COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Duncanville, Texas
Fiscal Year Ended
September 30, 2001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF DUNCANVILLE, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2001

PREPARED BY:

CITY OF DUNCANVILLE

FINANCE DEPARTMENT

CITY OF DUNCANVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

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INTRODUCTORY SECTION

City of Duncanville

Kent Cagle
City Manager

January 18, 2002

To the Citizens of the City of Duncanville:

The Comprehensive Annual Financial Report of the City of Duncanville, Texas (the "City") for the fiscal year ended September 30, 2001, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart and a list of principal officials. The Financial Section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report. The Statistical Section includes selected financial and demographic information, generally presented on a multi year basis.

This report includes all funds and account groups of the City. It includes all activities meeting the entity definition criteria and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, as further detailed in Note 1 of the Notes to the Financial Statements. The City provides a full range of services. These include police and fire protection, ambulance service, planning and zoning, water, sewer and solid waste service, street maintenance, parks and recreation, public library, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Providing quality government funded by a primarily residential tax base is a continuing challenge, but City management is optimistic. The Metroplex ranks high nationally in the attraction of new business and the expansion of existing companies. The area remains the distribution and financial center of the Southwest, while the growth of high tech industries, service industries, trade, and corporate headquarters have provided a strong, stable, and diverse local economy.

The Duncanville economy has experienced a decline in sales tax receipts. However, several positive factors exist which favor an improved outlook. First, two major highways cross through Duncanville's corporate limits. Second, the City enjoys the convenience of nearby D/FW International Airport and Love Field Airport to meet commercial passenger air transportation needs. Third, Duncanville has one of the state's top rated school districts. Fourth, several new retail projects should begin construction in 2002. Finally, the Greater Dallas Chamber Economic Development Report ranks Duncanville ninth in the D/FW Metroplex for new business and expansion projects.

Duncanville boasts a strong industrial community which includes companies like Texwood Industries, the second largest cabinet maker in the United States. Other items manufactured include frozen foods, cosmetics, doors, windows, and corrugated products.

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972-780-5003 • Fax 972-780-6400 • kcagle@ci.duncanville.tx.us

The long range economic outlook for Duncanville is very promising. Duncanville has a strong program for attracting new and retaining existing businesses. Duncanville's citizens and its business community are committed to managed growth and maintaining the level of economic prosperity and the quality of life Duncanville currently enjoys.

MAJOR INITIATIVES

Maintain an aggressive water and sewer line rehab program.

A Regional Dispatch Program serving the City of Duncanville as well as Desoto & Cedar Hill is entering its second year of operation.

Aggressive Code Enforcement continues. Violations are being resolved.

A more aggressive program of delinquent tax foreclosures when necessary is proving successful.

An aggressive apartment inspection program is entering its second year.

Major improvements are being done to Armstrong, Harrington and Lion's Parks.

Construction of new service roads will begin along I-20.

Expansion of the Service Center is also being scheduled.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls - In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council. Budgetary control is maintained by the use of an automated general ledger system which compares actual expenditures to the legally adopted appropriation in each line-item account.

The financial policy of the City allows the City Manager to transfer excess funds from one line-item to another line-item in the same department.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions - The following schedule presents a summary of the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Funds revenues for the fiscal year ended September 30, 2001, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2000	Percent of Increase or (Decrease)
Property, sales, franchise and hotel taxes	17,229,331	78.9%	641,560	3.9%
Licenses, permits and fees	896,729	4.1%	39,841	4.6%
Municipal court and library	844,614	3.9%	110,067	15.0%
Intergovernmental	1,496,503	6.9%	628,820	72.5%
Interest	560,999	2.6%	(151,553)	-21.3%
Other	801,422	3.7%	(33,831)	-4.1%
TOTAL	$21,829,598	100.0%	$1,234,904	6.0%

Assessed valuations increased by 4.48% over the previous year, which resulted in increases in property tax revenues in FY 00-01 of 4.0% over FY 1999-00. General Fund Sales Tax revenues decreased compared to FY 99-00 collections by approximately $265,161, or about 5.36% due to general slowdown in the economy. Franchise tax revenues increased by $359,102 over the previous year. This increase represented a rate of growth of about 19.2%. TXU Electric, TXU Gas and telephone accounted for the increase in franchise revenues.

License, permits and fees revenues increased by $39,841 over the previous year due to increases in all categories excluding Emergency Medical and zoning and special use permits. Municipal court revenues increased by $101,841 over the previous fiscal year due to an increase in volume of warrants and tickets issued. Intergovernmental revenues increased during FY 2000-01 due to grant revenues being higher over FY 1999-00 and higher reimbursements by Duncanville Independent School district for school resource officers over the corresponding period in FY 1999-00. Other revenues were higher in FY 2000-01 than FY 1999-00 due to one-time refund by Dallas County for payments made in prior years.

The following schedule presents a summary of expenditures in the General Fund (before allocation to Enterprise Fund), Special Revenue Fund, Debt Service Fund and Capital Projects Funds for the fiscal year ended September 30, 2001, and the percentage of increases and decreases in relation to prior year amounts:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2000	Percent of Increase or (Decrease)
Current-				
General government	1,455,170	6.3%	293,868	25.3%
Finance	914,211	3.9%	71,901	8.5%
Community services	2,838,551	12.3%	233,304	9.0%
Police	5,686,658	24.5%	420,762	8.0%
Public works	3,197,037	13.8%	227,430	7.7%
Fire	3,897,142	16.8%	112,847	3.0%
Non-departmental	234,152	1.0%	82,315	54.2%
Special purposes - promotional	78,487	0.3%	41,078	109.8%
Debt Service-				
Principal retirement	1,829,509	7.9%	46,374	2.6%
Interest and fiscal charges	1,587,130	6.9%	(180,095)	-10.2%
Capital Outlay	1,451,353	6.3%	(1,976,268)	-57.7%
TOTAL	$23,169,400	100.0%	($626,484)	-2.6%

General government expenditures increased over the previous fiscal year due to higher grant expenditures in FY 2000-01. Community services expenditures increased during FY 2000-01 compared to the prior year because the new Library and Community center had a full year of operations in FY 2000-01 with accompanying increases in staffing levels. Increase in police expenditures during FY 2000-01 was mostly due to increase in staffing level in the Criminal Investigation activity and increase in contractual services expenditures for the Records activity due to renovations at the Regional dispatch center. Public works expenditures increased due to one-time expenditures of replanking Wheatland Road, additional expenditures for enforcing code violations and increased striping and marking expenditures in FY 2000-01. Fire department expenditures increased in FY 1999-00 due to increases in salary related expenditures for Advanced Life support. Capital outlay expenditures have decreased in FY 2000-01 due to completion of several projects financed by bonds.

General Fund Balance - The fund balance in the General Fund increased by $348,432. The unreserved/ undesignated fund balance of $ 3,730,873 provides the City with an estimated 83 days of operating expenditures when calculated with FY 2000-01 budgeted figure.

Enterprise Operations -The Enterprise Funds had a net income of $971,395 for the 2000-01 fiscal year compared to a net income of $ 1,365,060 for the 1999-00 fiscal year. The lower net income was fueled by weather conditions which resulted in lower operating revenues for the FY 2000-01 compared to FY 1999-00.

Fiduciary Operations - The Police Asset Forfeiture Fund represents seized monies relating to felony drug cases. Activity has been greatly reduced over the last five years. At September 30, 2001, the fund balance was $143,442.

Debt Administration - At September 30, 2001, the City had $18,973,270 of outstanding general obligation bonds, and $1,450,000 of certificates of obligation. Moody's Investors Service has awarded the City an "A2" rating, and Standard & Poor's has issued a rating of "A+".

The City currently has $275,000 in previously approved, but unissued general obligation bonds.

Cash Management - Cash temporarily idle during the year was invested in demand deposits, Texpool, LOGIC, Federated Investors, and U.S. Treasury issues. Interest income from all sources was $972,533 for FY 2000-01, compared to $1,060,271 in fiscal year 1999-00.

Risk Management - In July, 1989, the City adopted a self-insurance program through the Arthur Gallagher Co. for workers' compensation, property and all of the City's liability coverage. The retention levels for the City and the corresponding policy limits are as follows: $75,000/$10,000,000 for workers' compensation; $25,000/$18,300,000 for property and $50,000/$1,000,000 for liability claims. In FY 95-96, Texas Municipal League Intergovernmental Risk Pool replaced Arthur Gallagher Company.

OTHER INFORMATION

Independent Audit - The City Charter requires an independent audit of the City's financial records each year by qualified certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report has been included in this report.

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Duncanville for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR 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 the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments - The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the staff has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Kent Cagle
City Manager

Frank Trando
Director of Finance

Duncanville

City of Champions

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Duncanville, Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2000

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 Duncanville

Organizational Chart
October 1, 2000

Duncanville
City of Champions

Citizens of Duncanville

Mayor & City Council (Elected)

Office of the City Manager

Assistant City Manager

Fire
- Fire Administration
- Fire Prevention
- Fire Suppression
- Advanced Life Support
- Emergency Management

Police
- Police Administration
- Patrol
- Criminal Investigation
- Animal Control
- School Resource Officer
- Crime Prevention
- Communications/Records
- Special Services

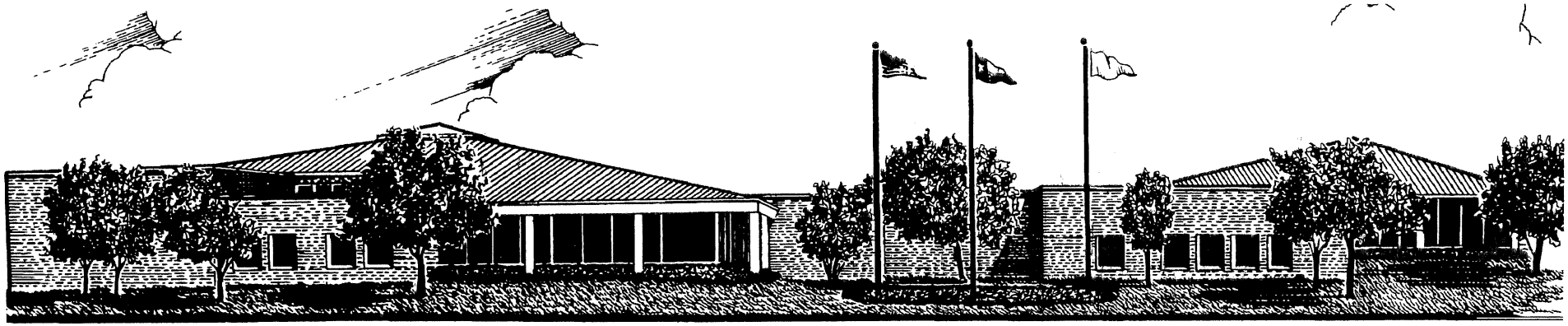
Economic Development
- Economic Development Administration
- Small Business Laiason
- Convention & Visitors Bureau

General Government
- City Secretary
- Personnel
- Information Systems
- Community Information
- Solid Waste

Finance
- Finance Administration
- Purchasing
- Municipal Court
- Teen Court
- Utility Accounting

Public Works
- Public Works Administration
- Engineering & Planning
- Building Inspection
- Street Maintenance
- Wastewater Services
- Water Services
- Equipment Services

Community Services
- Community Services Administration
- Recreation Programs
- Aquatics
- Library Services
- Building Services
- Municipal Grounds
- Senior Center



CITY OF DUNCANVILLE
CITY COUNCIL

Glenn Repp, Mayor

Grady Smithey, Mayor Pro Tem

David Green, Council Member

Judy Richards, Council Member

Marilyn Massey, Council Member

Jim Pyeatt, Council Member

★ ★ ★ ★

ADMINISTRATIVE OFFICIALS

Kent Cagle, City Manager

Frank Trando, Director of Finance

Philip Varghese, Assistant Finance Director

Jeanne Fralicks, City Secretary

Gregg Weaver, Personnel Administrator

FINANCIAL SECTION

GENERAL PURPOSE FINANCIAL STATEMENTS

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Dallas, Texas 75201-6778

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Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
City of Duncanville, Texas

We have audited the accompanying general-purpose financial statements of the City of Duncanville, Texas (the "City") as of September 30, 2001 and for the year then ended, as listed in the foregoing table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 opinion.

In our opinion, such general-purpose financial statements present fairly, in all material respects, the financial position of the City as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as combining financial statements in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. This additional information is the responsibility of the management of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general-purpose financial statements taken as a whole.

The statistical section, which is marked unaudited, has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

January 18, 2002

CITY OF DUNCANVILLE, TEXAS

COMBINED BALANCE SHEET - ALL FUND TYPES,
ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
SEPTEMBER 30, 2001, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2000

(Continued on following page)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS:						
Cash and investments	$ 1,916,584	$ 299,264	$ 1,344,336	$ 4,049,666	$ 4,683,406	$ 988,190
Receivables -						
Property taxes (net of allowance of $368,189)	261,209		122,414			
Trade accounts (net of allowance of $419,096	1,451,759					
Franchise tax	1,499,344					
Customers (net of allowance of $439,675)					841,999	
Unbilled					1,020,751	
Accrued interest and other	4,126	48,093	50,090	97,598	9,063	1,012
Prepaid items	33,879	1,037			234,228	
Restricted cash and investments					492,802	
Fixed assets, net					19,138,278	
Bond issue costs & deferred charges	446				4,014	
OTHER DEBITS:						
Amount available in debt service fund						
Amount to be provided for retirement of general long-term liabilities						
Total assets & other debits	$ 5,167,347	$ 348,394	$ 1,516,840	$ 4,147,264	$ 26,424,541	$ 989,202

The accompanying notes are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Total Primary Government	Component Unit	Total Reporting Entity	
Expendable Trust	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	DCEDC	Memorandum Only 2001	Memorandum Only 2000
$ 156,355	$	$	$ 13,437,801	$ 1,314,973	$ 14,752,774	$ 15,447,362
			383,623		383,623	383,624
			1,451,759	305,218	1,756,977	1,676,581
			1,499,344		1,499,344	1,321,403
			841,999		841,999	1,035,281
			1,020,751		1,020,751	1,545,924
			209,982	12,007	221,989	349,160
			269,144	26	269,170	258,725
			492,802	1,584,000	2,076,802	2,425,208
	24,860,487		43,998,765	17,079,126	61,077,891	54,175,425
			4,460	4,014	8,474	10,346
		1,394,428	1,394,428		1,394,428	1,698,607
		25,492,217	25,492,217	13,090,000	38,582,217	35,744,163
$ 156,355	$ 24,860,487	$ 26,886,645	$ 90,497,075	$ 33,389,364	$ 123,886,439	$ 116,071,809

CITY OF DUNCANVILLE, TEXAS

COMBINED BALANCE SHEET - ALL FUND TYPES,
ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
SEPTEMBER 30, 2001, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2000

(Continued on following page)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES, EQUITY & OTHER CREDITS						
LIABILITIES:						
Accounts payable	$ 462,671	$ 10,304	$	$	$ 572,300	$ 270
Customer performance and escrow deposits	56,862					
Contracts payable				69,601		
Accrued liabilities	204,437				24,200	148,492
Payable from restricted assets-						
Customer deposits					492,802	
Revenue bonds						
Accrued interest payable		554			573	
Deferred revenue	678,625	105,369	122,412	84,549		
Accrued compensated absences					50,485	
Arbitrage rebate						
General obligation bonds						
Certificates of obligation						
Revenue bonds						
Other obligation						
Landfill closure payable					10,000	
Total liabilities	1,402,595	116,227	122,412	154,150	1,150,360	148,762
EQUITY & OTHER CREDITS:						
Contributed capital					1,767,260	
Investment in general fixed assets						
Retained earnings-						
Reserved for revenue bond retirement						
Reserved for capital projects					1,091,424	
Unreserved					22,415,497	840,440
Fund balances-						
Reserved for prepaid items	33,879	1,037				
Reserved for convention & visitors bureau		99,043				
Reserved for community services		39,726				
Reserved for grants		2,975				
Reserved for municipal court		89,386				
Reserved for economic development						
Reserved for construction				3,993,114		
Reserved for debt service			1,394,428			
Reserved for asset forfeiture						
Unreserved	3,730,873					
Total equity & other credits	3,764,752	232,167	1,394,428	3,993,114	25,274,181	840,440
Total liabilities, equity & other credit	$ 5,167,347	$ 348,394	$ 1,516,840	$ 4,147,264	$ 26,424,541	$ 989,202

The accompanying notes are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Total Primary Government	Component Unit	Total Reporting Entity	
Expendable Trust	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	DCEDC	Memorandum Only 2001	2000
$	$	$	1,045,545	$ 19,114	$ 1,064,659	$ 1,693,063
			56,862	1,584,000	1,640,862	1,667,518
			69,601	-	69,601	817,980
12,913			390,042	2,331	392,373	540,842
			492,802		492,802	476,422
			-		-	170,000
			1,127		1,127	573
			990,955		990,955	882,075
		1,879,778	1,930,263		1,930,263	1,920,914
		159,748	159,748		159,748	123,035
		18,973,270	18,973,270		18,973,270	20,802,779
		1,450,000	1,450,000		1,450,000	1,450,000
			-	13,090,000	13,090,000	13,190,000
		4,423,849	4,423,849		4,423,849	-
			10,000		10,000	10,000
12,913	- -	26,886,645	29,994,064	14,695,445	44,689,509	43,745,201
			1,767,260		1,767,260	1,767,260
	24,860,487		24,860,487	17,079,126	41,939,613	36,367,715
			-		-	194,213
			1,091,424		1,091,424	1,238,825
			23,255,937		23,255,937	21,728,533
			34,916		34,916	39,127
			99,043		99,043	155,081
			39,726		39,726	40,896
			2,975		2,975	-
			89,386		89,386	47,123
				1,562,350	1,562,350	2,614,871
			3,993,114	52,443	4,045,557	2,935,490
			1,394,428		1,394,428	1,698,607
143,442			143,442		143,442	-
			3,730,873		3,730,873	3,498,867
143,442	24,860,487	-	60,503,011	18,693,919	79,196,930	72,326,608
$ 156,355	$ 24,860,487	$ 26,886,645	$ 90,497,075	$ 33,389,364	$ 123,886,439	$ 116,071,809

CITY OF DUNCANVILLE, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND DISCRETELY
PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2000

(Continued on following page)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Property, sales, franchise and hotel taxes	$ 14,371,644	$ 135,393	$ 2,722,294	$
Licenses, permits and fees	896,729			
Municipal court and library	800,906	43,708		
Intergovernmental	321,601	215,287		959,615
Interest	240,948	6,244	106,079	207,728
Court awards				
Rental and other	583,564	58,956		158,902
Total revenues	17,215,392	459,588	2,828,373	1,326,245
EXPENDITURES:				
Current-				
General government	1,121,121	334,049		
Finance	914,211			
Community services	2,781,033	57,518		
Police	5,686,658			
Public works	3,197,037			
Fire	3,897,142			
Non-departmental	234,152			
Special purposes - promotional		78,487		
Debt service-				
Principal retirement			1,829,509	
Interest and fiscal charges			1,587,130	
Capital outlay				1,451,353
Less-Expenditures allocated for services rendered	(791,804)			
Total expenditures	17,039,550	470,054	3,416,639	1,451,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	175,842	(10,466)	(588,266)	(125,108)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of sales tax revenue bonds				
Operating transfers in	182,870	10,278	284,087	89,450
Operating transfers out	(10,280)	(10,745)		(251,949)
Total other financing sources (uses)	172,590	(467)	284,087	(162,499)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	348,432	(10,933)	(304,179)	(287,607)
FUND BALANCES, beginning of year	3,416,320	243,100	1,698,607	4,280,721
PRIOR PERIOD ADJUSTMENTS				
FUND BALANCES, beginning of year, restated	3,416,320	243,100	1,698,607	4,280,721
FUND BALANCES, end of year	$ 3,764,752	$ 232,167	$ 1,394,428	$ 3,993,114

The accompanying notes are an integral part of this statement.

Fiduciary Fund Type	Total Primary Government	Component Unit	Total Reporting entity (Memorandum Only)	
Expendable Trust	(Memorandum Only)	DCEDC	2001	2000
$	$ 17,229,331	$ 1,705,149	$ 18,934,480	$ 18,324,469
	896,729		896,729	856,888
	844,614		844,614	734,547
	1,496,503		1,496,503	867,683
6,428	567,427	91,167	658,594	1,024,821
52,681	52,681		52,681	143,096
1,060	802,482	1,019,634	1,822,116	967,824
60,169	21,889,767	2,815,950	24,705,717	22,919,328
	1,455,170	491,777	1,946,947	1,830,047
	914,211		914,211	842,310
	2,838,551		2,838,551	2,605,247
38,401	5,725,059		5,725,059	5,430,645
	3,197,037		3,197,037	2,969,607
	3,897,142		3,897,142	3,784,295
	234,152		234,152	151,837
	78,487	107,431	185,918	40,288
	1,829,509	100,000	1,929,509	1,883,135
	1,587,130	1,234,912	2,822,042	2,002,775
	1,451,353	536,677	1,988,030	15,359,855
	(791,804)		(791,804)	(817,346)
38,401	22,415,997	2,470,797	24,886,794	36,082,695
21,768	(526,230)	345,153	(181,077)	(13,163,367)
	-		-	8,017,502
	566,685		566,685	1,800,942
	(272,974)		(272,974)	(1,544,470)
-	293,711	-	293,711	8,273,974
21,768	(232,519)	345,153	112,634	(4,889,393)
121,674	9,760,422	1,269,640	11,030,062	15,905,682
				13,773
121,674	9,760,422	1,269,640	11,030,062	15,919,455
$ 143,442	$ 9,527,903	$ 1,614,793	$ 11,142,696	$ 11,030,062

CITY OF DUNCANVILLE, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL, BUDGETED SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

(Continued on following page)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property tax	$ 7,199,228	$ 7,199,759	$ 531
City sales tax	4,891,282	4,944,933	53,651
Franchise tax	1,922,593	2,226,952	304,359
Hotel occupancy tax			
Licenses, permits and fees	810,941	896,729	85,788
Municipal court and library	773,300	800,906	27,606
Intergovernmental	220,510	321,601	101,091
Interest	236,000	240,948	4,948
Recreation	259,250	217,535	(41,715)
Other	449,380	366,029	(83,351)
Total revenues	16,762,484	17,215,392	452,908
EXPENDITURES:			
Current-			
General government	1,138,972	1,121,121	17,851
Finance	898,903	914,211	(15,308)
Community services	2,757,157	2,781,033	(23,876)
Police	5,728,366	5,686,658	41,708
Public works	3,193,818	3,197,037	(3,219)
Fire	3,831,813	3,897,142	(65,329)
Non-departmental	187,425	234,152	(46,727)
Special purposes - promotional			
Debt service-			
Principal retirement			
Interest and fiscal charges			
Less-Expenditures allocated for services rendered	(791,809)	(791,804)	(5)
Total expenditures	16,944,645	17,039,550	(94,905)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(182,161)	175,842	358,003
OTHER FINANCING SOURCES (USES):			
Operating transfers in	10,745	182,870	172,125
Operating transfers out	-	(10,280)	(10,280)
Total other financing sources	10,745	172,590	161,845
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(171,416)	348,432	519,848
FUND BALANCES, beginning of year	3,416,320	3,416,320	-
FUND BALANCES, end of year	$ 3,244,904	$ 3,764,752	$ 519,848

The accompanying notes are an integral part of this statement.

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$	$	$	$ 2,730,536	$ 2,722,294	$ (8,242)
122,700	135,393	12,693			
95,285	84,612	(10,673)			
			85,000	106,079	21,079
4,250	3,352	(898)			
222,235	223,357	1,122	2,815,536	2,828,373	12,837
151,850	190,163	(38,313)			
89,304	78,487	10,817			
			1,829,509	1,829,509	-
			1,594,328	1,587,130	7,198
241,154	268,650	(27,496)	3,423,837	3,416,639	7,198
(18,919)	(45,293)	(26,374)	(608,301)	(588,266)	20,035
			314,262	284,087	(30,175)
(10,745)	(10,745)	-			
(10,745)	(10,745)	-	314,262	284,087	(30,175)
(29,664)	(56,038)	(26,374)	(294,039)	(304,179)	(10,140)
155,081	155,081	-	1,698,607	1,698,607	-
$ 125,417	$ 99,043	$ (26,374)	$ 1,404,568	$ 1,394,428	$ (10,140)

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
YEAR ENDED SEPTEMBER 30, 2001, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only) 2001	Totals (Memorandum Only) 2000
OPERATING REVENUES:				
Water	$ 5,660,577	$	$ 5,660,577	$ 5,974,510
Sewer	4,389,475		4,389,475	4,427,624
Solid waste	1,764,959		1,764,959	1,768,425
Drainage	450,397		450,397	439,772
Penalties	61,925		61,925	1,945
Premiums and other	93,479	1,543,458	1,636,937	1,503,618
Total operating revenues	12,420,812	1,543,458	13,964,270	14,115,894
OPERATING EXPENSES:				
Water services	3,954,915		3,954,915	4,150,860
Wastewater treatment	3,138,764		3,138,764	2,955,895
Solid waste	1,790,523		1,790,523	1,704,301
Drainage	166,096		166,096	207,541
Claims		1,087,319	1,087,319	719,063
Administrative and fiscal	1,585,966	286,000	1,871,966	1,907,748
Depreciation	760,934		760,934	707,012
Total operating expenses	11,397,198	1,373,319	12,770,517	12,352,420
OPERATING INCOME	1,023,614	170,139	1,193,753	1,763,474
NON-OPERATING REVENUES (EXPENSES):				
Interest income	272,796	44,256	317,052	307,777
Interest expense	(18,807)		(18,807)	(23,557)
Other	(12,495)		(12,495)	(231,266)
Total nonoperating revenues (expenses)	241,494	44,256	285,750	52,954
INCOME BEFORE TRANSFERS	1,265,108	214,395	1,479,503	1,816,428
Operating transfers out	(293,713)		(293,713)	(256,472)
Total transfers out	(293,713)	-	(293,713)	(256,472)
NET INCOME	971,395	214,395	1,185,790	1,559,956
RETAINED EARNINGS, beginning of year	22,535,526	626,045	23,161,571	22,134,839
EQUITY TRANSFERS				
Transfers out			-	(533,224)
RETAINED EARNINGS, end of year	$ 23,506,921	$ 840,440	$ 24,347,361	$ 23,161,571

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
YEAR ENDED SEPTEMBER 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2000

	Proprietary Fund Type		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	$ 1,023,614	$ 170,139	$ 1,193,753	$ 1,763,474
Adjustments to reconcile operating income to net cash provided by (used in) operating activities-				
Depreciation	760,934		760,934	707,012
Amortization of bond issue costs	5,886		5,886	9,900
Change in assets and liabilities-				
(Increase) Decrease in accounts receivable	780,427	2,091	782,518	(377,946)
Increase (Decrease) in accrued compensated absences	6,527		6,527	(3,323)
(Increase) Decrease in prepaid items	(18,899)		(18,899)	(10,404)
Increase (Decrease) in accounts payable and accrued liabilities	77,574	(168,845)	(91,271)	(393,643)
Increase in customer deposits	16,380		16,380	12,915
Increase in contracts payable	(30,450)		(30,450)	(14,950)
Total adjustments	1,598,379	(166,754)	1,431,625	(70,439)
Net cash provided by operating activities	2,621,993	3,385	2,625,378	1,693,035
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating and equity transfers to other funds	(293,713)		(293,713)	(789,696)
Contributed capital from other funds	-		-	533,224
Net cash used in noncapital financing activities	(293,713)	-	(293,713)	(256,472)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(2,091,502)		(2,091,502)	(928,749)
Principal paid on revenue bond maturities	(170,000)		(170,000)	(305,000)
Interest paid on revenue bond obligations	(18,807)		(18,807)	(24,560)
Net cash used in capital and related financing activities	(2,280,309)	-	(2,280,309)	(1,258,309)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	272,796	44,256	317,052	307,777
Net cash provided by investing activities	272,796	44,256	317,052	307,777
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	320,767	47,641	368,408	486,031
CASH AND INVESTMENTS, beginning of year	4,855,441	940,549	5,795,990	5,309,959
CASH AND INVESTMENTS, end of year	$ 5,176,208	$ 988,190	$ 6,164,398	$ 5,795,990

The accompanying notes are an integral part of this statement.

Duncanville

City of Champions

CITY OF DUNCANVILLE, TEXAS
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the City of Duncanville, Texas (the "City") relating to the funds and account groups included in the accompanying general purpose financial statements conform to generally accepted accounting principles as applicable to local governments. The following represents the more significant accounting and reporting policies and practices used by the City.

Reporting Entity

The City is a municipality governed by an elected mayor and five-member City Council. As required by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," the general purpose financial statements present the City (primary government) and its component unit, the Duncanville Community and Economic Development Corporation ("DCEDC").

The DCEDC was incorporated on April 28, 1995 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The DCEDC operates under a seven- (7) member Board of Directors appointed by the City Council. Each of the directors should be a resident of the City. No more than four (4) members can be members of the City Council, officials of the City, or City employees. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as for the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes. As required by GAAP, those entities that do not either (1) provide services entirely or almost entirely for the City or (2) have the same or substantially the same board as the City, are required to be presented "discretely" or in a separate column as part of the City's reporting entity, but not part of the primary government. Based on the above criteria, the component unit (DCEDC) has been discretely presented in the accompanying financial statements. Separate financial statements are not issued for the DCEDC.

Basis of Presentation

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The City maintains the following fund types and account groups:

Governmental Fund Types:

General Fund - accounts for the ordinary operations of the City, which are financed from taxes and other general revenues. It is used to account for all financial resources except those required to be accounted for in another fund by law or contractual agreement.

Special Revenue Funds - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Hotel Fund accounts for tax revenues received from local hotels and for expenditures made within the guidelines of the Texas Hotel Occupancy Tax Act. The Community Services Fund accounts for service fees received from users

for providing special community education, athletic, library and park services. The Grants Fund accounts for funds granted the City by state and federal government to be used for public safety and cultural and recreational purposes. The Court Technology Fund accounts for funds received from Municipal Court fines to be used for upgrading technology. The Court Security Fund accounts for funds received from Municipal Court fines to be used for providing security to Municipal Court.

Debt Service Fund - accounts for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs. The revenue source is principally ad-valorem taxes levied by the City.

Capital Projects Funds - account for resources designated to construct or acquire capital facilities and improvements (other than those financed by the Proprietary Fund Types). Resources are derived principally from sales of general obligation bonds.

Proprietary Fund Types:

Enterprise Funds - accounts for the operations that provide water, wastewater and solid waste services to the public on a continuing basis. All or most of the costs involved are financed by user charges.

Internal Service Funds - account for the City's self-insurance programs with the related costs being recovered from the various departments of the City on a cost-reimbursement basis.

Fiduciary Fund Types:

Expendable Trust Fund - accounts for awards of moneys by the courts to the Police Department. The administration of this fund is legally restricted to the police, and the resources are to be used for police activity.

Account Groups:

General Fixed Assets Account Group - This account group accounts for the fixed assets of the City, except for those accounted for in Proprietary Fund Types.

General long-term Debt Account Group - This account group accounts for the long-term debt of the City which is legally payable from general revenues, except for debt accounted for in Proprietary Fund Types.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund Types and Expendable Trust Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental Fund Types, and the Expendable Trust Fund follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when paid, and compensated absences, which are recorded when payable from currently available financial resources.

Investment earnings and property, sales, hotel, and franchise tax revenues recorded in the General Fund and property tax revenues recorded in the Debt Service Fund are recognized under the susceptible-to-accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash, because they are generally not measurable until actually received.

The City's Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Proprietary Fund Types utilize the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned, and expenses are recognized when the related fund liability is incurred.

Government Accounting Standards Board (GASB) Statement 20 allows the City to elect to apply all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, or to apply all existing GASB pronouncements and FASB statements issued before November 30, 1989 in its Proprietary Fund types. The City has decided to apply all existing GASB pronouncements and FASB statements issued before November 30, 1989.

Fixed Assets

General Fixed Assets Account Group - Fixed assets are recorded as an expenditure of the fund from which the payment was made and have been recorded as an asset of the General Fixed Assets Account Group at cost or estimated historical cost value. Contributed fixed assets are stated at estimated fair market value on the date donated. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, curbs, streets and sidewalks are not capitalized. Interest costs have not been capitalized as a component of General Fixed Asset additions. Depreciation is not provided on general fixed assets.

Enterprise Fund - Property is stated at cost. Expenditures for improvements and those that extend the lives of assets are capitalized. Maintenance and repairs are charged to expense as incurred.

The City utilizes the straight-line depreciation method for all Enterprise Fund fixed assets based on the following estimated useful lives by major classes of depreciable fixed assets:

Buildings and improvements	50 years
Mains, meters and hydrants	50 years
Office equipment and other	10 years
Automotive equipment	5 years

Budgets

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- By the first day of August of each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

- Prior to October 1, the budget is legally enacted through passage of an ordinance.

- The City Manager has the authority to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department generally must be approved by the City Council. Budgeted amounts presented include transfers and revisions to the original appropriations ordinance.

- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund and Debt Service Fund. Formal budgetary integration is employed as a management control device in the Capital Project Funds for the life of the related projects.

- Annual budgets are legally adopted for the General Fund, the Hotel Tax Fund, the Debt Service Fund and the Utility Fund. Budgets are prepared on a modified accrual basis for the General Fund, the Hotel Tax Fund and Debt Service Fund. The Utility Fund budget is prepared on an accrual basis, except that capital outlays are budgeted as expenses and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.

- A budget was not adopted for four Special Revenue Funds, the Community Services Fund, the Grants Fund, the Court Technology Fund, and the Court Security Fund for the year ended September 30, 2001 as shown below:

	SPECIAL REVENUE FUNDS	
	REVENUES AND TRANSFERS	EXPENDITURES AND TRANSFERS
Total-all Funds	$ 469,866	$ 480,799
Non Budgeted Funds	246,509	201,404
Budgeted Funds	$ 223,357	$ 279,395

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the Governmental Fund Types and the Expendable Trust Fund. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end. Encumbrances do not constitute expenditures or liabilities. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying financial statements.

Deficit Retained Earnings

A deficit retained earnings of $206,497 exists in the Solid Waste Fund due to operating expenses exceeding revenues. However, the deficit was offset by Contributed Capital from the Utility Fund.

Cash and Investments

For purposes of the statement of cash flows, the Proprietary Fund Types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City has implemented GASB 31 Accounting and Financial Reporting for certain investments and for external investment pools. As of September 30, 2001, the investments held by the City had a remaining maturity of one year of less and accordingly are carried at cost or amortized cost.

Vacation and Sick Leave (Compensated Absences)

The City's employees earn vacation and sick leave based on length of service. Vacation is to be taken during the year unless

approved to be carried over a maximum of one year. Sick leave may be accumulated from year to year, but only civil service employees are eligible to receive payment (for up to 90 days accumulation) upon retirement or termination. Accordingly, no liability has been recorded for the accumulated sick leave of non-civil service employees. The liability related to sick leave of civil service employees and vacation for all general government employees has been recorded as a liability of the General Long-Term Debt Account Group, since they are not payable from currently available financial resources. The liability for Water and Sewer and Solid Waste employees is recorded in the Enterprise Fund. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability is recorded for salary-related payments that are directly and incrementally connected with leave payments to employees, and no liability is recorded for nonvesting, accumulating rights to receive sick pay benefits.

Stewardship, Compliance and Accountability

Excess of Expenditures over Departmental Appropriations

For the year ended September 30, 2001, expenditures exceeded appropriations at the department level in the General Fund for the Finance department by $15,308, Community services by $23,876, Public works by $3,219, Fire by $65,329, Non-departmental by $46,727 and Hotel-Motel Tax Fund by $26,374.

Memorandum Only - Total Columns

The total columns presented on the general-purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. No consolidation or other eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and do not purport to present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

Reclassification of Financial Statement Presentation

Certain reclassifications have been made to FY 1999-00 financial statements to conform to the FY 2000-01 presentation. Such reclassifications had no effect on Net income or Excess of Revenues over Expenditures as previously reported.

2. CASH AND INVESTMENTS:

Deposits

The City maintains a pooled cash account that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet as "cash and investments."

State statutes and the adopted City Investment Policy govern the cash and investment policies of the City. City policies governing bank deposits require depositories to be institutions insured by the Federal Deposit Insurance Corporation (FDIC) and must fully collateralize all cash accounts and time deposits in excess of FDIC insurance limits.

At year-end, the carrying amount of the City's deposits was $ (503,379) and the bank balances were $ 112,102. The entire balance of $112,102 was covered by federal depository insurance or by collateral held by the City's agent in the City's name. At year-end, the carrying amount of the DCEDC's deposits was $ 1,451,911 and the bank balances were $1,586,226. The entire balance of $1,586,226 was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

State statutes authorize the City to invest in obligations of the State of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, commercial paper, prime domestic bankers' acceptances, and repurchase agreements.

The City's and DCEDC's investments are categorized to give an indication of the level of collateral risk assumed by the City or DCEDC at year-end. Category "1" includes investments that are insured or registered or for which the securities are held by the City/DCEDC or its agent in the City's/DCEDC's name. Category "2" includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the City's or DCEDC's name. Category "3" includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department or agent but not in the City's or DCEDC's name.

As of September 30, 2001, the City's investments are as follows:

Description	Category	Carrying Amount	Fair Value
U.S. Government Backed Securities	1	$3,420,649	$3,488,040
Local Government Investment Cooperative ("Logic")	N/A	57,930	57,930
Money Market Mutual Funds (Federated Investors)	N/A	1,272,386	1,272,386
Texpool	N/A	9,683,017	9,683,017
Total Investments		$14,433,982	$14,501,373

As of September 30, 2001, the DCEDC's investments are as follows:

Description	Category	Carrying Amount	Fair Value
U.S. Government Backed Securities	1	$800,000	$803,575
Local Government Investment Cooperative ("Logic")	N/A	1,196	1,196
Money Market Mutual Funds (Federated Investors)	N/A	243,832	243,832
Texpool	N/A	402,034	402,034
Total Investments		$1,447,062	$1,450,637

During the year ended September 30, 2001 the City invested in Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio and Texpool. LOGIC, is a public funds investment pool managed by Southwest Securities Group, Inc. Texpool is a public funds investment pool that is overseen by the State Comptroller of Public Accounts and whose daily operations are managed by First Southwest Asset Management Inc. and JP Morgan Chase under a contract with the Comptroller. LOGIC and Texpool investments are not categorized in accordance with GASB Statement No. 3 ("Deposits with Financial Institutions, Investments, including Reverse Repurchases Agreements") disclosure requirements since the City or DCEDC is not issued securities, but rather it owns an individual beneficial interest in the assets of related investment pools. LOGIC and Texpool operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC and Texpool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in LOGIC and Texpool is the same as the value of LOGIC and Texpool shares. The City or DCEDC did not participate in any repurchase agreements during fiscal year 2001. In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase and Money market mutual funds at amortized cost.

3. TAXES:

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value and certified by the Dallas Central Appraisal District. The assessed value, net of adjustments, for the roll of January 1,2000, upon which the fiscal 2001 levy was based, was $1,351,347,664.

The City is permitted by Article XI; Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2001, was $0.7180 per $100, of which $0.5301 was allocated for general government and $0.1879 was allocated for the payment of principal and interest on general obligation debt.

Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections for the year ended September 30, 2001, were 99.3% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every four years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district.

Under GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transaction*, property taxes are an imposed nonexchange revenue. Assets from imposed nonexchange transactions are recorded when the entity has enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as October 1.

Sales Taxes

On January 21, 1995, a special election was held and voters approved two separate sales tax provisions:

Property Tax Relief - The adoption of an additional sales and use tax at the rate of ½% to be used to reduce the property tax rate.

Community and Economic Development - The adoption of an additional sales and use tax at the rate of ½% to be used for parks and park facilities, municipal buildings (for example, library facilities), including maintenance and operating costs of such facilities, and for the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes. As a result, the City created the Duncanville Community and Economic Development Corporation (the "Corporation") to administer these funds.

4. FIXED ASSETS:

A summary of changes in general fixed assets for the year ended September 30, 2001, follows:

	Balance 9/30/2000	Additions	Retirements	Balance 9/30/2001
Land	$1,297,790	$49,950		$1,347,740
Buildings	6,782,765			$6,782,765
Improvements other than buildings	1,217,397	156,075		$1,373,472
Construction-in-progress	501,813		(501,813)	$0
Equipment	9,513,800	1,419,118	(378,769)	$10,554,149
Water conservatory rights		4,802,361		$4,802,361
Total general fixed assets	$19,313,565	$6,427,504	($880,582)	$24,860,487

A summary of Proprietary Fund Type fixed assets at September 30, 2001, follows:

Land	$ 89,194
Buildings and improvements	840,812
Mains, meters and hydrants	29,450,859
Office and other equipment	1,387,631
Automotive equipment	345,600
Subtotal	32,114,096
Less: accumulated depreciation	(12,975,818)
Total Proprietary Fund fixed assets	$ 19,138,278

5. EMPLOYEES' RETIREMENT SYSTEM:

Plan Description - The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 745 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the 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 plan participant, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the participant'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 city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the participant's accumulated contributions with interest and the employer-financed monetary credits with interest are used to purchase an annuity.

Members can retire at age 60 and above with ten or more years of service or with 25 years of service regardless of age. A

member is vested after 10 years. The plan provisions are adopted by the City Council, based on the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions - The current contribution rate for participants is 7%, and the City matching percentage is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases the annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. The unit credit actuarial cost method is used for determining the City's contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, 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, 1999 valuation is effective for rates beginning January 2001).

The City's total payroll in fiscal year 2001 was $ 11,095,403, and the City's contributions were based on a covered payroll of $ 10,812,286. Both the City and the covered employees made the required contributions, amounting to $1,318,625 (12.40% of covered payroll for the months in calendar year 2000, 9.9% normal cost plus 2.50% to amortize the unfunded actuarial liability and 12.14% for the months in calendar year 2001, 9.68% normal cost plus 2.46% to amortize the unfunded actuarial liability) for the City and $756,860 (7%) for the plan participants. The City of Duncanville is one of 745 municipalities having the benefit plan administered by TMRS. Each of the 745 municipalities has an annual, individual actuarial valuation performed.

Actuarial assumptions are as follows: Actuarial cost method-Unit credit, Amortization Method-Level Percent of Payroll, Remaining Amortization Period-25 Years-Open Period, Asst Valuation Method-Amortized Cost, Investment Rate of Return-8%, Projected Salary Increases-None, Includes Inflation at-None, Cost-of-Living adjustments-None. A copy of the 2000 TMRS Comprehensive Annual Financial Report may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Schedule of Actuarial Liabilities and Funding Progress

	FY 2000-01	FY 1999-00	FY 1998-99
Actuarial valuation Date	12/31/2000	12/31/1999	12/31/1998
Actuarial value of Assets	$36,066,544	$32,310,364	$29,835,437
Actuarial Accrued Liability	41,424,862	37,109,400	34,408,577
Percentage Funded	87.1%	87.1%	86.7%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	5,358,318	4,799,036	4,573,140
Annual Covered Payroll	10,120,246	9,497,690	8,916,257
UAAL as a Percentage of Covered Payroll	52.9%	50.5%	51.3%
Net Pension Obligation (NPO) at the beginning of Period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	1,318,625	1,288,712	1,264,061
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	1,318,625	1,288,712	1,264,061
Contributions Made	1,318,625	1,288,712	1,264,061
Increase in NPO	-	-	-
NPO at the end of the period	-	-	-

6. LONG-TERM DEBT:

The City has issued various types of long-term debt for the acquisition and construction of major capital facilities and infrastructure improvement as follows:

General obligation bonds are issued pursuant to voter authorization for infrastructure and facility projects accounted for in Capital Project Funds. The City intends to retire this debt, plus interest, with property taxes.

Sales tax revenue bonds were issued for constructing a library and community center. These bonds are reported in the Duncanville Community and Economic Development Corporation, a discreetly presented component unit, and will be repaid from sales tax revenues.

Water and sewer revenue bonds are issued to provide funds for certain improvements to the water distribution and wastewater collection systems, as well as to refund prior water and sewer debt issues. These bonds are reported in the Enterprise Fund, as the debt will be repaid from revenues of the water and sewer systems.

Bonds Payable

At September 30, 2001, bonds payable comprise the following individual issues:

General Obligation Bonds -

$11,585,914, Series 1985B, originally issued, due in annual installments through February 5, 2002, with interest rates ranging from 5.75% to 9.10%, callable at par	$168,270
$5,200,000, Series 1992, originally issued, due in annual installments through February 15, 2007, with interest rates ranging from 4.4% to 7.4%, callable on February 15, 2002, and thereafter at par	825,000
$4,380,000, Series 1993, originally issued, due in annual installments through August 15, 2002, with interest rates ranging from 2.5% to 4.5%	760,000
$6,225,000, Series 1995, originally issued, due in annual installments through August 15, 2007, with interest rates ranging from 5.1% to 5.5%, callable on August 15, 2001, and thereafter at par	6,225,000
$11,760,000, Series 1998, originally issued, due in annual installments through February 15, 2013, with interest rates ranging from 3.8% to 5.0%	10,995,000
Total	$18,973,270

Certificates of Obligation -

$1,450,000 Series 2000, originally issued, due in annual installments through August 15, 2008, with interest rates ranging from 4.0% to 4.30%	$ 1,450,000

DCEDC Sales Tax Revenue Bonds-

$5,000,000, Series 1998, originally issued, due in annual installments through August 15, 2012, with interest rates ranging from 4.1% to 5.0%	$ 4,800,000
$8,290,000, Taxable Series 2000, originally issued, due in annual installments through August 15, 2025, with interest rates ranging from 7.5% to 8.2%	8,290,000
Total	$13,090,000

Other obligations -

$4,802,361 in other obligations for the acquisition of water conservatory rights, due in annual installments of $275,623 through 2045, with interest rate of 5.83%	$4,423,849

A summary of long-term liability transactions is as follows:

	Balance September 30, 2000	Increases	Reductions	Balance September 30, 2001
General long-term debt -				
General obligation bonds	$20,802,779		$1,829,509	$18,973,270
Certificates of obligation	1,450,000			$1,450,000
Compensated absences	1,876,956	2,822		$1,879,778
Arbitrage related liability	123,035	36,713		$159,748
Other obligations (Water rights)		4,446,762	22,913	$4,423,849
Total general long-term debt	24,252,770	4,486,297	1,852,422	$26,886,645
Proprietary fund type -				
Water and sewer system revenue bonds	170,000		170,000	-
Compensated absences	43,958	6,527		$50,485
Total proprietary fund type	213,958	6,527	170,000	$50,485
DCEDC Sales Tax Revenue Bonds	13,190,000		100,000	$13,090,000
Total long-term debt	$37,656,728	$4,492,824	$2,122,422	$40,027,130

At September 30, 2001, the City had authorized but unissued general obligation bonds of $275,000.

Significant restrictions are set forth as follows:

General Obligation Bonds - The City makes bond principal and interest payments with property taxes. The City's current tax rate is $0.7180 per $100 of assessed value.

Water conservatory rights payable - The Trinity River Authority (the "Authority") entered into a contract with the United States Government to acquire certain conservation storage space in Joe Pool Lake. On April 14, 1975, the City, together with the cities of Cedar Hill, Grand Prairie, and the Midlothian Water District entered into separate but equal contracts to purchase 100% of the conservation yield of the lake. The City has contracted to take 7.04% of the available yield of the lake. The Trinity River Authority and the contracting parties are currently participating in studies to determine the most efficient method of water treatment and distribution. For a period of fifty years beginning in 1995, the City's annual obligation is estimated to be $275,623 before any costs of water treatment.

The debt service requirements on the aforementioned bonded debt, certificates of obligation and notes payable are as follows:

	General Obligation Bonds	Certificates of Obligation	Sales Tax Revenue Bonds	Other Obligations (Water Rights)	Total
2001-02	$3,292,980	$61,450	$1,352,655	$275,623	$4,982,708
2002-03	3,240,606	61,450	1,351,355	275,623	4,929,034
2003-04	3,143,498	61,450	1,349,213	275,623	4,829,784
2004-05	3,115,473	61,450	1,350,508	275,623	4,803,054
2005-06	2,971,279	61,450	1,350,003	275,623	4,658,355
Thereafter	7,906,634	1,560,900	18,665,636	10,749,297	38,882,467
	23,670,470	1,868,150	25,419,370	12,127,412	63,085,402
Less amounts representing interest	(4,697,200)	(418,150)	(12,329,370)	(7,703,563)	(25,148,283)
Total principal	$18,973,270	$1,450,000	$13,090,000	$4,423,849	$37,937,119

Refunding Bonds

Prior Years -

In 1984, 1985, 1993, 1995, and 1998, the City defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2001, $3,250,000 of bonds outstanding (including those defeased in the current year) is considered defeased, all of which relates to the General Fund.

7. SELF-INSURANCE:

The City has established a medical self-insurance plan for City employees and their covered dependents. The City self-insures its employees and their dependents for injury, dental care and hospitalization up to $60,000 per plan year. A third-party insurance company coinsures with the City for individual claims in excess of $60,000 up to a lifetime maximum of $1,000,000. Aggregate claims in excess of $1,069,219 are also coinsured up to a maximum of $1,000,000 per claim. All claims and maximums are calculated for a plan year ending each May 31. Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for this year from the prior year.

The City established a comprehensive self-insurance plan for workers' compensation, property and casualty, and general liability coverages. The self-insurance plan encompasses workers' compensation benefits, fire, law enforcement, auto fleet, computer hardware and software, other property, public officials' liability and general liability coverages. A third-party insurance company coinsures with the City for individual claim retention levels and corresponding policy limits as follows: $75,000/$10,000,000 for workers' compensation; $25,000/$18,300,000 for property; and $50,000/$1,000,000 for liability claims. All claims and maximums are calculated for a plan year ending each June 30. Settled claims have not exceeded the aggregate policy limits in any of the past three fiscal years. Insurance coverage for this year is the same as that for the prior year.

The claims liabilities of $85,896 and $62,596 reported in the medical self-insurance fund and comprehensive self-insurance fund, respectively, are based on the requirements of GASB 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds' claims liability amount in fiscal years 1999 and 2000 were:

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
Medical Self-Insurance Fund					
	2000	$195,503	$673,114	$(778,025)	$90,592
	2001	90,592	1,087,319	(1,092,015)	85,896
Comprehensive Self-Insurance Fund					
	2000	$218,316	$45,949	$(49,911)	$226,745
	2001	226,745	(80,677)	(83,472)	62,596

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount, which will ultimately be paid each claimant. The provision for claims incurred but not yet reported is estimated based on City experience since the inception of the program.

Premium payments are reported as quasi-external interfund transactions; accordingly, they are treated as operating revenues of the Self-Insurance Internal Service Funds and operating expenditures/expenses of the participating funds.

8. INTERFUND BALANCES:

Individual interfund operating transfers at September 30, 2001, were as follows:

	Operating Transfers In	Operating Transfers Out
GENERAL FUND		
Hotel Tax	$10,745	
Capital Improvement	172,125	
Grant Fund		$10,278
DEBT SERVICE FUND		
Street Construction Fund	73,430	
Drainage Construction Fund	6,394	
Drainage Fee Fund	204,263	
HOTEL TAX FUND		
General Fund		10,745
GRANT FUND		
General Fund	10,278	
DRAINAGE FEE FUND		
Debt Service Fund		204,263
STREET CONSTRUCTION FUND		
Debt Service Fund		73,430
DRAINAGE CONSTRUCTION FUND		
Debt Service Fund		6,394
SOLID WASTE FUND		
Capital Improvements Fund		89,450
CAPITAL IMPROVEMENTS FUND		
General Fund		172,125
Solid Waste Fund	89,450	
TOTAL	$566,683	$566,683

9. DEFERRED COMPENSATION PLAN AND POSTEMPLOYMENT BENEFITS:

A. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The employees have an option to participate in the International City Management Association Retirement Corporation (ICMA) plan. All amounts of compensation under this plan are placed into investment pools administered by ICMA. The plan, available to all regular employees, permits them to defer until future years up to 15% of regular salary, not to exceed $7,500 per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City provides limited administrative duties.

The plan's trustee manages investments under one of 15 investment options or a combination thereof. Participants make the choice of the investment option(s). At September 30, 2001, the market value of the investments in the plan was $1,883,025. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

B. Postemployment Benefits

In addition to the pension benefits described in Note 5, the City makes postretirement health care benefits available to all employees who retire from the City and their dependents. These benefits are provided to the retired employee under the same plan as active employees in accordance with State law. The retiree pays premiums for the retiree and dependents monthly. During fiscal year ended 2000, $ 93,119 in claims were paid on retirees covered under the plan.

10. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

In 1991, the U.S. Environmental Protection Agency (EPA) issued rules and regulations which required the City to place a final cover on its municipal solid waste landfill when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for a period of thirty years following closure of the site. Such rules and regulations went into effect on October 9, 1993.

In August 1993, the GASB issued Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs." This statement, which the City adopted during the fiscal year ended September 30, 1994, requires cities to recognize a portion of the closure and postclosure care costs referred to above as an operating expense in each fiscal year, even though such costs will be paid only near or after the date that the landfill stops accepting waste.

The City elected to discontinue operation of its landfill effective September 2, 1994. By closing on this date, the City was allowed to abide by the closure regulations of the Texas Water Commission which required maintenance and monitoring functions at the landfill site for only five years following closure. The City performed engineering studies and determined that closure and postclosure monitoring costs of the landfill would approximate $1.5 million. Current year landfill closure expenditures totaled approximately $4,227. The City estimates that $10,000 of postclosure costs remains.

Since the closure of the City's landfill on September 2, 1994, the City has been transporting solid waste to the City of Dallas McCommas Landfill under a three-year agreement effective December 8, 1993. Effective September 25, 1998, the City began transporting solid waste to the Skyline Recycling & Disposal facility in Ferris under a ten-year agreement.

11. COMMITMENTS AND CONTINGENCIES:

The City has several long-term agreements with significant commitments as follows:

A. **City of Dallas Water Purchase Agreement** - In 1979, the City entered into a thirty-year agreement to purchase treated water from the City of Dallas. The rate during fiscal 2001 was $0.3355 per 1,000 gallons plus an annual demand charge of $123,866 for each million gallons per day as established by the rate of flow controller setting (currently 12.5 million gallons at $1,548,325 annually).

B. **Trinity River Authority Sewage Disposal Agreement** - The City, along with the cities of Cedar Hill, Desoto, Ferris and Lancaster, is a member of the Trinity River Authority of Texas Ten Mile Creek Regional Wastewater System ("the System"). Under the contract dated December 1, 1983, the System provides for and operates a regional wastewater treatment plant and conveyance facility for the benefit of the parties. The City is required to deliver all of its wastewater from within the Ten-Mile Creek basin to the System's conveyance system for treatment. The City is then charged monthly, based upon the percentage of its flow to the total flow received by the System and the System's cost of operation and maintenance, including debt service on bonds issued to construct the System. The contract will remain in force and effect until all bonds have been paid in full and thereafter for a period of fifty years from the date of the contract.

Additionally, the City is a member of the Trinity River Authority of Texas Regional Wastewater System (the "Regional System") through a contract with the Authority dated June 27, 1984. The contract will remain in force and effect until all bonds have been paid in full and thereafter for a period of fifty years from the date of the contract. The City's wastewater is treated by the Regional System at its Ten Mile Creek Regional Plant and its Central Regional Plant. The City of Dallas Central Plant treats the northeastern portion of the City's wastewater. The City's payments to the Regional System have been deemed to be an operation and maintenance expense of the City's waterworks and sewer system and are payable monthly. The City's payments are based upon its percentage of the total of all contracting parties in the Regional System applied to total operation and maintenance expenses of the Regional System, including debt service. The Regional System is obligated to treat all of the City's sewage flow.

C. **Claims and Litigation** - The City is involved in various claims and litigation arising in the ordinary course of operations. In the opinion of City officials, the potential loss on all claims and lawsuits, net of insurance proceeds, will not have a material effect on the City's financial position.

D. **Arbitrage Rebate Requirement** - The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the City. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) is required to be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from federal taxation. The Internal Revenue Service released regulations implementing the rebate requirement on May 12, 1989.

12. SEGMENT INFORMATION-ENTERPRISE FUNDS

The City maintains three Enterprise Funds that provide water, sewer, solid waste and municipal drainage services. Segment information for the year ended September 30, 2001, was as follows:

	Utility Fund	Drainage Fees Fund	Solid Waste Fund	Total
Operating revenues	$ 10,205,456	$ 450,397	$ 1,764,959	$ 12,420,812
Depreciation	757,861		3,073	760,934
Operating income/ (loss)	859,801	284,301	(120,488)	1,023,614
Operating transfers out	-	204,263	89,450	293,713
Net income (loss)	1,069,712	95,180	(193,497)	971,395
Fixed Asset additions	2,091,502		-	2,091,502
Net working capital	5,433,710	435,150	216,840	6,085,700
Total assets	25,387,423	442,244	594,874	26,424,541
Bonds payable	-			-
Total equity	24,512,304	435,150	326,727	25,274,181

GENERAL FUND

The General Fund is used to account for resources associated with traditional governmental functions, which are not required to be accounted for in another fund.

Duncanville

City of Champions

CITY OF DUNCANVILLE, TEXAS

Exhibit B-1

GENERAL FUND
SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES:			
Current taxes	$ 7,058,228	$ 6,997,403	$ (60,825)
Prior rolls	85,000	121,688	36,688
Penalties and interest	56,000	80,668	24,668
Total	7,199,228	7,199,759	531
SALES TAXES:			
General	3,373,298	3,410,299	37,001
Property tax relief	1,517,984	1,534,634	16,650
Total	4,891,282	4,944,933	53,651
FRANCHISE TAXES:			
TXU Electric	1,100,000	1,350,625	250,625
TXU Gas	262,961	286,306	23,345
Southwestern Bell Telephone	369,182	393,779	24,597
Marcus Cable Television	190,450	196,242	5,792
Total	1,922,593	2,226,952	304,359
Total taxes	14,013,103	14,371,644	358,541
LICENSES, PERMITS AND FEES:			
Building permits	120,000	158,295	38,295
Zoning and special use permits	6,000	8,205	2,205
Electrical permits	9,000	8,367	(633)
Plumbing permits	6,000	7,545	1,545
Solicitor licenses	100	100	-
9-1-1 service fee	236,000	279,849	43,849
Emergency medical service	366,341	354,764	(11,577)
Sign permits	12,000	12,998	998
Health food inspection fees	52,000	60,673	8,673
False alarm fees	3,500	5,933	2,433
Total	810,941	896,729	85,788
MUNICIPAL COURT AND LIBRARY:			
Municipal court	757,300	783,249	25,949
Library	16,000	17,657	1,657
Total	773,300	800,906	27,606
INTERGOVERNMENTAL	220,510	321,601	101,091
INTEREST	236,000	240,948	4,948
RECREATION:			
Swimming pools	49,750	25,754	(23,996)
Recreation fees	200,000	187,048	(12,952)
Park concessions	9,500	4,733	(4,767)
Total	259,250	217,535	(41,715)
PAYMENTS IN LIEU OF TAXES	154,342	154,342	-
OTHER SALES AND SERVICES:			
Sale of fixed assets	125,000	22,549	(102,451)
Miscellaneous	119,833	129,501	9,668
Rentals	46,400	53,097	6,697
Insurance recovery	3,805	6,540	2,735
Total	295,038	211,687	(83,351)
Total revenues	$ 16,762,484	$ 17,215,392	$ 452,908

GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001
(Continued on following page)

	Salaries and Benefits	Supplies	Other Services
DEPARTMENTS:			
General government-			
Mayor and council	$	$ 4,058	$ 168,491
City manager	330,934	426	13,601
City secretary	83,932	3,295	33,148
Personnel services	143,340	1,210	41,527
Data processing	77,787	42,642	57,154
Community information office	63,265	29,580	25,594
Total	699,258	81,211	339,515
Finance-			
Administration	315,757	8,593	82,972
Municipal court	200,980	4,090	136,057
Purchasing	100,817	1,687	1,195
Teen court	35,048	3,384	3,707
Total	652,602	17,754	223,931
Community services -			
Administration	152,345	441	19,704
Recreation programming	239,755	16,288	23,590
Aquatics	45,149	14,077	16,670
Athletic programming	86,304	39,633	44,894
Park grounds maintenance	357,248	48,529	292,536
Library services	429,017	11,431	36,114
Building services	216,130	31,451	305,086
Senior center	60,093	3,195	5,763
Total	1,586,041	165,045	744,357
Police-			
Administration	289,642	10,072	79,402
Patrol	2,495,895	49,998	70,748
Criminal investigation	740,626	8,258	49,862
Animal control	94,988	1,168	84,367
Crime prevention	75,317	851	892
Records	112,086	2,409	809,668
School Resource officers	345,717	1,531	968
Special services	277,581	25,808	39,628
Total	4,431,852	100,095	1,135,535

Maintenance	Capital	Total Expenditures	Budget	Variance Favorable (Unfavorable)
$	$	$ 172,549	$ 170,583	$ (1,966)
		344,961	343,368	(1,593)
		120,375	112,343	(8,032)
		186,077	190,576	4,499
		177,583	197,500	19,917
	1,137	119,576	124,602	5,026
-	1,137	1,121,121	1,138,972	17,851
		407,322	407,036	(286)
	19,924	361,051	344,540	(16,511)
		103,699	103,815	116
		42,139	43,512	1,373
-	19,924	914,211	898,903	(15,308)
		172,490	170,384	(2,106)
		279,633	289,079	9,446
4,505	18,829	99,230	88,769	(10,461)
	16,980	187,811	199,559	11,748
54,499		752,812	759,982	7,170
	80,000	556,562	545,304	(11,258)
110,777		663,444	639,818	(23,626)
		69,051	64,262	(4,789)
169,781	115,809	2,781,033	2,757,157	(23,876)
6		379,122	364,169	(14,953)
4,825	11,376	2,632,842	2,695,463	62,621
110	2,600	801,456	767,846	(33,610)
		180,523	181,144	621
		77,060	74,702	(2,358)
		924,163	961,412	37,249
		348,216	335,379	(12,837)
259		343,276	348,251	4,975
5,200	13,976	5,686,658	5,728,366	41,708

GENERAL FUND
SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001
(Continued on following page)

	Salaries and Benefits	Supplies	Other Services
DEPARTMENTS (Continued):			
Public works-			
Administration	$ 281,669	$ 2,477	$ 25,160
Building inspection	332,074	6,704	67,176
Streets	689,008	136,365	743,310
Signs and signals	102,523	50,537	204,689
Equipment services	152,699	129,469	37,663
Total	1,557,973	325,552	1,077,998
Fire-			
Administration	233,957	3,354	104,130
Prevention	78,973	3,407	7,404
Suppression	2,419,800	41,779	135,618
Advanced life support	660,751	62,161	132,368
Total	3,393,481	110,701	379,520
NON-DEPARTMENTAL	465	67,643	116,094
Subtotal	12,321,672	868,001	4,016,950
Less-Expenditures allocated for services rendered			
Total expenditures	$ 12,321,672	$ 868,001	$ 4,016,950

Maintenance	Capital	Total Expenditures	Budget	Variance Favorable (Unfavorable)
$	$	$ 309,306	$ 307,073	$ (2,233)
159		406,113	382,183	(23,930)
400	4,721	1,573,804	1,533,894	(39,910)
1,442	2,250	361,441	355,691	(5,750)
199,329	27,213	546,373	614,977	68,604
201,330	34,184	3,197,037	3,193,818	(3,219)
1,294		342,735	316,216	(26,519)
91		89,875	84,141	(5,734)
2,484	2,971	2,602,652	2,565,165	(37,487)
261	6,339	861,880	866,291	4,411
4,130	9,310	3,897,142	3,831,813	(65,329)
	49,950	234,152	187,425	(46,727)
380,441	244,290	17,831,354	17,736,454	(94,900)
		(791,804)	(791,809)	(5)
$ 380,441	$ 244,290	$ 17,039,550	$ 16,944,645	$ (94,905)

Duncanville

City of Champions

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of special revenue sources that are legally restricted to expenditures for specified purposes. Individual Special Revenue Funds maintained are as follows:

Hotel/Motel Tax Fund-to account for moneys received from a tax upon the cost of occupancy in hotels and motels, the revenues of which may be expended to promote tourism and the convention and hotel industry.

Community Services Fund-to account for service fees received from users for providing special community education, athletic, library and park services.

Grants Fund – to account for funds granted the City by state and federal government to be used for public safety, and cultural and recreational purposes.

Court Technology Fund- to account for funds received from Municipal court fines to be used for upgrading technology.

Court Security Fund- to account for funds received from Municipal court fines to be used for providing security to Municipal Court.

Duncanville

City of Champions

CITY OF DUNCANVILLE, TEXAS

Exhibit C-1

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

	Hotel Motel Tax	Community Services	Grants	Court Technology	Court Security	Total
ASSETS:						
Cash and investments	$ 68,252	$ 43,016	$ 98,610	$ 42,098	$ 47,288	$ 299,264
Accounts receivable and other	37,606		10,487			48,093
Prepaid items		1,037				1,037
Total assets	$ 105,858	$ 44,053	$ 109,097	$ 42,098	$ 47,288	$ 348,394
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable	$ 6,815	$ 3,290	$ 199	$	$	$ 10,304
Accrued payroll			554			554
Deferred revenue			105,369			105,369
Total liabilities	6,815	3,290	106,122	-	-	116,227
FUND BALANCES:						
Reserved for prepaid		1,037				1,037
Reserved for convention & visitors bureau	99,043					99,043
Reserved for community services		39,726				39,726
Reserved for grants			2,975			2,975
Reserved for municipal court				42,098	47,288	89,386
Total fund balances	99,043	40,763	2,975	42,098	47,288	232,167
Total liabilities and fund balances	$ 105,858	$ 44,053	$ 109,097	$ 42,098	$ 47,288	$ 348,394

CITY OF DUNCANVILLE, TEXAS

Exhibit C-2

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Hotel Motel Tax	Community Services	Grants	Court Technology	Court Security	Total
REVENUES:						
Hotel, motel and sales taxes	$ 135,393	$	$	$	$	$ 135,393
Interest		1,781	2,543	639	1,281	6,244
Intergovernmental	84,612		130,675			215,287
Municipal court				24,103	19,605	43,708
Other	3,352	55,604				58,956
Total revenues	223,357	57,385	133,218	24,742	20,886	459,588
EXPENDITURES:						
General government	190,163		140,521	2,473	892	334,049
Community services		57,518				57,518
Special purposes-promotional	78,487					78,487
Total expenditures	268,650	57,518	140,521	2,473	892	470,054
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,293)	(133)	(7,303)	22,269	19,994	(10,466)
OTHER FIANANCING SOURCES (USES)						
Operating transfers in			10,278			10,278
Operating transfers out	(10,745)					(10,745)
Total other financing sources (uses)	(10,745)	-	10,278	-	-	(467)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING	(56,038)	(133)	2,975	22,269	19,994	(10,933)
FUND BALANCES, beginning of year	155,081	40,896	-	19,829	27,294	243,100
FUND BALANCES, end of year	$ 99,043	$ 40,763	$ 2,975	$ 42,098	$ 47,288	$ 232,167

CITY OF DUNCANVILLE, TEXAS

Exhibit C-3

HOTEL-MOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Hotel, motel taxes	$ 122,700	$ 135,393	$ 12,693
Intergovernmental	95,285	84,612	(10,673)
Other	4,250	3,352	(898)
Total revenues	222,235	223,357	1,122
EXPENDITURES:			
General government	151,850	190,163	(38,313)
Special purposes-promotional	89,304	78,487	10,817
Total expenditures	241,154	268,650	(27,496)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,919)	(45,293)	(26,374)
OTHER FIANANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out	(10,745)	(10,745)	-
Total other financing sources (uses)			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(29,664)	(56,038)	(26,374)
FUND BALANCES, beginning of year	155,081	155,081	-
FUND BALANCES, end of year	$ 125,417	$ 99,043	$ (26,374)

Duncanville

City of Champions

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for resources used for the acquisition and/or construction of capital facilities and improvements, except those financed by the Proprietary Fund Types. Resources are derived primarily from sales of general obligation and sales tax revenue bonds.

Street Construction Fund - This fund is used to account for the construction of major thoroughfares and petition paving projects.

Drainage Construction Fund - This fund is used to account for improvements to the City's storm sewers and drainage system.

Park Construction Fund - This fund is used to account for various improvements made in the City's parks and recreational facilities.

Fleet Replacement Fund – To account for the financing and expenditures related to the purchase of fleet and equipment.

Capital Improvements Fund – To account for the expenditures of various one-time capital improvements.

Library Construction General Obligation bonds – To account for the construction of a new library and community center financed by general obligation bonds.

Senior Center Building Improvements Fund – To account for various improvements to the Senior Center Building.

CITY OF DUNCANVILLE, TEXAS

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

	Street Construction	Drainage Construction	Park Construction	Fleet Replacement
ASSETS:				
Cash and investments	$ 1,410,763	$ 114,712	$ 607,323	$ 1,063,405
Accrued interest and other	84,891		(515)	13,222
Total assets	$ 1,495,654	$ 114,712	$ 606,808	$ 1,076,627
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Contracts payable	$ 7,996	$ -	$ -	$ 44,175
Deferred revenue	84,549			
Total liabilities	92,545	-	-	44,175
FUND BALANCES:				
Reserved for construction	1,403,109	114,712	606,808	1,032,452
Total fund balances	1,403,109	114,712	606,808	1,032,452
Total liabilities and fund balances	$ 1,495,654	$ 114,712	$ 606,808	$ 1,076,627

Exhibit D-1

Capital Improvements	Library Construction G O Bonds	Senior Center Building Improvements	Total
$ 833,218	$ 12,045	$ 8,200	$ 4,049,666
			97,598
$ 833,218	$ 12,045	$ 8,200	$ 4,147,264
$ 13,249	$ 4,181	$	$ 69,601
			84,549
13,249	4,181	-	154,150
819,969	7,864	8,200	3,993,114
819,969	7,864	8,200	3,993,114
$ 833,218	$ 12,045	$ 8,200	$ 4,147,264

CITY OF DUNCANVILLE, TEXAS

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Street Construction	Drainage Construction	Park Construction
REVENUES:			
Interest	$ 73,430	$ 12,769	$ 40,472
Intergovernmental			
Other	8,069		5,441
Total revenues	81,499	12,769	45,913
EXPENDITURES:			
Capital outlay	226,818	27,360	276,223
Total expenditures	226,818	27,360	276,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,319)	(14,591)	(230,310)
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
Operating transfers out	(73,430)	(6,394)	
Total other financing sources (uses)	(73,430)	(6,394)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(218,749)	(20,985)	(230,310)
FUND BALANCES, beginning of year	1,621,858	135,697	837,118
FUND BALANCES, end of year	$ 1,403,109	$ 114,712	$ 606,808

Fleet Replacement	Capital Improvements	Library Construction G O Bonds	Senior Center Building Improvements	Total
$ 45,007	$ 31,921	$ 4,129	$	$ 207,728
501,155	458,460			959,615
105,866	29,604	1,722	8,200	158,902
652,028	519,985	5,851	8,200	1,326,245
577,088	254,143	89,721		1,451,353
577,088	254,143	89,721	-	1,451,353
74,940	265,842	(83,870)	8,200	(125,108)
	89,450			89,450
	(172,125)			(251,949)
-	(82,675)	-	-	(162,499)
74,940	183,167	(83,870)	8,200	(287,607)
957,512	636,802	91,734		4,280,721
$ 1,032,452	$ 819,969	$ 7,864	$ 8,200	$ 3,993,114

Duncanville

City of Champions

ENTERPRISE FUNDS

Enterprise Funds are used to account for those activities, which are entirely or predominantly self-supporting through user charges. The operations of the Enterprise Fund are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. Individual Enterprise Funds maintained are as follows:

Utility Fund – to account for the rendering of water, and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, debt service, and billing and collecting.

Drainage Fees Fund – to account for major stormwater drainage improvement projects throughout the City. The Drainage Fees Fund was created in order to reduce flooding, reduce creek erosion, and comply with EPA mandates regarding stormwater management.

Solid Waste Fund- to account for sanitation services to the residents of the City.

Duncanville

City of Champions

CITY OF DUNCANVILLE, TEXAS

Exhibit E-1

COMBINING BALANCE SHEET - ENTERPRISE FUNDS
SEPTEMBER 30, 2001
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2000

ASSETS	Utility Fund	Drainage Fee Fund	Solid Waste Fund	TOTALS 2001	TOTALS 2000
Cash and investments	$ 4,084,502	$ 339,507	$ 259,397	$ 4,683,406	$ 4,014,233
Receivables-					
Customers (net of allowance of $439,675 @ 09/30/01 & @ 09/30/00)	568,767	68,034	205,198	841,999	1,035,281
Unbilled	878,801	34,703	107,247	1,020,751	1,545,924
Accrued interest and other	9,063			9,063	71,035
Prepaid items	234,228			234,228	215,329
Restricted cash and investments	492,802			492,802	841,208
Fixed assets, net	19,115,246		23,032	19,138,278	17,807,710
Bond issue costs	4,014			4,014	9,900
Total assets	$ 25,387,423	$ 442,244	$ 594,874	$ 26,424,541	$ 25,540,620
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	$ 319,918	$ 7,094	$ 245,288	$ 572,300	$ 484,078
Accrued liabilities	21,733		2,467	24,200	22,353
Contracts payable				-	30,450
Payable from restricted assets					
Customer deposits	492,802			492,802	476,422
Revenue bonds				-	170,000
Accrued interest payable	573			573	573
Accrued compensated absences	40,093		10,392	50,485	43,958
Landfill closure payable			10,000	10,000	10,000
Total Liabilities	875,119	7,094	268,147	1,150,360	1,237,834
FUND EQUITY					
Contributed capital	1,234,036		533,224	1,767,260	1,767,260
Retained earnings					
Reserved for revenue bond retirement				-	194,213
Reserved for capital projects	1,091,424			1,091,424	1,238,825
Unreserved	22,186,844	435,150	(206,497)	22,415,497	21,102,488
Total Retained earnings	23,278,268	435,150	(206,497)	23,506,921	22,535,526
Total Fund Equity	24,512,304	435,150	326,727	25,274,181	24,302,786
Total Liabilities and Fund Equity	$ 25,387,423	$ 442,244	$ 594,874	$ 26,424,541	$ 25,540,620

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2000

	Utility Fund	Drainage Fee Fund	Solid Waste Fund	TOTALS 2001	TOTALS 2000
OPERATING REVENUES					
Water	5,660,577	$	$	$ 5,660,577	$ 5,974,510
Sewer	4,389,475			4,389,475	4,427,624
Solid waste			1,764,959	1,764,959	1,768,425
Drainage fees		450,397		450,397	439,772
Penalties	61,925			61,925	1,945
Other	93,479			93,479	236,866
Total operating revenues	10,205,456	450,397	1,764,959	12,420,812	12,849,142
OPERATING EXPENSES					
Water services	3,954,915			3,954,915	4,150,860
Wastewater treatment	3,138,764			3,138,764	2,955,895
Solid waste			1,790,523	1,790,523	1,704,301
Drainage		166,096		166,096	207,541
Administrative and fiscal	1,494,115		91,851	1,585,966	1,503,163
Depreciation	757,861		3,073	760,934	707,012
Total operating expenses	9,345,655	166,096	1,885,447	11,397,198	11,228,772
OPERATING INCOME (LOSS)	859,801	284,301	(120,488)	1,023,614	1,620,370
NON-OPERATING REVENUES (EXPENSES)					
Interest income	241,213	15,142	16,441	272,796	255,985
Interest expense	(18,807)			(18,807)	(23,557)
Other	(12,495)			(12,495)	(231,266)
Total non-operating revenues (expenses)	209,911	15,142	16,441	241,494	1,162
INCOME (LOSS) BEFORE TRANSFERS	1,069,712	299,443	(104,047)	1,265,108	1,621,532
OPERATING TRANSFERS OUT	-	(204,263)	(89,450)	(293,713)	(256,472)
Total transfers out	-	(204,263)	(89,450)	(293,713)	(256,472)
NET INCOME (LOSS)	1,069,712	95,180	(193,497)	971,395	1,365,060
RETAINED EARNINGS/(DEFICIT), beginning of year	22,208,556	339,970	(13,000)	22,535,526	21,703,690
EQUITY TRANSFERS					
Transfer out	-			-	(533,224)
RETAINED EARNINGS, end of year	23,278,268	435,150	$ (206,497)	23,506,921	22,535,526

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
YEAR ENDED SEPTEMBER 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2000

	Utility Fund	Drainage Fee Fund	Solid Waste Fund	TOTALS 2001	TOTALS 2000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	$ 859,801	$ 284,301	$ (120,488)	$ 1,023,614	$ 1,620,370
Adjustments to reconcile operating income to net cash provided by (used in) operating activities-					
Depreciation	757,861		3,073	760,934	707,012
Amortization of bond issue costs	5,886			5,886	-
Change in assets and liabilities-					
(Increase) Decrease in accounts receivable	885,572	1,866	(107,011)	780,427	(376,378)
Increase (Decrease) in accrued compensated absences	5,838		689	6,527	(3,323)
(Increase) Decrease in prepaid items	(18,899)			(18,899)	(10,404)
Increase (Decrease) in accounts payable and accrued liabilities	(48,916)	7,094	119,396	77,574	(285,284)
Increase in customer deposits	16,380			16,380	12,915
Increase (decrease) in contracts payable	(30,450)			(30,450)	(14,950)
Total adjustments	1,573,272	8,960	16,147	1,598,379	29,588
Net cash provided by (used in) operating activities	2,433,073	293,261	(104,341)	2,621,993	1,649,958
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Contributed capital from other funds			-	-	533,224
Operating & equity transfers to other funds	-	(204,263)	(89,450)	(293,713)	(789,696)
Net cash used in noncapital financing activities	-	(204,263)	(89,450)	(293,713)	(256,472)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(2,091,502)			(2,091,502)	(928,749)
Principal paid on revenue bond maturities	(170,000)			(170,000)	(305,000)
Interest paid on revenue bond obligations	(18,807)			(18,807)	(24,560)
Net cash used in capital and related financing activities	(2,280,309)	-	-	(2,280,309)	(1,258,309)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	241,213	15,142	16,441	272,796	255,985
Net cash provided by investing activities	241,213	15,142	16,441	272,796	255,985
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	393,977	104,140	(177,350)	320,767	391,162
CASH AND INVESTMENTS, beginning of year	4,183,327	235,367	436,747	4,855,441	4,454,379
CASH AND INVESTMENTS, end of year	$ 4,577,304	$ 339,507	$ 259,397	$ 5,176,208	$ 4,845,541

CITY OF DUNCANVILLE, TEXAS

Exhibit E-4

ENTERPRISE FUNDS
SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
UTILITY FUND			
WATER:			
Sale of water	$ 5,673,766	$ 5,643,952	$ (29,814)
Water taps	20,000	16,625	(3,375)
Water pro rata	1,000	-	(1,000)
Total	5,694,766	5,660,577	(34,189)
SEWER:			
Sewer charges	4,350,813	4,372,270	21,457
Sewer taps	10,000	8,277	(1,723)
Sewer pro rata	1,500	6,728	5,228
Sewer assessments	3,000	2,200	(800)
Total	4,365,313	4,389,475	24,162
PENALTIES	55,062	61,925	6,863
OTHER:			
Refund from Trinity River Authority	32,262	32,262	-
Service charges	36,000	51,744	15,744
Collection of bad debts	500	266	(234)
Miscellaneous	12,800	9,207	(3,593)
Total	81,562	93,479	11,917
INTEREST INCOME	188,000	253,525	65,525
Total revenues Utility Fund	$ 10,384,703	$ 10,458,981	$ 74,278
DRAINAGE FEES FUND			
DRAINAGE CHARGES	$ 458,989	$ 450,397	$ (8,592)
INTEREST INCOME	15,000	15,142	142
Total revenues Drainage Fees Fund	$ 473,989	$ 465,539	$ (8,450)
SOLID WASTE FUND			
SOLID WASTE CHARGES	$ 1,708,913	$ 1,764,959	$ 56,046
INTEREST INCOME	19,000	16,441	(2,559)
Total revenues Solid Waste Fund	$ 1,727,913	$ 1,781,400	$ 53,487
Total revenues Enterprise Funds	$ 12,586,605	$ 12,705,920	$ 119,315

Duncanville

City of Champions

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Salaries and Benefits	Supplies	Other Services
UTILITY FUND			
WATER SERVICES	$ 549,930	$ 78,434	$ 3,255,729
WASTEWATER TREATMENT	410,336	57,787	2,641,983
ADMINISTRATION AND FISCAL			
Utility administration	145,823	3,080	31,533
Utility accounting	389,770	84,777	34,956
Non-departmental			157,312
Allocation of general and administrative			636,160
INTEREST EXPENSE			28,707
Total Utility Fund expenses	$ 1,495,859	$ 224,078	$ 6,786,380
DRAINAGE FEES FUND			
DRAINAGE	$	$	$
OPERATING TRANSFERS OUT			193,497
Total Drainage Fees Fund expenses	$ -	$ -	$ 193,497
SOLID WASTE FUND			
SOLID WASTE	$ 144,590	$ 848	$ 1,644,370
OPERATING TRANSFERS OUT			89,450
ALLOCATION OF GENERAL AND ADMINISTRATIVE			91,851
Total Solid Waste Fund expenses	$ 144,590	$ 848	$ 1,736,221
Total Enterprise Fund expenses	$ 1,640,449	$ 224,926	$ 8,716,098

Maintenance	Capital	Total	Budget	Variance Favorable (Unfavorable)
$ 70,823	$ 458,936	$ 4,413,852	$ 4,132,849	$ (281,003)
28,658	1,626,429	4,765,193	2,748,481	(2,016,712)
	3,174	183,610	187,427	3,817
806	45,907	556,216	588,315	32,099
		157,312	152,093	(5,219)
		636,160	608,767	(27,393)
		28,707	-	(28,707)
$ 100,287	$ 2,134,446	$ 10,741,050	$ 8,417,932	$ (2,323,118)
$	$ 166,096	$ 166,096	$ 220,000	$ 53,904
		193,497	204,262	10,765
$ -	$ 166,096	$ 359,593	$ 424,262	$ 64,669
$ 715	$	$ 1,790,523	$ 1,801,316	$ 10,793
		89,450	85,697	(3,753)
		91,851	88,797	(3,054)
$ 715	$ -	$ 1,882,374	$ 1,890,113	$ 7,739
$ 101,002	$ 2,300,542	$ 12,983,017	$ 10,732,307	$ (2,250,710)

Duncanville

City of Champions

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of services provided by one department to other departments of the City on a cost-reimbursement basis. There are two funds within the Internal Service Funds:

Medical Self-Insurance Fund - This fund is used to account for the costs associated with the medical, dental, and life insurance program established for City employees and their covered dependents.

Comprehensive Self-Insurance Fund - This fund is used to account for the costs associated with the general liability, property and casualty, and workers' compensation self-insurance program established by the City.

CITY OF DUNCANVILLE, TEXAS

Exhibit F-1

INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

ASSETS	Medical Self-Insurance	Comprehensive Self-Insurance	Total
Cash and investments	$ 370,065	$ 618,125	$ 988,190
Accrued interest and other receivable	1,464	(452)	1,012
Total assets	$ 371,529	$ 617,673	$ 989,202
LIABILITIES AND RETAINED EARNINGS			
LIABILITIES			
Accounts payable	$ 270	$	$ 270
Accrued liabilities	85,896	62,596	148,492
Total liabilities	86,166	62,596	148,762
RETAINED EARNINGS			
Unreserved	285,363	555,077	840,440
Total retained earnings	285,363	555,077	840,440
Total liabilities and retained earnings	$ 371,529	$ 617,673	$ 989,202

CITY OF DUNCANVILLE, TEXAS

Exhibit F-2

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Medical Self-Insurance	Comprehensive Self-Insurance	Total
OPERATING REVENUES:			
Premiums and other	$ 1,269,510	$ 273,948	$ 1,543,458
Total operating revenues	1,269,510	273,948	1,543,458
OPERATING EXPENSES:			
Claims and provision	1,087,319	-	1,087,319
Administrative and fiscal	219,125	66,875	286,000
Total operating expenses	1,306,444	66,875	1,373,319
OPERATING INCOME (LOSS)	(36,934)	207,073	170,139
NON-OPERATING REVENUES:			
Interest income	18,611	25,645	44,256
Total non-operating revenue	18,611	25,645	44,256
NET INCOME (LOSS)	(18,323)	232,718	214,395
RETAINED EARNINGS, beginning of year	303,686	322,359	626,045
RETAINED EARNINGS, end of year	$ 285,363	$ 555,077	$ 840,440

CITY OF DUNCANVILLE, TEXAS

Exhibit F-3

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Medical Self-Insurance	Comprehensive Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	$ (36,934)	$ 207,073	$ 170,139
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities-			
Change in assets and liabilities-			
(Increase)/ Decrease in accounts receivable and other receivable	(614)	2,705	2,091
Increase/ (Decrease) in accounts payable and accrued liabilities	(4,696)	(164,149)	(168,845)
Total adjustments	(5,310)	(161,444)	(166,754)
Net cash provided by (used in) operating activities	(42,244)	45,629	3,385
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	18,611	25,645	44,256
Net cash provided by investing activities	18,611	25,645	44,256
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(23,633)	71,274	47,641
CASH AND INVESTMENTS, beginning of year	393,698	546,851	940,549
CASH AND INVESTMENTS, end of year	$ 370,065	$ 618,125	$ 988,190

ACCOUNT GROUPS

The General Fixed Assets Account Group accounts for fixed assets purchased with general governmental resources, which are used for general governmental purposes. Purchased assets are recorded at cost; donated assets are recorded at fair market value on the date donated. No depreciation is recognized on these assets.

Duncanville

City of Champions

CITY OF DUNCANVILLE

Exhibit G-1

GENERAL FIXED ASSETS
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
SEPTEMBER 30, 2001 AND 2000

	Balance 9/30/2001	Balance 9/30/2000
GENERAL FIXED ASSETS:		
Land	$ 1,347,740	$ 1,297,790
Buildings	6,782,765	6,782,765
Improvements other than buildings	1,373,472	1,217,397
Equipment	10,554,149	9,513,800
Construction in Progress	-	501,813
Water rights	4,802,361	-
Total general fixed assets	$ 24,860,487	$ 19,313,565
INVESTMENTS IN GENERAL FIXED ASSETS FROM:		
Capital projects funds	$ 9,538,254	$ 9,538,254
General fund	7,890,606	7,146,045
Other sources	7,431,627	2,629,266
Total investment in general fixed assets	$ 24,860,487	$ 19,313,565

CITY OF DUNCANVILLE

Exhibit G-2

GENERAL FIXED ASSETS
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
September 30, 2001

(Continued on the following page)

Function and Activity	Total	Land	Buildings	Improvements	Equipment	Water rights
General government						
Mayor and council	$ 35,241	$	$	$	$ 35,241	$
City manager	26,557				26,557	
City secretary	1,601				1,601	
Personnel	4,455				4,455	
Data processing	943,500				943,500	
Community Services Info	7,037				7,037	
Subtotal	1,018,391	-	-	-	1,018,391	-
Finance						
Administration	19,469				19,469	
Municipal court	41,431				41,431	
Purchasing	5,231				5,231	
Teen Court	1,600				1,600	
Subtotal	67,731	-	-	-	67,731	-
Community services						
Administration	285,419				285,419	
Recreation programming	3,435				3,435	
Aquatics	72,671			59,749	12,922	
Athletic programming	154,765			75,452	79,313	
Park grounds maintenance	3,298,100	1,297,790	390,381	1,231,121	378,808	
Library services	1,821,395				1,821,395	
Construction in Progress	-				-	
Building services	4,802,397		4,770,433	7,150	24,814	
Senior Center	13,800				13,800	
Subtotal	10,451,981	1,297,790	5,160,814	1,373,472	2,619,905	-
Police						
Administration	1,520,920		1,350		1,519,570	
Patrol	715,745				715,745	
Criminal investigation	193,035				193,035	
Animal control	52,352				52,352	
Crime prevention	18,237				18,237	
Records	12,216				12,216	
Training	63,426				63,426	
Asset forfeiture	133,679				133,679	
Subtotal	2,709,610	-	1,350	-	2,708,260	-
Public works						
Administration	71,822				71,822	
Building inspection	72,958				72,958	
Streets	646,964				646,964	
Signs and signals	131,968				131,968	
Equipment Services	208,185				208,185	
Subtotal	1,131,897	-	-	-	1,131,897	-

CITY OF DUNCANVILLE

Exhibit G-2

GENERAL FIXED ASSETS
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
September 30, 2001

Function and Activity	Total	Land	Buildings	Improvements	Equipment	Water rights
Fire						
Administration	$ 2,030,032	$	$ 1,620,601	$	$ 409,431	$
Fire prevention	41,493				41,493	
Fire suppression	1,828,971				1,828,971	
Advanced life support	510,567				510,567	
Subtotal	4,411,063	-	1,620,601	-	2,790,462	-
Non-departmental	267,453	49,950			217,503	
Water rights	4,802,361					4,802,361
Total General fixed assets	$ 24,860,487	$ 1,347,740	$ 6,782,765	$ 1,373,472	$ 10,554,149	$ 4,802,361

CITY OF DUNCANVILLE

Exhibit G-3

GENERAL FIXED ASSETS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2001

(Continued on the following page)

Function and Activity	Balance 09/30/00	Additions	Retirements	Transfers	Balance 09/30/01
General government					
Mayor and council	$ 35,241	$	$	$	$ 35,241
City manager	25,145	11,087	9,675		26,557
City secretary	1,601				1,601
Personnel	3,200	1,255			4,455
Data processing	730,712	9,181	4,794	208,401	943,500
Community Services Info	3,400	3,637			7,037
Hotel Tax	-				-
Technology Fund	208,401	-		(208,401)	-
Community Svc-Library	-				-
Subtotal	1,007,700	25,160	14,469	-	1,018,391
Finance					
Administration	18,054	1,415			19,469
Municipal court	20,152	21,279			41,431
Purchasing	5,231				5,231
Teen Court	1,600				1,600
Subtotal	45,037	22,694	-	-	67,731
Community services					
Administration	285,419				285,419
Recreation programming	-	3,435			3,435
Aquatics	53,842	18,829			72,671
Athletic programming	137,785	16,980			154,765
Park grounds maintenance	3,122,926	222,045	46,871		3,298,100
Library services	1,143,884	179,247	3,550	501,813	1,821,394
Construction in Progress	501,813			(501,813)	-
Building services	4,803,690	6,407	7,700		4,802,397
Senior Center	13,800				13,800
Subtotal	10,063,159	446,943	58,121	-	10,451,981
Police					
Administration	1,504,696	16,224			1,520,920
Patrol	639,095	191,663	115,013		715,745
Criminal investigation	200,486	12,748	20,199		193,035
Animal control	47,495	17,346	12,489		52,352
School guards	-				-
Crime prevention	17,319	918			18,237
Communications	-				-
Records	12,216				12,216
Training	63,426				63,426
Asset forfeiture	133,679				133,679
Subtotal	2,618,412	238,899	147,701	-	2,709,610
Public works					
Administration	60,489	11,333			71,822
Building inspection	51,676	31,993	10,711		72,958
Streets	618,574	78,109	49,719		646,964
Signs and signals	139,931	2,250	10,213		131,968
Equipment Services	185,253	22,932			208,185
Subtotal	1,055,923	146,617	70,643	-	1,131,897

CITY OF DUNCANVILLE

Exhibit G-3

GENERAL FIXED ASSETS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2001

(Continued on the following page)

Function and Activity	Balance 09/30/00	Additions	Retirements	Transfers	Balance 09/30/01
Fire					
Administration	$ 2,015,812	$ 14,220			$ 2,030,032
Fire prevention	25,269	16,224			41,493
Fire suppression	1,805,845	23,126			1,828,971
Advanced life support	431,001	139,496	59,930		510,567
Fire Training	-				-
Subtotal	4,277,927	193,066	59,930	-	4,411,063
Non-Departmental	245,408	49,950	27,905		267,453
Water rights		4,802,361			4,802,361
Total General Fixed Assets	$ 19,313,566	$ 5,925,690	$ 378,769	$ -	$ 24,860,487

Duncanville

City of Champions

COMPONENT UNIT COMBINING FINANCIAL STATEMENTS

Component unit of the City consists of the Duncanville Community and Economic Development Corporation (DCEDC). The DCEDC was incorporated on April 28, 1995 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The DCEDC operates under a seven- (7) member Board of Directors appointed by the City Council. Each of the directors should be a resident of the City. No more than four (4) members can be members of the City Council, officials of the City, or City employees. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as for the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

CITY OF DUNCANVILLE, TEXAS

Exhibit H-1

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
COMBINING BALANCE SHEET
SEPTEMBER 30, 2001

			Account groups		
ASSETS	Special Revenue	Capital Projects	General Fixed Assets	General Long Term Debt	Total
Cash and investments	$ 1,256,245	$ 58,728	$	$	$ 1,314,973
Trade accounts	305,218				305,218
Accrued interest and other receivable	12,007				12,007
Prepaid items	26				26
Restricted cash and investments		1,584,000			1,584,000
Fixed assets			17,079,126		17,079,126
Bond issue costs and deferred charges	4,014				4,014
Amount to be provided for retirement of general long-term liabilities				13,090,000	13,090,000
Total assets	$ 1,577,510	$ 1,642,728	$ 17,079,126	$ 13,090,000	$ 33,389,364
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	$ 12,829	$ 6,285	$	$	$ 19,114
Accrued liabilities	2,331				2,331
Customer performance and escrow deposits		1,584,000			1,584,000
Revenue bonds				13,090,000	13,090,000
Total liabilities	15,160	1,590,285	-	13,090,000	14,695,445
FUND BALANCE					
Investment in General Fixed Assets			17,079,126		17,079,126
Reserved for economic development	1,562,350				1,562,350
Reserved for construction		52,443			52,443
Total fund balance	1,562,350	52,443	17,079,126	-	18,693,919
Total liabilities and fund balance	$ 1,577,510	$ 1,642,728	$ 17,079,126	$ 13,090,000	$ 33,389,364

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Special Revenue	Capital Projects	Total
REVENUES:			
Sales taxes	$ 1,705,149	$	$ 1,705,149
Interest	82,670	8,497	91,167
Rental and other	930,385	89,249	1,019,634
Total revenues	2,718,204	97,746	2,815,950
EXPENDITURES:			
General government	491,777		491,777
Special purposes - promotional	107,431		107,431
Debt service-			
Principal retirement	100,000		100,000
Interest and fiscal charges	1,234,912		1,234,912
Capital outlay	509,379	27,298	536,677
Total expenditures	2,443,499	27,298	2,470,797
EXCESS OF REVENUES OVER EXPENDITURES	274,705	70,448	345,153
OTHER FINANCING SOURCES (USES):			
Operating transfers in		1,327,226	1,327,226
Operating transfers out	(1,327,226)		(1,327,226)
Total other financing sources (uses)	(1,327,226)	1,327,226	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,052,521)	1,397,674	345,153
FUND BALANCE (DEFICIT), beginning of year	2,614,871	(1,345,231)	1,269,640
FUND BALANCE, end of year	$ 1,562,350	$ 52,443	$ 1,614,793

Duncanville

City of Champions

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION
(Unaudited)

The Statistical Section presents comparative data for expenditures, revenues, property tax levies and collections, assessed value and estimated actual value of taxable property, property tax rates for direct and overlapping governments, principal taxpayers, special assessment billings and collections, legal debt margin, ratios of net bonded debt, ratio of debt service to general expenditures, overlapping debt, revenue bond coverage, demographic statistics, property value/construction and miscellaneous statistics.

CITY OF DUNCANVILLE, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES BY DEPARTMENT (UNAUDITED)
LAST TEN FISCAL YEARS (1)

Fiscal Year	General Government	Finance	Utilities	Community Services	Police
1992	$472,294	$674,912	$480,174	$2,353,663	$3,674,471
1993	$549,817	$651,781	- (2)	$2,282,031	$3,861,953
1994	$551,027	$602,443	- (2)	$2,265,645	$3,684,294
1995	$587,329	$1,145,529	- (2)	$2,375,907	$3,716,190
1996	$839,596	$660,381	- (2)	$2,036,043	$4,604,029
1997	$907,853	$790,226	- (2)	$2,146,059	$4,580,110
1998	$1,048,400	$780,063	- (2)	$2,112,707	$4,850,125
1999	$1,076,137	$809,628	- (2)	$2,073,888	$4,977,843
2000	$998,589	$842,310	- (2)	$2,490,805	$5,265,896
2001	$1,121,121	$914,211	- (2)	$2,781,033	$5,686,658

(1) Expenditures have been reclassified to correspond with reorganizations in 1996-1997.
(2) The Solid Waste Operations were transferred to the Enterprise Fund beginning October 1, 1992.

Table includes General Fund only.

Table 1

Public Works	Fire	Non-Departmental	Allocation Expenditures	Total
$1,523,036	$2,560,403	$881,289	($500,000)	$12,120,242
$1,583,016	$2,664,434	$533,922	($500,000)	$11,626,954
$1,503,053	$2,751,949	$608,776	($575,000)	$11,392,187
$1,776,018	$3,119,034	$780,253	($658,785)	$12,841,475
$2,034,518	$3,730,380	$860,413	($658,785)	$14,106,575
$1,914,442	$3,646,134	$776,789	($738,170)	$14,023,443
$2,011,470	$3,793,859	$487,577	($793,765)	$14,290,436
$2,901,481	$3,402,879	$155,504	($860,380)	$14,536,980
$2,969,607	$3,784,295	$151,837	($817,346)	$15,685,993
$3,197,037	$3,897,142	$234,152	($791,804)	$17,039,550

CITY OF DUNCANVILLE, TEXAS

GENERAL GOVERNMENTAL REVENUES BY SELECTED SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses, Permits and Fees	Fines	Interest Income
1992	$10,075,578	$368,250	$299,541	$259,739
1993	$10,810,871	$279,997	$282,964	$213,021
1994	$10,645,577	$406,326	$229,584	$241,058
1995	$11,125,493	$459,212	$270,613	$398,624
1996	$11,298,393	$430,774	$401,836	$286,953
1997	$11,752,373	$615,415	$648,177	$305,221
1998	$12,235,746	$709,132	$600,649	$251,071
1999	$12,682,010	$769,740	$583,833	$198,593
2000	$13,621,388	$856,888	$693,111	$249,378
2001	$14,371,644	$896,729	$800,906	$240,948

(1) Solid Waste charges for services were transferred to the Enterprise Fund beginning October 1, 1992.

Table includes General Fund only.

Table 2

Intergovernmental	Charges for Services	Miscellaneous Sales and Services	Total
$64,435	$634,488	$145,934	$11,847,965
$77,211	-(1)	$241,598	$11,905,662
$85,929	-(1)	$305,626	$11,914,100
$80,329	-(1)	$221,356	$12,555,627
$139,033	-(1)	$280,441	$12,837,430
$224,658	-(1)	$274,438	$13,820,282
$168,331	-(1)	$326,980	$14,291,909
$169,871	-(1)	$369,504	$14,773,551
$214,408	-(1)	$698,082	$16,333,255
$321,601	-(1)	$583,564	$17,215,392

CITY OF DUNCANVILLE, TEXAS

AD VALOREM TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collection
1992	$9,395,744	$9,182,831	97.7	$135,016
1993	$9,643,580	$9,442,413	97.9	$173,057
1994	$9,521,374	$9,350,915	98.2	$160,858
1995	$9,514,921	$9,384,914	98.6	$158,503
1996	$8,257,872	$8,122,741	98.4	$113,976
1997	$8,346,620	$8,229,146	98.6	$104,133
1998	$8,617,473	$8,451,254	98.1	$95,319
1999	$8,852,329	$8,682,941	98.1	$110,582
2000	$9,326,022	$9,122,351	97.8	$85,350
2001	$9,702,634	$9,464,232	97.5	$174,261

(1) This amount is shown net of allowance for uncollectible amounts.

(2) Outstanding delinquent tax amount before deduction of allowance for doubtful accounts.

Table 3

Total Tax Collection	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquents Taxes to Tax Levy
$9,317,847	99.2	$495,990	5.3
$9,615,470	99.7	$512,052 (1)	5.3
$9,511,773	99.9	$511,725 (1)	5.4
$9,543,417	100.3	$522,294 (1)	5.5
$8,236,717	99.7	$548,034 (2)	6.6
$8,333,279	99.8	$533,217 (2)	6.4
$8,546,573	99.2	$592,326 (2)	6.9
$8,793,522	99.3	$692,223 (2)	7.8
$9,207,701	98.7	$751,813 (2)	8.1
$9,638,493	99.3	$836,994 (2)	8.6

CITY OF DUNCANVILLE, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS

	Assessed Value			
Fiscal Year	Land and Improvements	Personal Property	Total	Total Estimated Actual Value
1991	$1,116,288,571	$120,886,580	$1,237,175,151	$1,237,175,151
1992	$1,089,772,340	$114,810,270	$1,204,582,610	$1,204,582,610
1993	$1,034,981,600	$118,418,690	$1,153,400,290	$1,153,400,290
1994	$984,521,678	$125,195,550	$1,109,717,228	$1,109,717,228
1995	$984,536,650	$128,579,980	$1,113,116,630	$1,113,116,630
1996	$1,004,712,922	$139,195,190	$1,143,908,112	$1,143,908,112
1997	$1,016,467,551	$142,785,180	$1,159,252,731	$1,159,252,731
1998	$1,051,052,300	$149,152,610	$1,200,204,910	$1,200,204,910
1999	$1,086,027,034	$146,887,810	$1,232,914,844	$1,232,914,844
2000	$1,147,248,992	$151,648,270	$1,298,897,262	$1,298,897,262
2001	$1,191,482,969	$159,864,695	$1,351,347,664	$1,351,347,664

Ad Valorem Tax Limitations

The City of Duncanville, Texas, has the power to levy taxes to the extent of the $2.50 per $100 valuation constitutional limit permitted by the State of Texas.

Due Date of Current Taxes

The full amount of taxes is due on or before January 31.

Penalties for Delinquency

A penalty shall be attached to the payment of taxes at the rate of 2% per month after January 31 and for each month thereafter until such penalty shall be 10% of the taxes due. All delinquent taxes shall bear interest at the rate of 1% per month or portion of a month the tax remains unpaid.

Table 4

Ratio of Total Assessed to Total Estimated Actual Value	Tax Levy	Tax Rate
100	$9,210,769	0.7445
100	$9,395,744	0.7800
100	$9,643,580	0.8361
100	$9,521,374	0.8580
100	$9,514,921	0.8548
100	$8,257,872	0.7219
100	$8,346,620	0.7200
100	$8,617,473	0.7180
100	$8,852,329	0.7180
100	$9,326,022	0.7180
100	$9,702,634	0.7180

CITY OF DUNCANVILLE, TEXAS

Table 5

PROPERTY TAX RATES-
ALL DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
LAST TEN FISCAL YEARS (1)

Fiscal Year	City of Duncanville	Duncanville I.S.D.	Dallas County	Dallas County Hospital	Dallas County Community College
1992	0.7800	1.4424 (2)	1.80250	0.197960	0.04648
1993	0.8361	1.5576	0.20870	0.207000	0.04940
1994	0.8580	1.5576	0.20883	0.206960	0.05206
1995	0.8548	1.5724	0.20883	0.199590	0.05206
1996	0.7219	1.6068	0.22250	0.199590	0.05206
1997	0.7200	1.6068	0.21000	0.194092	0.05206
1998	0.7180	1.6400	0.20100	0.192070	0.05000
1999	0.7180	1.6400	0.201699	0.196000	0.05000
2000	0.7180	1.6400	0.209667	0.025400	0.05000
2001	0.7180	1.6800	0.201525	0.254000	0.06000

(1) Rates are based per $100 valuation.

(2) Combined rates $0.58 - ISD and $0.8624 - CED.

CITY OF DUNCANVILLE, TEXAS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population	Assessed value	Gross General Bonded Debt	Less Interest and Sinking Funds
1992	35,206	$1,204,582,610	$20,798,414	$953,337
1993	35,318	$1,153,400,290	$24,815,914	$1,036,845
1994	35,200	$1,109,717,228	$22,855,914	$1,005,296
1995	35,550	$1,113,116,630	$25,380,914	$1,041,373
1996	35,100	$1,143,908,112	$23,460,914	$902,908
1997	36,000	$1,159,252,731	$21,425,914	$919,579
1998	36,000	$1,200,204,910	$24,950,914	$1,158,711
1999	36,000	$1,232,914,844	$22,585,914	$985,538
2000	36,600	$1,298,897,262	$20,802,779	$1,698,607
2001	36,206	$1,351,347,664	$18,973,270	$1,394,428

Table 6

Net Bonded Debt	Percentage Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
$19,845,077	1.65	$564
$23,779,069	2.06	$673
$21,850,618	1.97	$621
$24,339,541	2.19	$685
$22,558,006	1.97	$643
$20,506,335	1.77	$570
$23,792,203	1.98	$661
$21,600,376	1.75	$600
$19,104,172	1.47	$522
$17,578,842	1.30	$486

CITY OF DUNCANVILLE, TEXAS

Table 7

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
September 30, 2001

Article XI, Section 5 of the State of Texas Constitution, applicable to cities of more than 5,000 population $2.50 per $100 assessed valuation. City operates under a Home Rule Charter which adopts constitutional provisions. The City tax rate of $0.718 per $100 assessed is 28.72% of the constitutional limit for operation and debt service.

CITY OF DUNCANVILLE, TEXAS

Table 8

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)
September 30, 2001

	Gross Debt Outstanding	Percentage Applicable to City of Duncanville	Amount Applicable to City of Duncanville
City of Duncanville	$ 20,423,270	100.00% %	$ 20,423,270
Duncanville ISD	52,071,909	58.36%	30,389,166
Dallas County	264,192,395	1.15%	3,038,213
Dallas County Community College District	-	1.15%	-
Dallas County Hospital District	-	1.15%	-
Total net direct and overlapping debt	$ 336,687,574		$ 53,850,649

Source: First Southwest Company

CITY OF DUNCANVILLE, TEXAS

Table 9

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percentage of Debt Service to General Fund Expenditures
1992	$1,432,500	$1,848,427	$3,280,927	$12,120,242	27.1
1993	$1,762,500	$1,617,622	$3,380,122	$11,626,954	29.1
1994	$1,960,000	$1,537,915	$3,497,915	$11,392,187	30.7
1995	$2,090,000	$1,272,128	$3,362,128	$12,841,475	26.2
1996	$1,920,000	$1,522,905	$3,442,905	$14,106,575	24.4
1997	$2,035,000	$1,290,216	$3,325,216	$14,023,443	23.7
1998	$2,110,000	$1,133,504	$3,243,504	$14,290,436	22.7
1999	$2,365,000	$1,188,847	$3,553,847	$14,536,980	24.4
2000	$1,783,135	$1,767,225	$3,550,360	$15,685,993	22.6
2001	$1,829,509	$1,587,130	$3,416,639	$17,039,550	20.1

CITY OF DUNCANVILLE, TEXAS

Table 10

REVENUE BOND COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Gross Revenue	Water and Sewer Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	$7,858,799	$6,861,591	$997,208	$305,000	$344,418	$649,418	1.54
1993	$9,412,635	$6,693,658	$2,718,977	$340,000	$315,562	$655,562	4.15
1994	$9,251,206	$7,436,715	$1,814,491	$470,000	$179,967	$649,967	2.79
1995	$9,174,531	$8,023,777	$1,150,754	$505,000	$139,463	$644,463	1.79
1996	$10,453,095	$8,446,932	$2,006,163	$550,000	$144,538	$694,538	2.89
1997	$9,889,411	$8,434,448	$1,454,963	$600,000	$78,630	$678,630	2.14
1998	$10,852,905	$9,198,872	$1,654,033	$455,000	$29,563	$484,563	3.41
1999	$10,396,388	$8,375,627	$2,020,761	$305,000	$13,070	$318,070	6.35
2000	$10,642,575	$7,894,058	$2,748,517	$170,000	$13,070	$183,070	15.01
2001	$10,446,486	$7,970,441	$2,476,045	$0	$0	$0	

Note: Revenues and expenses for Solid Waste Operations and Drainage are not included.

(1) Represents total operating expenses less depreciation and allocated administration expense.

CITY OF DUNCANVILLE, TEXAS

Table 11

PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (1)		Residential Construction(1)	
	Number of Permits	Value	Number of Permits	Value
1992	59	$4,791,101	197	$529,077
1993	51	$7,013,780	138	$4,778,314
1994	73	$8,282,732	462	$7,133,464
1995	105	$6,494,510	243	$9,736,665
1996	49	$2,610,008	186	$7,103,129
1997	69	$3,973,168	136	$5,145,354
1998	47	$6,482,787	276	$6,584,360
1999	68	$9,984,350	487	$7,704,781
2000	87	$18,384,303	478	$6,844,702
2001	43	$10,240,479	236	$6,150,574

(1) Source: City of Duncanville Building Inspection Department.

CITY OF DUNCANVILLE, TEXAS

Table 12

PRINCIPAL TAXPAYERS (UNAUDITED)
September 30, 2001

Taxpayer	Type of Business	2000 Assessed Valuation	Percentage of Total Assessed Valuation
Texwood Industries	Wholesale Cabinetry	$ 29,253,180	2.25 %
Southwestern Bell Telephone	Telephone Utility	13,410,700	1.03
CH Guenther & Sons	Wholesale Food Products	12,171,330	0.94
Frankel Family Trust	Retail Estate	10,977,210	0.85
Wal-Mart Corporation	Retail	10,973,480	0.84
Texas Utilities Electric Company	Utility	10,380,643	0.80
ACCO USA Inc	Manufacturer/ Office Boxes	8,102,160	0.62
Apple Reit LTD PS	Apartments	8,000,000	0.62
Ladd 1998 REAL Properties	Retail	7,314,460	0.56
Regency Centers LP	Retail	5,500,000	0.42
Total		$ 116,083,163	7.91 %

CITY OF DUNCANVILLE, TEXAS Table 13

MISCELLANEOUS STATISTICAL FACTS (UNAUDITED)
September 30, 2000

Date of Incorporation	1949
Date of Adoption of City Charter	May 5, 1962
Form of Government	Council-Manager
City Area, Square Miles	12
Miles of Streets and Alleys:	
Streets, paved	156
Sidewalks	113
Alleys, paved	40
Miles of Sanitary Sewers	152.17
Miles of Water Mains	183
Number of Fire Hydrants	1,180
Number of Manholes	1,635
Building Permits:	
Permits Issued	279
Estimated Cost	$16,391,053
Fire Protection:	
Number of Stations	2
Number of Employees	53
Police Protection:	
Number of Stations	1
Number of Employees	62
Recreation:	
Parks, Number of Acres	205
Number of Playgrounds	10
Education:	
Number of Campuses	16
Number of Instructional Staff	667
Number of Students Registered:	
Elementary School	3,688
Intermediate School	1,654
Middle School	1,788
High School	3,305

Table 14

CITY OF DUNCANVILLE, TEXAS

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)
September 30, 2001

	Salaries Effective 10/01/01	Amount of Surety Bond(1)
Mayor	$ $0	
Council Members	$0	
City Manager	$108,120	
Assistant City Manager	Position Eliminated	
Director of Finance	$86,552	
Director of Public Works	$95,921	
Director of Community Services	$92,659	
City Secretary	$77,250	
Police Chief	$84,676	
Fire Chief	$82,324	
Municipal Court Judge		
Presiding (1)	$36,663	
Associate (2)	$48,263	

(1) As part of the City's self-insurance program, all elected officials and employees are covered under the Public Officials Liability portion of the program.

Duncanville

City of Champions