,836	351,318,836	0.505
1999/00	319,027,495	319,027,495	97,457,044	97,457,044	416,484,539	416,484,539	0.500
2000/01	394,627,890	394,627,890	111,885,642	111,885,642	506,513,532	506,513,532	0.500
2001/02	475,631,827	475,631,827	133,996,846	133,996,846	609,628,673	609,628,673	0.520
2002/03	561,888,791	561,888,791	106,529,372	106,529,372	668,418,163	668,418,163	0.540
2003/04	632,840,979	632,840,979	104,055,311	104,055,311	736,896,290	736,896,290	0.540
2004/05	681,595,460	681,595,460	107,192,677	107,192,677	788,788,137	788,788,137	0.540
2005/06	753,901,682	753,901,682	160,083,566	160,083,566	913,985,248	913,985,248	0.510
2006/07	819,132,647	819,132,647	206,343,896	206,343,896	1,025,476,543	1,025,476,543	0.487
2007/08	881,908,837	881,908,837	235,213,300	235,213,300	1,117,122,137	1,117,122,137	0.456

Note: Assessed values are established by a central appraisal district on the basis of 100% of its appraised value.

**CITY OF SAGINAW, TEXAS
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 ASSESSED VALUE
LAST TEN FISCAL YEARS
(Unaudited)**

Table 7

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>School</u>	<u>County (1)</u>	<u>State</u>	<u>Total</u>
1998/99	0.16662	0.33838	0.50500	1.50000	0.605316	-	2.610316
1999/00	0.20986	0.29014	0.50000	1.50000	0.605316	-	2.605316
2000/01	0.18156	0.31844	0.50000	1.50000	0.615265	-	2.615265
2001/02	0.26223	0.25777	0.52000	1.51000	0.64428	-	2.674280
2002/03	0.24860	0.29140	0.54000	1.55000	0.647277	-	2.737277
2003/04	0.27284	0.26716	0.54000	1.60500	0.647200	-	2.792200
2004/05	0.24483	0.29517	0.54000	1.65000	0.647270	-	2.837270
2005/06	0.25867	0.25133	0.51000	1.63450	0.647277	-	2.791777
2006/07	0.24211	0.24489	0.48700	1.53500	0.646277	-	2.668277
2007/08	0.20409	0.25191	0.45600	1.33010	0.636270	-	2.422370

Note: Tarrant County, Tarrant County College District and Tarrant County Hospital District

**CITY OF SAGINAW, TEXAS
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)**

Table 8

2008			1998		
Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Wal-Mart	\$ 24,054,466	2.15	Cargill Inc.	\$ 15,812,197	4.50
SEM Materials	17,164,199	1.54	Universal Forest Products	9,214,673	2.62
Norton Metal Products	15,431,784	1.38	Trinity Industries	8,221,084	2.34
Trinity Industries	14,041,066	1.26	Wisley Foods Inc.	6,096,022	1.74
Ventura Foods	13,914,916	1.25	Texas Utilities Electric Co.	4,590,810	1.27
Horizon Milling	12,330,348	1.10	Norton Metal Products	4,456,930	1.31
Oncor Electric Delivery Co.	11,025,220	0.99	Payless Cashways Inc.	3,709,452	1.06
Universal Forest Products	8,758,907	0.78	Darose Co. LLC	3,500,000	1.00
DOS Project LP	8,394,608	0.75	MTW Centre Court Inc.	2,976,000	0.85
Attebury Grain	8,254,926	0.74	Steele, Folsom, Morton Inc.	2,425,902	0.69
		<u>11.94</u>			<u>17.36</u>

Source: Information obtained from Tarrant Appraisal District

CITY OF SAGINAW, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Per Capita (a)
	General Obligation Bonds	Certificates of Obligation Bonds	Capital Leases	Notes Payable	Water and Sewer Bonds		
1998/99	7,360,000	3,900,000	491,798	38,761	4,270,000	16,060,559	1,453
1999/00	9,805,000	5,085,000	369,753	167	5,070,000	20,329,920	1,582
2000/01	9,220,000	4,915,000	261,203	-	4,870,000	19,266,203	1,450
2001/02	13,440,000	4,730,000	156,835	-	5,655,000	23,981,835	1,628
2002/03	12,955,000	4,530,000	306,435	-	5,465,000	23,256,435	1,467
2003/04	15,560,000	5,895,000	208,245	-	5,190,000	26,853,245	1,621
2004/05	14,495,000	5,620,000	322,556	-	4,895,000	25,332,556	1,447
2005/06	16,625,000	3,770,000	262,209	-	4,590,000	25,247,209	1,372
2006/07	15,420,000	9,220,000	270,652	-	6,795,000	31,705,652	1,673
2007/08	14,110,000	8,785,000	190,504	-	6,375,000	29,460,504	1,530

(a) See Schedule of Demographic Statistics on Table 10 for population data.

CITY OF SAGINAW, TEXAS
RATIO OF GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL
OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

Table 10

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>General Bonded Debt</u>	<u>Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>
1998/99	11,050	351,318,836	11,260,000	3.21%	1,019
1999/00	12,850	416,484,539	14,890,000	3.58%	1,159
2000/01	13,290	506,513,532	14,135,000	2.79%	1,064
2001/02	14,733	609,628,673	18,170,000	2.98%	1,233
2002/03	15,857	668,418,163	17,485,000	2.62%	1,103
2003/04	16,568	736,896,290	21,455,000	2.91%	1,295
2004/05	17,510	788,788,137	20,115,000	2.55%	1,149
2005/06	18,404	913,985,248	20,395,000	2.23%	1,108
2006/07	18,950	1,025,476,543	24,640,000	2.40%	1,300
2007/08	19,260	1,117,122,137	22,895,000	2.05%	1,189

CITY OF SAGINAW, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
YEAR ENDED SEPTEMBER 30, 2008
(Unaudited)

Table 11

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Saginaw</u>	<u>Amount Applicable to City of Saginaw</u>
City of Saginaw	\$22,895,000	100.00	\$ 22,895,000
Eagle Mountain-Saginaw Independent School District	465,267,701	12.30	57,227,927
Tarrant County	345,904,856	0.86	2,974,782
Tarrant County Hospital District	64,620,000	0.86	555,732
Tarrant County Junior College District	<u>46,301,947</u>	0.86	<u>398,197</u>
Total direct and overlapping debt	<u>\$ 944,989,504</u>		<u>\$84,051,638</u>
Ratio of direct and overlapping funded debt to taxable assessed valuation			<u>8.20%</u>
Per capita direct and overlapping bonded debt			<u>\$ 4,364</u>

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

Table 12

<u>Year</u>	<u>Gross Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>	<u>Coverage Ratio</u>
1998/99	4,077,498	2,521,878	1,555,620	155,000	250,222	405,222	3.84
1999/00	4,816,991	2,534,896	2,282,095	160,000	278,026	438,026	5.21
2000/01	5,375,510	3,322,939	2,052,571	200,000	292,868	492,868	4.16
2001/02	5,021,766	3,427,483	1,594,283	215,000	330,311	545,311	2.92
2002/03	5,426,173	3,628,367	1,797,806	245,000	311,323	556,323	3.23
2003/04	5,706,395	3,627,517	2,078,878	275,000	315,927	590,927	3.52
2004/05	6,428,883	3,686,242	2,742,641	295,000	276,764	571,764	4.80
2005/06	7,241,996	4,876,868	2,365,128	305,000	253,120	558,120	4.24
2006/07	6,898,755	6,245,497	653,258	330,000	348,545	678,545	0.96
2007/08	7,049,446	5,109,375	1,940,071	420,000	375,356	795,356	2.44

- Notes:
1. Operating revenues and nonoperating revenues of Enterprise Fund excluding contributed assets.
 2. Total operating expenses of Enterprise Fund exclusive of depreciation.

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

Table 13

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1998/99	11,050	227,773,650	20,613	6,214	4.10%
1999/00	12,850	353,863,300	27,538	6,919	3.40%
2000/01	13,290	383,217,150	28,835	7,174	5.90%
2001/02	14,733	443,610,630	30,110	7,815	8.00%
2002/03	15,857	477,454,270	30,110	8,476	8.60%
2003/04	16,568	518,694,376	31,307	9,431	7.00%
2004/05	17,510	543,755,540	31,054	10,413	5.50%
2005/06	18,404	571,517,816	31,054	12,573	4.60%
2006/07	18,950	588,473,300	31,054	13,423	4.30%
2007/08	19,260	598,100,040	31,054	15,292	5.50%

- Notes:
1. Bureau of Economic Analysis
 2. Eagle Mountain-Saginaw Independent School District
 3. Texas Work Force Commission
Dallas / Fort Worth MSA

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

Table 14

	<u>2008</u>		<u>2001</u>
<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
Eagle Mountain-Saginaw ISD	1,825	Eagle Mountain-Saginaw ISD	784
Wal Mart	463	Trinity Industries	220
Trinity Industries	376	International Purity	200
Universal Forest Products	260	Universal Forest Products	165
Builders Gypsum Supply	226	Trinity Plastics	150
Durham Transportation	217	Cargill, Inc.	145
Ventura Foods	180	Bana Box Inc.	120
Bana Box Inc.	160	Ventura Foods	89
Albertsons	130	Payless Cashways	70
Anchor Fabrication	125	Diamond Food Store	46

Source: City Economic Development Division.

Note: Information prior to 2001 is not available to the City.

CITY OF SAGINAW, TEXAS

Table 15

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of October 1</u>									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government										
Administration	7	6	6	6	5	6	6	6	6	6
Municipal Court	3	3	2	2	2	2	2	2	2	2
Public Safety										
Fire	24	24	24	23	23	21	21	21	13	13
Police	51.5	46.5	42	41	37	33	33	31	31	30
Public Works										
Streets/Parks Maintenance	9	9	9	8	9	9	9	10	10	9
Building Inspections	3.5	3.5	3.5	3.5	3	3	3	4	3	3
Code Enforcement/ Animal control	4	4	4	3	3	2	2	1	1	1
Janitor	0	0	1	1	1	1	1	1	1	1
City Garage	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	0	0
Parks and recreation	9.5	9.5	8	7	6	5	2	2	2	1
Library	9	9	9	8.5	7	6	6	4	4	5
Water/Wastewater	16.5	16.5	16.5	15.5	15.5	15	15	14	14	13
Drainage	2.5	2.5	2.5	2.5	0	0	0	0	0	0
Total	142.5	136.5	130.5	124	114.5	106	103	99	89	86

Source: City Budgets

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police					
Stations	1	1	1	1	1
Licensed Officers	41	39	34	30	27
Patrol units on duty at any one time	4	4	4	4	4
Fire					
Stations	2	2	2	2	2
Firefighter/paramedics	24	23	23	23	20
Library					
Number of libraries	1	1	1	1	1
Volumes in collection	54,853	53,523	51,072	49,180	47,325
Average monthly circulation	13,069	12,841	12,757	12,267	11,436
Average monthly visitors	8,187	7,731	7,562	6,882	6,648
Public works					
Streets (miles)	78.5	78.5	78.5	75.1	73.7
Streetlights	700	700	740	705	685
Parks and recreation					
Acreage	100	100	100	100	100
Parks	7	7	7	7	7
Recreation Centers	1	1	1	1	1
Senior/community Centers	2	2	2	2	2
Water					
Number of water customers	6,805	6,741	6,611	6,384	5,966
Annual water consumption (1,000 gallons)	1,061,546	907,325	1,064,548	902,676	773,380
Daily consumption (1,000 gallons)	2,908	2,485	2,916	2,473	2,119
Water mains (miles)	107.8	107.6	91.7	88.9	86.7
Fire hydrants	741	739	739	714	683
Storage capacity (thousands of gallons)	4,250	2,750	2,750	2,750	2,750
Wastewater					
Number of wastewater customers	6,717	6,656	6,535	6,321	5,917
Wastewater treated annually (1,000 gallons)	788,198	889,600	684,857	675,434	756,137
Sanitary sewers (miles)	79.2	79.0	76.9	74.1	73.0
Storm sewers (miles)	14.9	14.8	14.8	13.7	13.5

Sources: Various city departments.

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

Note: No annual or daily water consumption information available for 1998 and 1999

Table 16

Fiscal Year				
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
1	1	1	1	1
24	24	24	24	24
4	4	4	4	4
2	2	1	1	1
20	19	16	13	10
1	1	1	1	1
45,668	43,165	41,307	39,374	36,763
10,528	9,190	8,353	7,646	6,532
6,344	5,756	5,418	2,488	-
72.3	68.3	58.8	58.1	55.2
679	642	553	548	519
100	100	100	100	100
7	7	7	7	7
-	-	-	-	-
2	2	2	2	2
5,694	5,344	5,029	4,617	4,149
790,113	718,284	746,234	723,987	-
2,165	1,968	2,044	1,983	-
85.9	77.8	68.9	66.0	66.0
630	600	581	502	502
2,750	2,750	2,750	2,750	2,750
5,650	5,316	4,998	4,300	3,899
730,239	731,179	809,415	600,729	623,105
71.8	65.3	60.6	59.9	57.0
12.7	11.1	10.3	9.9	8.0

**CITY OF SAGINAW, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED SEPTEMBER 30, 2008
(Unaudited)**

Table 17

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

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

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

The rate of fiscal 2007 was established at \$.456 per \$100 of assessed valuation based on 100% of appraised value.

**CITY OF SAGINAW, TEXAS
CONTINUING FINANCIAL DISCLOSURE TABLES
YEAR ENDED SEPTEMBER 30, 2008
(Unaudited)**

The Continuing Financial Disclosure Tables portion of the Statistical section presents various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. The financial tables that follow are updated through September 30, 2008, from the last debt issues that were sold in fiscal year ending September 30, 2007. This financial information is also sent to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the Securities and Exchange Commission ("SEC").

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

General Obligation Tables

ASSESSED VALUATION

TABLE GO-1

2008 Actual Market Value of Taxable Property (100% of Actual)		\$ 1,257,352,647
Less Exemptions:		
Local, Option Over-65 / Disabled	38,727,600	
Disabled and Deceased Veterans' Exemptions	1,668,000	
Freeport Property	53,612,429	
Pollution Control	963,857	
Agriculture Productivity Value Loss	16,562,091	
Abatement	17,318,564	
Solar / Wind / Other	-	
Value Cap (10%) and Other	468,099	129,320,640
2008 Net Taxable Assessed Valuation		\$ 1,128,032,007

Source: Tarrant County Appraisal District - Certified Values

GENERAL OBLIGATION BONDED DEBT

TABLE GO-2

(As of September 30, 2008)

General Obligation Debt Principal Outstanding:

Certificates of Obligation, Series 1997		\$ 1,720,000
Combination Tax and Revenue Certificates of Obligation, Series 2000		125,000
General Obligation Bonds, Series 2000		405,000
General Obligation Bonds, Series 2002		4,035,000
General Obligation Refunding Bonds, Series 2002		1,455,000
General Obligation Refunding Bonds, Series 2003		455,000
Combination Tax and Revenue Certificates of Obligation, Series 2004		1,365,000
General Obligation Bonds, Series 2004		2,975,000
General Obligation Refunding and Improvement Bonds, Series 2006		4,785,000
Combination Tax and Revenue Certificates of Obligation, Series 2006		1,880,000
Combination Tax and Revenue Certificates of Obligation, Series 2007		3,695,000
Total Gross General Obligation Debt Principal Outstanding:		\$ 22,895,000
Less: Self-Supporting General Obligation Debt		
General Obligation Refunding Bonds, Series 2002 (23.25%)		\$ 338,288
General Obligation Refunding Bonds, Series 2003 (10.00%)		45,500
Total Self-Supporting General Obligation Debt Principal		\$ 383,788
Total Net General Obligation Debt Principal Outstanding:		\$ 22,511,213
General Obligation Interest and Sinking Fund Balance as of 9-30-08		\$ 943,269
Ratio of Gross General Obligation Debt Principal to 2008 Net Assessed Valuation		2.03%
Ratio of Net General Obligation Debt Principal to 2008 Net Assessed Valuation		2.00%
2008 Net Assessed Valuation		\$ 1,128,032,007
Population: 1980 - 5,736; 1990 - 8,551; 2000 - 12,374; Current (Estimate) -		19,260
Per Capita 2008 Net Assessed Valuation -		\$58,569
Per Capita Gross General Obligation Debt Principal -		\$1,189
Per Capita Net General Obligation Debt Principal -		\$1,169

OTHER OBLIGATIONS**TABLE GO-3****Capital Lease Obligations**

The City has entered into capital lease agreements for machinery and equipment with a total capitalized cost of approximately \$571,471 and an amortized value of approximately \$311,532 as of September 30, 2008.

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, 2008.

Fiscal Year	Future Minimum Payments
2009	\$ 91,705
2010	\$ 91,705
2011	\$ 19,346
Total minimum lease payments	\$ 202,756
Less: amount representing FY2008 interest	(12,252)
Present value of future minimum lease payments	<u>\$ 190,504</u>

FUND BALANCES**TABLE GO-4**

(As of September 30, 2008)

General Operating Fund	\$ 5,972,706
General Obligation Debt Service Fund	943,269
Special Revenue Funds	1,944,238
Capital Projects Fund	4,047,653
Enterprise Fund (Undesignated)	3,241,289
Enterprise Bond Funds	-
Revenue Bond Interest and Sinking Fund	37,401
Revenue Bond Reserve Fund	513,882
General Fund Emergency Reserve	1,750,000
General Fund Designated	2,578,291
Enterprise Fund Emergency Reserve	1,300,000
Enterprise Fund Designated	2,549,639
Total	<u>\$ 24,878,368</u>

PRINCIPAL TAXPAYERS 2008-2009

TABLE GO-5

<u>Name</u>	<u>Type of Business</u>	<u>2008 Net Taxable Assessed Valuation</u>	<u>% of Total 2008 Assessed Valuation</u>
Wal-Mart	Retail	\$ 24,054,466	2.13%
SEM Materials	Manufacturing	17,164,199	1.52%
Norton Metal Products	Metal Sales	15,431,784	1.37%
Trinity Industries	Manufacturing	14,041,066	1.24%
Ventura Foods	Food Processing Plant	13,914,916	1.23%
Horizon Milling	Food Processing Plant	12,330,348	1.09%
Oncor Electric Delivery Co.	Electric Service	11,025,220	0.98%
Universal Forest Products	Manufacturing	8,758,907	0.78%
DOS Project LP	Food Processing Plant	8,394,608	0.74%
Attebury Grain	Food Processing Plant	8,254,926	0.73%
	Total	\$ 133,370,440	11.82%

Based on a 2008 Net Taxable Assessed Valuation of \$ 1,128,032,007

Source: Tarrant County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS

TABLE GO-6

<u>Tax Year</u>	<u>Net Taxable Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Fiscal Year Ended</u>
				<u>Current</u>	<u>Total</u>	
1998	351,318,826	0.5050	1,773,097	100.00%	100.60%	9-30-99
1999	416,484,539	0.5000	2,063,426	99.10%	99.60%	9-30-00
2000	506,513,532	0.5000	2,486,069	98.20%	98.90%	9-30-01
2001	609,628,673	0.5200	3,034,316	100.00%	100.00%	9-30-02
2002	685,282,292	0.5400	3,569,436	96.29%	99.37%	9-30-03
2003	752,682,742	0.5400	3,938,943	96.30%	98.90%	9-30-04
2004	788,788,137	0.5400	4,235,430	98.40%	100.40%	9-30-05
2005	913,985,248	0.5100	4,623,656	99.20%	100.90%	9-30-06
2006	1,025,476,543	0.4870	4,922,329	98.56%	99.71%	9-30-07
2007	1,117,122,137	0.4560	5,094,077	99.76%	101.02%	9-30-08

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

TAX RATE DISTRIBUTION

TABLE GO-7

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
General Fund	\$0.2239	\$0.2041	\$0.2421	\$0.2587	\$0.2448	\$0.2728	\$0.2486	\$0.2623
I & S Fund	<u>0.2221</u>	<u>0.2519</u>	<u>0.2449</u>	<u>0.2513</u>	<u>0.2952</u>	<u>0.2672</u>	<u>0.2914</u>	<u>0.2577</u>
TOTAL	<u>\$0.4460</u>	<u>\$0.4560</u>	<u>\$0.4870</u>	<u>\$0.5100</u>	<u>\$0.5400</u>	<u>\$0.5400</u>	<u>\$0.5400</u>	<u>\$0.5200</u>

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

TABLE GO-8

	Fiscal Year Ended September 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:					
Taxes	\$ 8,007,971	\$ 7,911,461	\$ 7,687,247	\$ 6,165,798	\$ 5,204,516
Licenses and Permits	272,611	338,520	470,872	634,093	644,000
Charges for Services	80,625	74,250	69,000	60,000	58,125
Fines and Fees	482,600	538,467	449,832	434,164	522,134
Interest Income	316,961	489,520	353,016	167,065	58,240
Rent Income - Recreation	569,487	528,746	342,695	327,532	122,864
Miscellaneous Revenues	<u>739,950</u>	<u>833,394</u>	<u>736,201</u>	<u>495,333</u>	<u>181,328</u>
Total Revenues	<u>\$ 10,470,205</u>	<u>\$ 10,714,358</u>	<u>\$ 10,108,863</u>	<u>\$ 8,283,985</u>	<u>\$ 6,791,207</u>
Expenditures:					
Current:					
General Administrative Offices	\$ 1,640,234	\$ 1,458,310	\$ 1,511,633	\$ 1,168,776	\$ 971,708
Municipal Court	205,373	173,396	175,510	141,270	122,537
Fire	2,630,835	2,428,970	2,350,782	1,899,401	1,429,385
Police	3,206,377	2,797,240	2,414,360	2,353,945	1,996,445
Public Works	924,431	1,203,546	933,192	793,417	751,998
Recreation	987,201	999,445	516,409	527,983	246,917
Library	497,036	520,671	381,868	355,829	308,733
Inspection	494,175	471,479	730,326	402,875	262,987
Janitorial	57,001	62,883	80,753	77,611	66,072
City Garage	554,219	432,394	389,564	352,096	272,243
Community Development	<u>40,478</u>	<u>38,076</u>	<u>40,825</u>	<u>41,947</u>	<u>34,316</u>
Total Expenditures	<u>\$ 11,237,360</u>	<u>\$ 10,586,410</u>	<u>\$ 9,525,222</u>	<u>\$ 8,115,150</u>	<u>\$ 6,463,341</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ (767,155)</u>	<u>\$ 127,948</u>	<u>\$ 583,641</u>	<u>\$ 168,835</u>	<u>\$ 327,866</u>
Other Financing Sources (Uses):					
Lease Proceeds	\$ -	\$ 68,698	\$ -	\$ -	\$ -
Operating Transfers In	1,456,808	1,172,326	1,094,098	990,352	858,856
Operating Transfers Out	<u>(59,577)</u>	<u>(40,231)</u>	<u>(40,231)</u>	<u>(40,235)</u>	<u>(60,430)</u>
Total Other Financing Sources (Uses)	<u>\$ 1,397,231</u>	<u>\$ 1,200,793</u>	<u>\$ 1,053,867</u>	<u>\$ 950,117</u>	<u>\$ 798,426</u>
Excess (Deficit) of Revenues/Other Sources Sources Over Expenditures/Other Uses	630,076	1,328,741	1,637,508	1,118,952	1,126,292
Fund Balance - Beginning of Year	<u>9,670,921</u>	<u>8,342,180</u>	<u>6,704,672</u>	<u>5,585,720</u>	<u>4,459,428</u>
Fund Balance - September 30	<u>\$ 10,300,997</u>	<u>\$ 9,670,921</u>	<u>\$ 8,342,180</u>	<u>\$ 6,704,672</u>	<u>\$ 5,585,720</u>

Source: The Issuer's Comprehensive Annual Financial Reports

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

Revenue Debt Tables

REVENUE BOND DEBT PRINCIPAL DATA

TABLE REV-1

(As of September 30, 2008)

Revenue Bond Debt Principal Outstanding:

Waterworks and Sewer System Revenue Bonds, Series 1996	\$ 630,000
Waterworks and Sewer System Revenue Bonds, Series 1997	1,305,000
Waterworks and Sewer System Revenue Bonds, Series 2000	690,000
Waterworks and Sewer System Revenue Bonds, Series 2001	795,000
Waterworks and Sewer System Revenue Refunding Bonds, Series 2003	500,000
Waterworks and Sewer System Revenue Bonds, Series 2006	2,455,000
Total Revenue Debt Outstanding	\$ 6,375,000

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

TABLE REV-2

	Fiscal Year Ending September 30				
	2008	2007	2006	2005	2004
Revenues ^(a)	\$ 6,854,862	\$ 6,563,020	\$ 6,854,673	\$ 5,129,654	\$ 5,273,537
Expenses	5,109,375	6,245,497	4,876,868	3,686,242	3,627,517
Net Revenue Available for Debt Service	\$ 1,745,487	\$ 317,523	\$ 1,977,805	\$ 1,443,412	\$ 1,646,020
Annual Revenue Bond Debt Service Requirements	\$ 739,022	\$ 656,798	\$ 547,718	\$ 538,221	\$ 548,718
Revenue Debt Service Coverage	2.36	x 0.48	x 3.61	x 2.68	x 3.00
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 875,073	\$ 793,326	\$ 683,245	\$ 672,551	\$ 685,018
Debt Service Coverage on all Bonds Paid from System Revenues	1.99	x 0.40	x 2.89	x 2.15	x 2.40
Customer Count :					
Water	6,805	6,642	6,611	6,384	5,966
Sewer	6,717	6,558	6,535	6,321	5,917
^(a) Does not include Impact Fees of:	\$ 160,809	\$ 304,970	\$ 387,323	\$ 523,507	\$ 432,855

COVERAGE OF THE BONDS

TABLE REV-3

(As of September 30, 2008)

Fiscal Year 2008 Net Revenues Available for Debt Service	\$ 1,745,487
Following the Issuance of the Bonds:	
Maximum Revenue Debt Service Requirement (2013) Coverage	\$ 749,218 2.33 X
Maximum Debt Service Requirement Including Self-Supporting General Obligation Debt (2009) Coverage	\$ 866,051 2.02 X
Average Annual Revenue Debt Service Requirement (2009-2027) Coverage	\$ 457,304 3.82 X
Average Annual Debt Service Requirement Including Self-Supporting General Obligation Debt (2009-2027) Coverage	\$ 479,619 3.64 X

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

TABLE REV-4

(As of September 30, 2008)

	Principal Outstanding	Amount of Principal Self-Supporting
General Obligation Refunding Bonds, Series 2002 (23.25%)	\$ 1,455,000	\$ 338,288
General Obligation Refunding Bonds, Series 2003 (10.00%)	455,000	45,500
Total	\$ 1,910,000	\$ 383,788

Fiscal Year Ending Sept. 30	Self-Supporting General Obligation Debt Requirements	Waterworks and Sewer System Debt Service	Total Debt Service Being Supported by Net System Revenues
2009	136,891	729,160	866,051
2010	64,591	733,410	798,001
2011	62,085	736,538	798,623
2012	61,334	738,335	799,669
2013	62,841	749,218	812,059
2014	36,235	628,215	664,450
2015	-	635,802	635,802
2016	-	631,740	631,740
2017	-	536,673	536,673
2018	-	351,507	351,507
2019	-	344,470	344,470
2020	-	347,235	347,235
2021	-	274,277	274,277
2022	-	274,800	274,800
2023	-	194,800	194,800
2024	-	193,400	193,400
2025	-	196,800	196,800
2026	-	194,800	194,800
2027	-	197,600	197,600
	<u>\$ 423,977</u>	<u>\$ 8,688,780</u>	<u>\$ 9,112,757</u>

REVENUE BONDS AUTHORIZED BUT UNISSUED

TABLE REV-5

Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued
06-30-51	Sewer Improvements	\$ 100,000	\$ 20,000	\$ 80,000

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

WATER RATES

TABLE REV-6

(Based on Monthly Billing)

Rates Effective October 1, 2007	
<u>Residential</u>	
First 2,000 Gallons	\$11.25 (minimum)
3,000 to 10,000 Gallons	3.48 /M Gallons
Over 10,000 Gallons	3.70 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$11.25 (minimum)
3,000 to 8,000 Gallons	3.70 /M Gallons
Over 8,000 Gallons	4.48 /M Gallons
<u>Commercial / Industrial</u>	
First 2,000 Gallons	\$11.25 (minimum)
3,000 to 10,000 Gallons	3.70 /M Gallons
Over 10,000 Gallons	4.48 /M Gallons

PRINCIPAL WATER CUSTOMERS 2007-2008

TABLE REV-7

(As of September 30, 2008)

<u>Name of Customer</u>	<u>Average Monthly Consumption (Gals.)</u>	<u>Average Monthly Bill</u>
Southwest Beanmaker	2,277,916	\$ 10,197.17
Ventura Foods, LLC	1,517,916	6,811.52
DOS Project, LP	1,286,083	5,757.71
Eagle Mt.-Saginaw ISD	1,021,166	4,551.75
Universal Forest Products Inc.	998,083	4,463.52
Saginaw Crossing Apartments	628,916	3,284.39
Williamsburg Village Apartments	619,500	3,092.97
Avomex	610,250	2,729.97
SEM Materials LP	581,000	2,782.76
Camelot Square Apartments	578,000	2,782.76
Total	<u>10,118,830</u>	<u>\$ 2,896.80</u>

SEWER RATES

TABLE REV-8

(Based on Monthly Billing)

New Rates Effective October 1, 2007	
<u>Residential</u>	
First 2,000 Gallons	\$12.93 (minimum)
Next 18,000 Gallons	2.03 /M Gallons
<u>Multi-Family (Per Dwelling Unit)</u>	
First 2,000 Gallons	\$12.93 (minimum)
Over 2,000 Gallons	3.53 /M Gallons
<u>Commercial / Industrial (Non-Monitored)</u>	
First 2,000 Gallons	\$14.21 (minimum)
Over 2,000 Gallons	3.53 /M Gallons
<u>Commercial / Industrial (Monitored)</u>	
First 2,000 Gallons	Based on Formula
Over 2,000 Gallons	3.53 /M Gallons

PRINCIPAL SEWER CUSTOMERS 2007-2008

TABLE REV-9

(As of September 30, 2008)

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
Styrochem	\$ 19,389.84
Ventura Foods, LLC	8,030.87
Southwest Beanmaker	4,702.94
DOS Project, LP	4,547.03
Williamsburg Village Apartments	3,109.84
Saginaw Crossing Apartments	3,063.15
Camelot Square Apartments	2,846.89
Eagle Mt.-Saginaw ISD	2,732.99
Qualawash	2,632.95
Avomex	2,161.34
Total	\$ 53,217.84

SEWER SYSTEM PRODUCTION

TABLE REV-10

Volumes, average daily and peak daily flow for the Sewer 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>
1999	622,635	1,706	4.3 05-30-99
2000	600,730	1,646	4.8 11-06-00
2001	809,416	2,217	6.1 02-16-01
2002	731,179	2,003	5.5 04-07-02
2003	730,239	2,000	4.8 02-21-03
2004	756,137	2,072	7.3 06-09-04
2005	675,434	1,850	5.0 11-23-04
2006	684,587	1,876	4.8 01-28-06
2007	889,600	2,437	4.3 08-13-07
2008	788,198	2,159	5.7 09/17/08