

# **City of Duncanville**

**Fiscal Year Ended September 30, 2002**

## **Comprehensive Annual Financial Report**

*Ten Mile Creek in Harrington Park*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF DUNCANVILLE, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2002

PREPARED BY:

CITY OF DUNCANVILLE

FINANCE DEPARTMENT

**CITY OF DUNCANVILLE, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>		
Letter of Transmittal		i
GFOA Certificate of Achievement		vii
Organizational Chart		viii
Principal Officials		ix
 <b>FINANCIAL SECTION:</b>		
General Purpose Financial Statements-		
Report of Independent Public Accountants		1
Combined Balance Sheet - All Fund Types , Account Groups and Discretely presented Component Unit	A-1	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and discretely presented Component Unit	A-2	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Budgeted Special Revenue and Debt Service Funds	A-3	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	A-4	10
Combined Statement of Cash Flows - All Proprietary Fund Types	A-5	11
Notes to General Purpose Financial Statements		13

**TABLE OF CONTENTS**  
(Continued)

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION (Continued):</b>		
Supplemental Information - Combining, Individual Fund and Account Group Financial Statements and Schedules-		
General Fund-		
Schedule of Detailed Revenues - Budget and Actual	B-1	35
Schedule of Detailed Expenditures - Budget and Actual	B-2	36
Special Revenue Funds-		
Combining Balance Sheet	C-1	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	44
Hotel-Motel Tax Fund-Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual	C-3	45
Capital Projects Funds-		
Combining Balance Sheet	D-1	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	50
Enterprise Funds-		
Combining Balance Sheet	E-1	55
Combining Statement of Revenues, Expenses and Changes in Fund Equity	E-2	56
Combining Statement of Cash Flows	E-3	57
Schedule of Detailed Revenues – Budget and Actual	E-4	58
Schedule of Expenses – Budget and Actual (Non-GAAP Budgetary basis)	E-5	60
Internal Service Funds-		
Combining Balance Sheet	F-1	64
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-2	65
Combining Statement of Cash Flows	F-3	66

**TABLE OF CONTENTS**  
(Continued)

	<u>Table</u>	<u>Page</u>
<b>FINANCIAL SECTION (Continued):</b>		
General Fixed Assets Account Group-		
Schedule of General Fixed Assets by Source	G-1	69
Schedule of General Fixed Assets by Function and Activity	G-2	70
Schedule of Changes in General Fixed Assets by Function and Activity	G-3	72
Component Unit		
Combining Balance Sheet	H-1	76
Combining Statement of Revenues, Expenditures and changes in Fund balance	H-2	77
<b>STATISTICAL SECTION (Unaudited):</b>		
General Governmental Expenditures by Department - Last Ten Fiscal Years	1	80
General Governmental Revenues by Selected Source - Last Ten Fiscal Years	2	82
Ad Valorem Tax Levies and Collections - Last Ten Fiscal Years	3	84
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	4	86
Property Tax Rates - All Direct and Overlapping Governments - Last Ten Fiscal Years	5	88
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	6	90
Computation of Legal Debt Margin	7	92
Computation of Direct and Overlapping Debt	8	93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	9	94
Revenue Bond Coverage - Last Ten Fiscal Years	10	95
Property Values, Construction and Bank Deposits - Last Ten Fiscal Years	11	96
Principal Taxpayers	12	97
Miscellaneous Statistical Facts	13	98
Salaries and Surety Bonds of Principal Officials	14	99

# **INTRODUCTORY SECTION**



# City of Duncanville

**Kent Cagle**  
*City Manager*

December 20, 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, 2002, 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 services funded by a tax base that is 75% residential is a daunting challenge and there are few short term prospects available to improve the distribution of the tax base. Although Duncanville has experienced a two year decline in sales tax revenues, the decline has been less than half of the decline of the entire Dallas County region. While outperforming Dallas County has been a positive, the future appears to be less promising. Wal-Mart has announced plans to close its Duncanville location and open a Super Wal-Mart nearby in the City of Dallas. Wal-Mart is currently one of the largest sales and ad valorem taxpayers in the City. When coupled with the recent closing of K-Mart it is doubtful that Duncanville will continue to enjoy the level of sales tax revenues that it has collected over the past five years.

The City will have few options other than to drastically reduce services after the closure of Wal-Mart in 2004. Duncanville's tax rate is already comparatively high in the region and state, so there will be little room for property tax increases. City staff is already making plans for service reductions in F.Y. 2003-2004.

On a brighter note, there are still several positive factors which are favorable for the extended financial outlook. 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.

Additionally, two major highways cross through Duncanville's corporate limits and the City enjoys the convenience of nearby D/FW International Airport and Love Field Airport to meet commercial passenger air transportation needs. Duncanville also has one of the state's top rated school districts which should continue to support residential property values. Finally, several new economic development projects should begin construction in 2003.

While it is only a small part of the tax base, 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.

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.

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 third year.

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

Initiation of a single family residential inspection program.

Revitalization of Main Street with several new mixed use developments.

Improved access to Highway 67.

## **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, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase or (Decrease)</u>
Property, sales, franchise and hotel taxes	17,539,521	80.1%	310,190	1.8%
Licenses, permits and fees	887,082	4.1%	(9,647)	-1.1%
Municipal court and library	633,678	2.9%	(210,936)	-25.0%
Intergovernmental	1,695,035	7.7%	198,532	13.3%
Interest	236,196	1.1%	(324,803)	-57.9%
Other	<u>910,876</u>	<u>4.2%</u>	<u>109,454</u>	<u>13.7%</u>
<b>TOTAL</b>	<b><u>\$21,902,388</u></b>	<b><u>100.0%</u></b>	<b><u>\$72,790</u></b>	<b><u>0.3%</u></b>

Assessed valuations increased by 6.57% over the previous year, which resulted in increases in property tax revenues in FY 01-02 of 5.66% over FY 2000-01. Property tax rates have been unchanged for the last five fiscal years. General Fund Sales Tax revenues increased compared to FY 00-01 collections by only \$82,973, or about 1.68% due to general slowdown in the economy. Franchise tax revenues decreased by \$352,845 over the previous year. This decrease was due to lower franchise tax remittances by TXU Electric, TXU Gas, Southwestern Bell and Charter Cable television due to lower revenues for these entities.

License, permits and fees revenues decreased over the previous year due to decreases in Building permits, zoning and special use permits, sign permits and health food inspection fees. Municipal court revenues decreased by \$197,785 over the previous fiscal year due to a decrease in volume of warrants and tickets issued. Intergovernmental revenues increased during FY 2001-02 due to contribution from the Duncanville Independent School district in the form of improvements to the old library building of \$492,496. Also, in FY 2000-01, there were one-time contributions by DCEDC to the City of \$323,600 and a one-time reimbursement by Dallas County of \$134,860. Interest revenues decreased in FY 2001-02 over the previous year due to lower interest rates prevailing in the economy. Other revenues were higher in FY 2001-02 than FY 2000-01 due to higher revenues from sale of fixed assets in FY 2001-02.

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, 2002, and the percentage of increases and decreases in relation to prior year amounts:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase or (Decrease)</u>
<b>Current-</b>				
General government	1,165,537	4.9%	(289,633)	-19.9%
Finance	940,979	3.9%	26,768	2.9%
Community services	2,891,333	12.1%	52,782	1.9%
Police	6,025,292	25.1%	338,634	6.0%
Public works	3,212,504	13.4%	15,467	0.5%
Fire	4,255,258	17.7%	358,116	9.2%
Non-departmental	608,136	2.5%	373,984	159.7%
Special purposes - promotional	29,826	0.1%	(48,661)	-62.0%
<b>Debt Service-</b>				
Principal retirement	1,433,270	6.0%	(396,239)	-21.7%
Interest and fiscal charges	1,412,598	5.9%	(174,532)	-11.0%
Bond issue costs	70,015	0.3%	70,015	0.0%
Capital Outlay	1,948,368	8.1%	497,015	34.2%
<b>TOTAL</b>	<b><u>\$23,993,116</u></b>	<b><u>100.0%</u></b>	<b><u>\$823,716</u></b>	<b><u>3.6%</u></b>

General government expenditures decreased over the previous fiscal year due to elimination of the Assistant City Manager position thus lowering the salaries and benefits by approximately \$95,000. Also, grant expenditures in FY 2001-02 were charged to the proper activities. Increase in police expenditures during FY 2001-02 was mostly due to increase in salaries and benefits as a result of step increases and overtime work as required. There were also higher police grant expenditures in FY 2001-02. Fire department expenditures increased in FY 2001-02 over the previous year due to increases in salaries and benefits as a result of step increases and overtime work as required. Non-departmental expenditures have increased in FY 2001-02 over the previous year due to inclusion of \$492,496 of expenditures for renovations to the old library building.

**General Fund Balance** – During the fiscal year ended September 30, 2002 the fund balance in the General Fund increased by \$627,361. The unreserved/ undesignated fund balance of \$ 4,342,900 provides the City with an estimated 88 days of operating expenditures when calculated with FY 2001-02 budgeted figures.

**Enterprise Operations** -The Enterprise Funds had a net loss of \$212,663 for the 2001-02 fiscal year compared to a net income of \$ 971,395 for the 2000-01 fiscal year. The lower net income was fueled by weather conditions which resulted in lower operating revenues for the FY 2001-02 compared to FY 2000-01.

**Debt Administration** - At September 30, 2002, the City had \$17,644,605 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 \$395,589 for FY 2001-02, compared to \$972,533 in fiscal year 2000-01.

**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, 2001. 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



# 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, 2001

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.



*William Patrick Pate*  
President

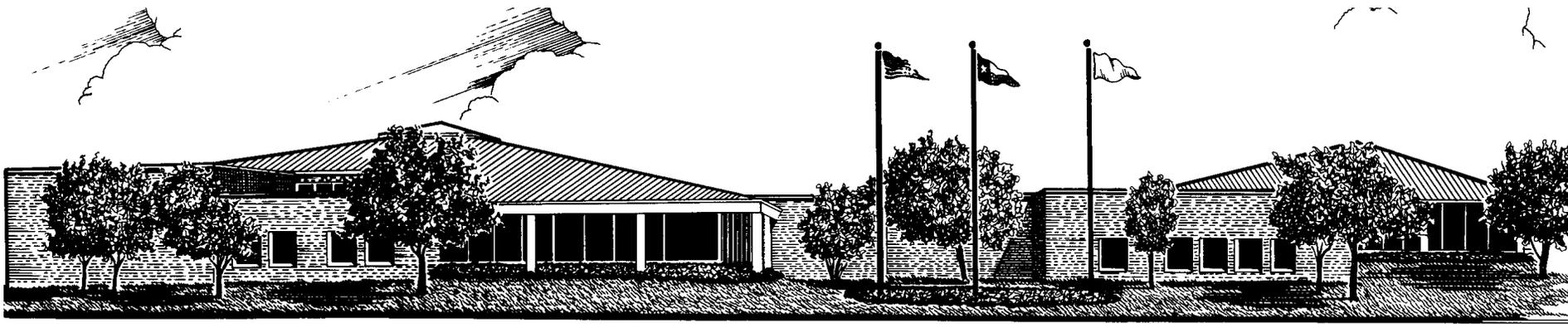
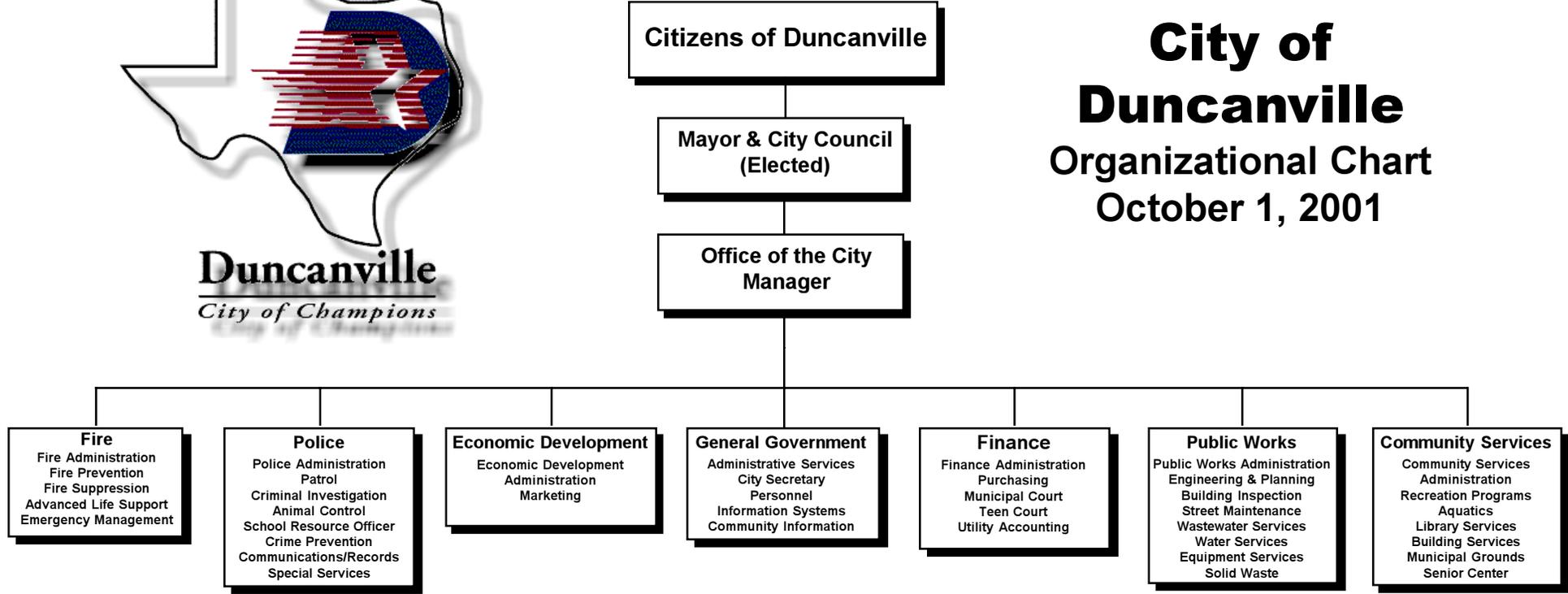
*Jeffrey L. Essler*  
Executive Director



# City of Duncanville

## Organizational Chart

October 1, 2001



**CITY OF DUNCANVILLE  
CITY COUNCIL**

Glenn Repp, Mayor

David Green, Mayor Pro Tem

Grady Smithey, Council Member

Steve Hamm, 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**

## **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, 2002, 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, 2002, 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 is presented for purposes of additional analysis and is 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 it.

Deloitte & Touche LLP

December 20, 2002

CITY OF DUNCANVILLE, TEXAS

COMBINED BALANCE SHEET - ALL FUND TYPES,  
 ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
 SEPTEMBER 30, 2002, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2001

(Continued on following page)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<u>ASSETS &amp; OTHER DEBITS</u>						
ASSETS:						
Cash and investments	\$ 2,822,969	\$ 346,663	\$ 1,017,063	\$ 2,256,792	\$ 3,547,326	\$ 650,306
Receivables -						
Property taxes (net of allowance of \$443,183)	261,209		122,415			
Trade accounts (net of allowance of \$486,943)	1,546,553					
Franchise tax	1,256,386					
Customers (net of allowance of \$439,675)					787,619	
Unbilled					1,233,895	
Accrued interest and other	10,137	83,763	12,563	77,430	20,661	232
Prepaid items	49,213	1,017		765,797	366,769	
Restricted cash and investments					502,853	
Fixed assets, net					20,130,685	
Bond issue costs & deferred charges	446					
OTHER DEBITS:						
Amount available in debt service fund						
Amount to be provided for retirement of general long-term liabilities						
Total assets & other debits	\$ <u>5,946,913</u>	\$ <u>431,443</u>	\$ <u>1,152,041</u>	\$ <u>3,100,019</u>	\$ <u>26,589,808</u>	\$ <u>650,538</u>

The accompanying notes are an integral part of this statement.

Account Groups		Total Primary Government	Component Unit	Total Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only)	DCEDC	Memorandum Only	
				2002	2001
\$	\$	\$ 10,641,119	\$ 1,720,925	\$ 12,362,044	\$ 14,752,774
		383,624		383,624	383,623
		1,546,553	292,583	1,839,136	1,756,977
		1,256,386		1,256,386	1,499,344
		787,619		787,619	841,999
		1,233,895		1,233,895	1,020,751
		204,786	1,748	206,534	221,989
		1,182,796	30,900	1,213,696	269,170
		502,853	1,584,000	2,086,853	2,076,802
23,847,333		43,978,018	17,055,081	61,033,099	61,077,891
		446		446	8,474
	1,029,627	1,029,627		1,029,627	1,394,428
	24,308,059	24,308,059	12,630,000	36,938,059	38,582,217
\$ 23,847,333	\$ 25,337,686	\$ 87,055,781	\$ 33,315,237	\$ 120,371,018	\$ 123,886,439

CITY OF DUNCANVILLE, TEXAS

COMBINED BALANCE SHEET - ALL FUND TYPES,  
 ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
 SEPTEMBER 30, 2002, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2001

(Continued on following page)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>LIABILITIES, EQUITY &amp; OTHER CREDITS</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 507,515	\$ 19,771	\$	\$	\$ 896,960	\$ 38,996
Customer performance and escrow deposits	66,520					
Contracts payable				225,717		
Accrued liabilities	253,821				79,859	297,504
Payable from restricted assets-						
Customer deposits					502,853	
Accrued interest payable		632			573	
Deferred revenue	726,944	62,018	122,414	77,270		
Accrued compensated absences					38,045	
Arbitrage rebate						
General obligation bonds						
Certificates of obligation						
Revenue bonds						
Other obligation						
Landfill closure payable					10,000	
Total liabilities	1,554,800	82,421	122,414	302,987	1,528,290	336,500
<b>EQUITY &amp; OTHER CREDITS:</b>						
Contributed capital					1,767,260	
Investment in general fixed assets						
Retained earnings-						
Reserved for capital projects					2,234,672	
Unreserved					21,059,586	314,038
Fund balances-						
Reserved for prepaid items	49,213	1,017				
Reserved for convention and visitors bureau		87,600				
Reserved fo community services		33,369				
Reserved for grants		88,189				
Reserved for municipal court		73,029				
Reserved for police		65,818				
Reserved for economic development						
Reserved for construction				2,797,032		
Reserved for debt service			1,029,627			
Unreserved	4,342,900					
Total equity & other credits	4,392,113	349,022	1,029,627	2,797,032	25,061,518	314,038
Total liabilities, equity & other credits	\$ 5,946,913	\$ 431,443	\$ 1,152,041	\$ 3,100,019	\$ 26,589,808	\$ 650,538

The accompanying notes are an integral part of this statement.

Account Groups		Total Primary Government	Component Unit	Total Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only)	DCEDC	Memorandum Only	
				2002	2001
\$	\$	1,463,242	\$ 23,917	\$ 1,487,159	\$ 1,077,376
		66,520	1,584,000	1,650,520	1,640,862
		225,717		225,717	69,601
		631,184	1,209	632,393	379,460
		502,853		502,853	492,802
		1,205		1,205	1,323
		988,646		988,646	990,955
	2,049,743	2,087,788		2,087,788	1,930,263
	126,665	126,665		126,665	159,748
	17,644,605	17,644,605		17,644,605	18,973,270
	1,450,000	1,450,000		1,450,000	1,450,000
		-	12,630,000	12,630,000	13,090,000
	4,066,673	4,066,673		4,066,673	4,423,849
		10,000		10,000	10,000
	-	29,265,098	14,239,126	43,504,224	44,689,509
		1,767,260		1,767,260	1,767,260
23,847,333		23,847,333	17,055,081	40,902,414	41,939,613
		2,234,672		2,234,672	1,091,424
		21,373,624		21,373,624	23,255,937
		50,230		50,230	34,916
		87,600		87,600	99,043
		33,369		33,369	39,726
		88,189		88,189	2,975
		73,029		73,029	89,386
		65,818		65,818	143,442
			1,982,321	1,982,321	1,562,350
		2,797,032	38,709	2,835,741	4,045,557
		1,029,627		1,029,627	1,394,428
		4,342,900		4,342,900	3,730,873
23,847,333	-	57,790,683	19,076,111	76,866,794	79,196,930
\$ 23,847,333	\$ 25,337,686	\$ 87,055,781	\$ 33,315,237	\$ 120,371,018	\$ 123,886,439

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, 2002  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001  
 (Continued on following page)

	Governmental			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES:				
Property, sales, franchise and hotel taxes	\$ 15,184,743	\$ 148,549	\$ 2,206,229	\$
Licenses, permits and fees	887,082			
Municipal court and library	602,230	31,448		
Intergovernmental	807,313	352,606		535,116
Interest	120,012	5,095	35,697	75,392
Rental and other	706,988	84,327		119,561
Total revenues	<u>18,308,368</u>	<u>622,025</u>	<u>2,241,926</u>	<u>730,069</u>
EXPENDITURES:				
Current-				
General government	993,769	171,768		
Finance	940,979			
Community services	2,708,741	182,592		
Police	5,860,654	164,638		
Public works	3,176,456	36,048		
Fire	4,252,786	2,472		
Non-departmental	608,136			
Special purposes - promotional		29,826		
Debt service-				
Principal retirement			1,433,270	
Interest and fiscal charges			1,412,598	
Bond issue costs			70,015	
Capital outlay				1,948,368
Less-Expenditures allocated for services rendered	(857,300)			
Total expenditures	<u>17,684,221</u>	<u>587,344</u>	<u>2,915,883</u>	<u>1,948,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>624,147</u>	<u>34,681</u>	<u>(673,957)</u>	<u>(1,218,299)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from refunding bonds			1,979,605	
Payment to refunded bond escrow agent			(1,897,313)	
Operating transfers in	8,376	35,861	226,864	47,396
Operating transfers out	(5,162)	(97,129)		(25,179)
Total other financing sources (uses)	<u>3,214</u>	<u>(61,268)</u>	<u>309,156</u>	<u>22,217</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>627,361</u>	<u>(26,587)</u>	<u>(364,801)</u>	<u>(1,196,082)</u>
FUND BALANCES, beginning of year	3,764,752	232,167	1,394,428	3,993,114
RESIDUAL EQUITY TRANSFERS IN/ (OUT)		143,442		
FUND BALANCES, end of year	<u>\$ 4,392,113</u>	<u>\$ 349,022</u>	<u>\$ 1,029,627</u>	<u>\$ 2,797,032</u>

The accompanying notes are an integral part of this statement.

Expendable Trust Fund	Total Primary Government (Memorandum Only)	Component Unit  DCEDC	Total Reporting entity (Memorandum Only)	
			2002	2001
\$	\$ 17,539,521	\$ 1,675,969	\$ 19,215,490	\$ 18,934,480
	887,082		887,082	896,729
	633,678		633,678	844,614
	1,695,035		1,695,035	1,496,503
	236,196	43,545	279,741	658,594
	910,876	793,937	1,704,813	1,874,797
<u>-</u>	<u>21,902,388</u>	<u>2,513,451</u>	<u>24,415,839</u>	<u>24,705,717</u>
	1,165,537	372,085	1,537,622	1,806,426
	940,979		940,979	914,211
	2,891,333		2,891,333	2,838,551
	6,025,292		6,025,292	5,769,803
	3,212,504		3,212,504	3,286,069
	4,255,258		4,255,258	3,903,887
	608,136		608,136	234,152
	29,826	223,556	253,382	185,918
	1,433,270	460,000	1,893,270	1,929,509
	1,412,598	893,390	2,305,988	2,822,042
	70,015			
	1,948,368	158,183	2,106,551	1,988,030
	(857,300)		(857,300)	(791,804)
<u>-</u>	<u>23,135,816</u>	<u>2,107,214</u>	<u>25,173,015</u>	<u>24,886,794</u>
<u>-</u>	<u>(1,233,428)</u>	<u>406,237</u>	<u>(757,176)</u>	<u>(181,077)</u>
	1,979,605		1,979,605	-
	(1,897,313)		(1,897,313)	-
	318,497		318,497	566,685
	(127,470)		(127,470)	(272,974)
<u>-</u>	<u>273,319</u>	<u>-</u>	<u>273,319</u>	<u>293,711</u>
-	(960,109)	406,237	(483,857)	112,634
143,442	9,527,903	1,614,793	11,142,696	11,030,062
<u>(143,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>8,567,794</u>	\$ <u>2,021,030</u>	\$ <u>10,658,839</u>	\$ <u>11,142,696</u>

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, 2002

(Continued on following page)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Property tax	\$ 8,273,193	\$ 8,282,730	\$ 9,537
City sales tax	5,057,696	5,027,906	(29,790)
Franchise tax	1,846,259	1,874,107	27,848
Hotel occupancy tax			
Licenses, permits and fees	903,584	887,082	(16,502)
Municipal court and library	570,968	602,230	31,262
Intergovernmental	297,569	807,313	509,744
Interest	96,000	120,012	24,012
Recreation	217,535	202,331	(15,204)
Other	455,898	504,657	48,759
Total revenues	<u>17,718,702</u>	<u>18,308,368</u>	<u>589,666</u>
EXPENDITURES:			
Current-			
General government	1,074,159	993,769	80,390
Finance	957,199	940,979	16,220
Community services	2,885,547	2,708,741	176,806
Police	6,014,714	5,860,654	154,060
Public works	3,392,404	3,176,456	215,948
Fire	4,322,891	4,252,786	70,105
Non-departmental	124,048	608,136	(484,088)
Special purposes - promotional			
Debt service-			
Principal retirement			
Interest and fiscal charges			
Bond issue costs			
Less-Expenditures allocated for services rendered	<u>(857,267)</u>	<u>(857,300)</u>	<u>33</u>
Total expenditures	<u>17,913,695</u>	<u>17,684,221</u>	<u>229,474</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(194,993)</u>	<u>624,147</u>	<u>819,140</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from refunding bonds			
Payment to refunded bond escrow agent			
Operating transfers in	8,379	8,376	(3)
Operating transfers out		<u>(5,162)</u>	<u>(5,162)</u>
Total other financing sources	<u>8,379</u>	<u>3,214</u>	<u>(5,165)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(186,614)</u>	<u>627,361</u>	<u>813,975</u>
FUND BALANCES, beginning of year	<u>3,764,752</u>	<u>3,764,752</u>	<u>-</u>
FUND BALANCES, end of year	\$ <u>3,578,138</u>	\$ <u>4,392,113</u>	\$ <u>813,975</u>

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)
\$	\$	\$	\$ 2,197,816	\$ 2,206,229	\$ 8,413
128,576	148,549	19,973			
			40,000	35,697	(4,303)
<u>500</u>	<u>620</u>	<u>120</u>			
<u>129,076</u>	<u>149,169</u>	<u>20,093</u>	<u>2,237,816</u>	<u>2,241,926</u>	<u>4,110</u>
99,721	122,350	(22,629)			
36,534	29,826	6,708			
			1,858,270	1,433,270	425,000
			1,516,160	1,412,598	103,562
				70,015	(70,015)
<u>136,255</u>	<u>152,176</u>	<u>(15,921)</u>	<u>3,374,430</u>	<u>2,915,883</u>	<u>458,547</u>
<u>(7,179)</u>	<u>(3,007)</u>	<u>4,172</u>	<u>(1,136,614)</u>	<u>(673,957)</u>	<u>462,657</u>
				1,979,605	1,979,605
				(1,897,313)	(1,897,313)
			511,770	226,864	(284,906)
<u>(8,379)</u>	<u>(8,376)</u>	<u>(3)</u>	<u>511,770</u>	<u>309,156</u>	<u>(284,906)</u>
<u>(8,379)</u>	<u>(8,376)</u>	<u>(3)</u>			
(15,558)	(11,383)	4,169	(624,844)	(364,801)	260,043
<u>99,043</u>	<u>99,043</u>	<u>-</u>	<u>1,394,428</u>	<u>1,394,428</u>	<u>-</u>
<u>\$ 83,485</u>	<u>\$ 87,660</u>	<u>\$ 4,169</u>	<u>\$ 769,584</u>	<u>\$ 1,029,627</u>	<u>\$ 260,043</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 YEAR ENDED SEPTEMBER 30, 2002, WITH COMPARATIVE TOTALS FROM SEPTEMBER 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)	
			2002	2001
OPERATING REVENUES:				
Water	\$ 5,331,440	\$	\$ 5,331,440	\$ 5,660,577
Sewer	4,348,122		4,348,122	4,389,475
Solid waste	1,805,560		1,805,560	1,764,959
Drainage	454,575		454,575	450,397
Penalties	53,148		53,148	61,925
Premiums and other	71,720	1,538,394	1,610,114	1,636,937
Total operating revenues	<u>12,064,565</u>	<u>1,538,394</u>	<u>13,602,959</u>	<u>13,964,270</u>
OPERATING EXPENSES:				
Water services	4,112,771		4,112,771	3,954,915
Wastewater treatment	3,491,543		3,491,543	3,138,764
Solid waste	1,757,929		1,757,929	1,790,523
Drainage	194,621		194,621	166,096
Claims		1,709,289	1,709,289	1,087,319
Administrative and fiscal	1,708,127	372,893	2,081,020	1,871,966
Depreciation	785,162		785,162	760,934
Total operating expenses	<u>12,050,153</u>	<u>2,082,182</u>	<u>14,132,335</u>	<u>12,770,517</u>
OPERATING INCOME	<u>14,412</u>	<u>(543,788)</u>	<u>(529,376)</u>	<u>1,193,753</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	97,848	17,386	115,234	317,052
Interest expense			-	(18,807)
Other	(133,896)		(133,896)	(12,495)
Total nonoperating revenues (expenses)	<u>(36,048)</u>	<u>17,386</u>	<u>(18,662)</u>	<u>285,750</u>
INCOME BEFORE TRANSFERS	<u>(21,636)</u>	<u>(526,402)</u>	<u>(548,038)</u>	<u>1,479,503</u>
Operating transfers in	58,054		58,054	-
Operating transfers out	(249,081)		(249,081)	(293,713)
Total transfers out	<u>(191,027)</u>	<u>-</u>	<u>(191,027)</u>	<u>(293,713)</u>
NET INCOME	<u>(212,663)</u>	<u>(526,402)</u>	<u>(739,065)</u>	<u>1,185,790</u>
RETAINED EARNINGS, beginning of year	<u>23,506,921</u>	<u>840,440</u>	<u>24,347,361</u>	<u>23,161,571</u>
RETAINED EARNINGS, end of year	<u>\$ 23,294,258</u>	<u>\$ 314,038</u>	<u>\$ 23,608,296</u>	<u>\$ 24,347,361</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES  
YEAR ENDED SEPTEMBER 30, 2002  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Proprietary Fund Type		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 14,412	\$ (543,788)	\$ (529,376)	\$ 1,193,753
Adjustments to reconcile operating income to net cash provided by (used in) operating activities-				
Depreciation	785,162		785,162	760,934
Amortization of bond issue costs	4,014		4,014	5,886
Change in assets and liabilities-				
(Increase) Decrease in accounts receivable	(170,362)	780	(169,582)	782,518
Increase (Decrease) in accrued compensated absences	(12,440)		(12,440)	6,527
(Increase) Decrease in prepaid items	(132,541)		(132,541)	(18,899)
Increase (Decrease) in accounts payable and accrued liabilities	246,423	187,738	434,161	(91,271)
Increase in customer deposits	10,051		10,051	16,380
Increase in contracts payable			-	(30,450)
Total adjustments	<u>730,307</u>	<u>188,518</u>	<u>918,825</u>	<u>1,431,625</u>
Net cash provided by operating activities	<u>744,719</u>	<u>(355,270)</u>	<u>389,449</u>	<u>2,625,378</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating and equity transfers to other funds	(191,027)		(191,027)	(293,713)
Net cash used in noncapital financing activities	<u>(191,027)</u>	<u>-</u>	<u>(191,027)</u>	<u>(293,713)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(1,777,569)		(1,777,569)	(2,091,502)
Principal paid on revenue bond maturities			-	(170,000)
Interest paid on revenue bond obligations			-	(18,807)
Net cash used in capital and related financing activities	<u>(1,777,569)</u>	<u>-</u>	<u>(1,777,569)</u>	<u>(2,280,309)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	97,848	17,386	115,234	317,052
Net cash provided by investing activities	<u>97,848</u>	<u>17,386</u>	<u>115,234</u>	<u>317,052</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	(1,126,029)	(337,884)	(1,463,913)	368,408
CASH AND INVESTMENTS, beginning of year	<u>5,176,208</u>	<u>988,190</u>	<u>6,164,398</u>	<u>5,795,990</u>
CASH AND INVESTMENTS, end of year	<u>\$ 4,050,179</u>	<u>\$ 650,306</u>	<u>\$ 4,700,485</u>	<u>\$ 6,164,398</u>

The accompanying notes are an integral part of this statement.



**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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. The Asset Forfeiture 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.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

**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** – The equity of this fund was transferred in a residual equity transfer to the Special Revenue fund.

*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 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 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.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

- 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 five Special Revenue Funds, the Community Services Fund, the Grants Fund, the Court Technology Fund, Court Security Fund, and the Asset Forfeiture Fund for the year ended September 30, 2002 as shown below:

SPECIAL REVENUE FUNDS

	<u>REVENUES AND TRANSFERS</u>	<u>EXPENDITURES AND TRANSFERS</u>
Total-all Funds	\$657,886	684,473
Non Budgeted Funds	<u>508,717</u>	<u>523,921</u>
Budgeted Funds	<u><u>\$149,169</u></u>	<u><u>\$160,552</u></u>

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 \$292,572 exists in the Solid Waste Fund due to operating expenses exceeding revenues. However, the deficit was offset by the balance of Contributed Capital at September 30, 2002.

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, 2002, the investments held by the City had a remaining maturity of less than two years and accordingly are carried at cost or amortized cost.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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, 2002, expenditures exceeded appropriations at the department level in the General Fund for Non-departmental by \$484,088 and in the Hotel-Motel Tax Fund for General Government by \$22,629.

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 2000-01 financial statements to conform to the FY 2001-02 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 \$ (28,721) and the bank balances were \$ 407,536. The entire balance of \$407,536 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 \$ 1,662,498 and the bank balances were \$1,584,000. The entire balance of \$1,584,000 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.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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, 2002, the City's investments are as follows:

<u>Description</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Backed Securities	1	\$2,700,000	\$2,729,297
Local Government Investment Cooperative ("Logic")	N/A	3,512,038	3,512,038
Money Market Mutual Funds (Federated Investors)	N/A	430,111	430,111
Texpool	N/A	4,530,543	4,530,543
Total Investments		<u>\$11,172,692</u>	<u>\$11,201,989</u>

As of September 30, 2002, the DCEDC's investments are as follows:

<u>Description</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Backed Securities	1	\$300,000	\$300,702
Local Government Investment Cooperative ("Logic")	N/A	712,691	712,691
Money Market Mutual Funds (Federated Investors)	N/A	62,405	62,405
Texpool	N/A	567,331	567,331
Total Investments		<u>\$1,642,427</u>	<u>\$1,643,129</u>

During the year ended September 30, 2002 the City invested in Texas Local Government Investment Cooperative (LOGIC) 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 2002. 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 (Federated Investors) at amortized cost.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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, 2001, upon which the fiscal 2002 levy was based, was \$1,426,262,857.

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, 2002, was \$0.7180 per \$100, of which \$0.5690 was allocated for general government and \$0.1490 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, 2002, were 101% 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.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

4. FIXED ASSETS:

A summary of changes in general fixed assets for the year ended September 30, 2002, follows:

	<u>Balance</u> <u>9/30/2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2002</u>
Land	\$1,347,740		(1,640)	\$1,346,100
Buildings	6,782,765		(2,614)	6,780,151
Improvements other than buildings	1,373,472	711,598	(4,444)	2,080,626
Equipment	10,554,149	846,475	(3,211,435)	8,189,189
Water conservatory rights	4,802,361			4,802,361
Investment in Joint ventures		648,906		648,906
Total general fixed assets	<u>\$24,860,487</u>	<u>\$2,206,979</u>	<u>(\$3,220,133)</u>	<u>\$23,847,333</u>

A summary of Proprietary Fund Type fixed assets at September 30, 2002, follows:

Land	\$89,194
Buildings and improvements	4,242,916
Mains, meters and hydrants	27,291,451
Construction-in-progress	747,512
Office and other equipment	1,042,336
Automotive equipment	249,654
Subtotal	<u>33,663,063</u>
Less: accumulated depreciation	<u>(13,532,378)</u>
Total Proprietary Fund fixed assets	<u>\$20,130,685</u>

During the year, the City changed its capitalization policy for fixed assets. The capitalization threshold was increased from \$1,000 to \$5,000. As a result of the change, the City wrote off \$215,061 and \$1,296,499 of previously capitalized enterprise fixed assets and general fixed assets.

5. EMPLOYEES' RETIREMENT SYSTEM:

**Plan Description** - The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 758 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

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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.

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. Plan provisions for the City were as follows: Deposit rate: 7%, Matching Ratio (City to Employee): 2 to 1, a member is vested after 5 years. Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city are: 5 years/age 60, 20 years/any age.

**Contributions** - 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. 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, 2001 valuation is effective for rates beginning January 2003).

The City's total payroll in fiscal year 2002 was \$ 11,639,075, and the City's contributions were based on a covered payroll of \$ 11,320,794. Both the City and the covered employees made the required contributions, amounting to \$1,421,692 (12.14% of covered payroll for the months in calendar year 2001, 9.68% normal cost plus 2.46% to amortize the unfunded actuarial liability and 12.67% for the months in calendar year 2002, 9.89% normal cost plus 2.58% to amortize the unfunded actuarial liability) for the City and \$792,453 (7%) for the plan participants. The City of Duncanville is one of 758 municipalities having the benefit plan administered by TMRS. Each of the 758 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, Asset Valuation Method-Amortized Cost, Investment Rate of Return-8%, Projected Salary Increases-None, Includes Inflation at-None, Cost-of-Living adjustments-None. All assumptions for the 12-31-2001 valuations are contained in the 2001 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

**Schedule of Actuarial Liabilities and Funding Progress**

	<u>FY 2001-02</u>	<u>FY 2000-01</u>	<u>FY 1999-00</u>
Actuarial valuation Date	12/31/2001	12/31/2000	12/31/1999
Actuarial value of Assets	\$39,784,800	\$36,066,544	\$32,310,364
Actuarial Accrued Liability	45,922,967	41,424,862	37,109,400
Percentage Funded	86.6%	87.1%	87.1%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	6,138,167	5,358,318	4,799,036
Annual Covered Payroll	10,638,058	10,120,246	9,497,690
UAAL as a Percentage of Covered Payroll	57.7%	52.9%	50.5%
Net Pension Obligation (NPO) at the beginning of Period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	1,421,692	1,318,625	1,288,712
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	<u>1,421,692</u>	<u>1,318,625</u>	<u>1,288,712</u>
Contributions Made	1,421,692	1,318,625	1,288,712
Increase in NPO	-	-	-
NPO at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>

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/community center and a recreational ice skating facility. These bonds are reported in the Duncanville Community and Economic Development Corporation, a discretely presented component unit, and will be repaid from sales tax revenues.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

Bonds Payable

At September 30, 2002, bonds payable comprise the following individual issues:

**General Obligation Bonds-**

\$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	\$ 30,000
\$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	5,335,000
\$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%	10,300,000
\$1,979,605, Series 2001, originally issued, due in annual installments through August 15, 2011, with interest rates ranging from 4.4% to 4.7%	<u>1,979,605</u>
Total	<u><u>\$ 17,644,605</u></u>

**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 4.3%	<u><u>\$ 1,450,000</u></u>
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**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%	\$ 4,700,000
\$8,290,000 Series 2000, originally issued, due in annual installments through August 15, 2025, with interest rates ranging from 7.5% to 8.2%	<u>7,930,000</u>
Total	<u><u>\$ 12,630,000</u></u>

**Other obligations-**

\$4,802,361 in other obligations for the acquisition of water conservatory rights, due in annual installments of \$ 258,654 through 2045, with interest rate of 5.683%	<u><u>\$ 4,066,673</u></u>
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**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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

	Balance September 30, <u>2001</u>	<u>Increases</u>	<u>Reductions</u>	Balance September 30, <u>2002</u>
General long-term debt -				
General obligation bonds	\$18,973,270	\$1,979,605	\$3,308,270	\$17,644,605
Certificates of obligation	1,450,000			1,450,000
Compensated absences	1,879,778	169,965		2,049,743
Arbitrage related liability	159,748		33,083	126,665
Other obligations (Water rights)	4,423,849		357,176	4,066,673
	<u>26,886,645</u>	<u>2,149,570</u>	<u>3,698,529</u>	<u>25,337,686</u>
 Proprietary fund type -				
Compensated absences	<u>50,485</u>		<u>12,440</u>	<u>38,045</u>
 Total proprietary fund type	<u>50,485</u>	<u>-</u>	<u>12,440</u>	<u>38,045</u>
 DCEDC Sales Tax Revenue Bonds	<u>13,090,000</u>		<u>460,000</u>	<u>12,630,000</u>
Total long-term debt	<u>\$40,027,130</u>	<u>\$2,149,570</u>	<u>\$4,170,969</u>	<u>\$38,005,731</u>

At September 30, 2002, 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 (the "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 forty three years beginning in 2002, the City's annual obligation is estimated to be \$258,654, payable in monthly installments before any costs of water treatment. Interest on this obligation is at the rate of 5.683% annually.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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

	General Obligation Bonds	Certificates of Obligation	DCEDC Sales Tax Revenue Bonds	Other Obligations (Water Rights)	Total
2002-03	\$2,840,794	\$61,450	\$1,351,355	\$258,664	\$4,512,263
2003-04	2,839,943	61,450	1,349,213	258,664	4,509,270
2004-05	2,838,038	61,450	1,350,508	258,664	4,508,660
2005-06	2,839,744	61,450	1,350,003	258,664	4,509,861
2006-07	2,839,514	361,450	1,352,678	258,664	4,812,306
Thereafter	7,398,642	1,199,450	17,312,958	9,834,537	35,745,587
	<u>21,596,675</u>	<u>1,806,700</u>	<u>24,066,715</u>	<u>11,127,857</u>	<u>58,597,947</u>
Less amounts representing interest	<u>(3,952,070)</u>	<u>(356,700)</u>	<u>(11,436,715)</u>	<u>(7,061,184)</u>	<u>(22,806,669)</u>
Total principal	<u>\$17,644,605</u>	<u>\$1,450,000</u>	<u>\$12,630,000</u>	<u>\$4,066,673</u>	<u>\$35,791,278</u>

**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, 2002, \$2,125,000 of bonds outstanding (including those defeased in the current year) is considered defeased, all of which relates to the General Fund.

**Current Year-**

On October 9, 2001, the City issued \$1,979,604.75 in General Obligation Refunding Bonds, Series 2001 with interest rates ranging from 4.4% to 4.7% and maturities ranging from August 15, 2008 to August 15, 2011. The general obligation bonds were used to restructure the City's debt by partially advance refunding the Series 1992, Series 1995 and Series 1998 bonds with interest rates ranging from 3.8% to 7.4% and maturities through February 15, 2013. The net proceeds of \$1,897,312.62 (after payment of \$82,292.13 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Series 1992, Series 1995 and Series 1998 bonds. As a result, those portions of the Series 1992, Series 1995, and Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. The payment to the escrow agent, which was made from resources provided by the new debt, has been recorded in the accompanying general purpose financial statements as Other Financing Uses- Payment to refunded bond escrow agent. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$2,606 and increased the City's total debt service payments over the next 11 years by \$706,630.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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 2001 and 2002 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
<b>Medical Self-Insurance Fund</b>				
2001	90,592	1,087,319	(1,092,015)	\$85,896
2002	\$85,896	1,376,900	(1,337,648)	\$125,148
<b>Comprehensive Self-Insurance Fund</b>				
2001	226,745	(80,677)	(83,472)	\$62,596
2002	62,596	332,389	(222,629)	\$172,356

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.

**CITY OF DUNCANVILLE, TEXAS  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2002**

8. INTERFUND BALANCES:

Individual interfund operating transfers at September 30, 2002, were as follows:

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<b>GENERAL FUND</b>		
Hotel Tax	\$8,376	
Grant Fund		\$5,162
<b>DEBT SERVICE FUND</b>		
Street Construction Fund	20,173	
Drainage Construction Fund	2,306	
Drainage Fee Fund	204,385	
<b>HOTEL TAX FUND</b>		
General Fund		8,376
<b>GRANT FUND</b>		
General Fund	5,162	
Asset Forfeiture Fund	30,699	
Utility Fund		58,054
<b>ASSET FORFEITURE FUND</b>		
Grant Fund		30,699
<b>DRAINAGE FEE FUND</b>		
Debt Service Fund		204,385
<b>STREET CONSTRUCTION FUND</b>		
Debt Service Fund		20,173
<b>DRAINAGE CONSTRUCTION FUND</b>		
Debt Service Fund		2,306
<b>PARK CONSTRUCTION FUND</b>		
Capital Improvements Fund		2,700
<b>CAPITAL IMPROVEMENTS FUND</b>		
Solid Waste Fund	44,696	
Park Construction Fund	2,700	
<b>UTILITY FUND</b>		
Grant Fund	58,054	
<b>SOLID WASTE FUND</b>		
Capital Improvements Fund		44,696
<b>TOTAL</b>	<b>\$376,551</b>	<b>\$376,551</b>

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

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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, 2002, the market value of the investments in the plan was \$1,883,401. 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. Post employment 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 2002, \$ 87,098 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. There were no current year landfill closure expenditures. 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 2002 was \$0.3458 per 1,000 gallons plus an annual demand charge of \$125,875 for each million gallons per day as established by the rate of flow controller setting (currently 12.5 million gallons at \$1,573,438 annually).

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

**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. Lakeview Regional Water Supply Contract** - The City and the Cities of Grand Prairie and Cedar Hill entered into a contract with TRA, dated February 27, 1985 and in effect for the useful life of the project, whereby TRA would sell its revenue bonds and construct and operate a water treatment plant, transmission and storage facilities necessary to supply treated water to the cities from Joe Pool Lake. Water intake facilities were financed and constructed in 1986 but the treatment plant and transportation facilities have not been constructed. There are no current plans to construct the treatment plant and transportation facilities for the City necessary to use the raw water from Joe Pool Lake. Under the contract, the City is required to pay its proportionate share (based on a percentage of water usage) of maintenance and operation costs. The City's current payments under the contract, which include debt service on bonds issued by TRA to construct the intake facilities and other costs associated with the facility, are approximately \$95,000 per year.

**D. Summit Regional Water Storage Project** - The City and the City of Cedar Hill entered into a contract with TRA, dated February 26, 1986 and in effect for the useful life of the project, whereby TRA would sell its revenue bonds and construct and operate an 8 million gallon water storage reservoir, delivery facilities and pump stations. Under the contract, the City is required to pay its proportionate share (58.77%) of the debt service on bonds issued by TRA for the project and maintenance and operation costs, and is obligated to pay its proportionate share regardless of whether the City actually makes use of the system. The City's current payments under the contract, which include debt service on bonds issued by TRA to construct the facilities and maintenance and operation costs associated with the facility, are approximately \$285,000 per year.

**E. Dallas Wastewater Treatment Contract** - The City entered into a contract with the City of Dallas, Dated July 27, 1984, with a term of 30 years, for the City of Dallas to transport and treat wastewater from an area in the northeastern part of the City. Under the contract, the City is required to pay a transportation charge (based on cost of service) and a treatment charge (at the same rate as Dallas is charged by TRA for treatment of the wastewater). The City's current payments under the contract are approximately \$200,234 per year.

**F. 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.

**G. Grant Audit** - The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City Management, such disallowances, if any, will not be significant to the City's financial statements.

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

H. **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. REGIONAL DISPATCH CENTER

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of Desoto and Cedar Hill (“participating cities”) on August 10, 1999 to establish a Regional Public Safety Dispatch and Alarm Monitoring Facility. The Center provides police, fire and emergency medical service communications to participating cities. The Center’s Management Committee is comprised of each of the participating cities’ City Manager or their designee. During the fiscal year 2002, the City contributed \$719,499 to the operations of the Center, which is accounted for in the general fund. The City has a one-third (1/3) share in the equity of the Center, which qualifies as a joint venture and is accounted for in the general fixed assets account group.

13. REGIONAL ANIMAL CONTROL SHELTER

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of Desoto and Cedar Hill on September 3, 1991 to establish a Regional Animal Control Shelter facility (“facility”). The facility’s Management Committee is comprised of each of the participating cities’ City Manager or their designee. During the fiscal year 2002, the City contributed \$95,209 to the operations of the Center, which is accounted for in the general fund. The City has a one-third (1/3) share in the equity of the facility, which qualifies as a joint venture and is accounted for in the general fixed assets account group.

14. D.I.S.D. TECHNOLOGY CENTER

The City entered into a seven (7) year operating lease as lessor with the Duncanville Independent School District (D.I.S.D) on April 22, 2002 for a City building to be used by the D.I.S.D. as a Technology Center. The monthly rent amount is \$7,000 but the D.I.S.D. would receive rent credit for any permanent improvements and fixtures costing over \$500. As at September 30, 2002, the D.I.S.D. has expended \$492,496 on improvements and fixtures, which is recorded in the general fixed assets account group. The net outstanding rent credit as of September 30, 2002 is \$478,496.

15. STAR CENTER

The DCEDC entered into a twenty five (25) year operating lease as lessor with the Dallas Stars on January 31, 2000 for a DCEDC constructed two story community-style recreational ice skating facility consisting of two ice surfaces, locker room facilities, concession area, meeting rooms and retail store, comprising approximately 96,000 square feet. The base annual rental amount is seven hundred and ninety two thousand dollars (\$792,000), which will increase by one thousand dollars (\$1,000) per month every other year.

16. 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, 2002, was as follows:

**CITY OF DUNCANVILLE, TEXAS**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

	Utility Fund	Drainage Fees Fund	Solid Waste Fund	Total
Operating revenues	\$ 9,804,430	\$ 454,575	\$ 1,805,560	\$ 12,064,565
Operating income/ (loss)	(201,974)	259,954	(43,568)	14,412
Operating transfers in (out)	58,054	(204,385)	(44,696)	(191,027)
Fixed Asset additions	1,777,569			1,777,569
Net working capital	4,921,637	497,488	239,628	5,658,753
Total assets	25,614,398	558,998	416,412	26,589,808
Total equity	24,323,378	497,488	240,652	25,061,518

17. SUBSEQUENT EVENTS

On October 22, 2002, the City received the proceeds of the following long-term debt issues:

- \$5,435,000 General Obligation Refunding Bonds, Series 2002. The proceeds from the sale of the bonds will be used to advance refund prior debt issuances.
- \$4,246,614.50 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2002. Proceeds will be used for street and drainage improvements and constructing, improving and equipping park facilities.

On January 7, 2003, the City received the proceeds of the \$4,265,000 Tax and Waterworks and Sewer System Surplus Revenue and Refunding Bonds, Series 2002, which will be used to prepay an amount owed the Trinity River Authority under a Water Sale Contract for the City's share of construction costs allocated to conservation storage space in Joe Pool Lake to reduce the amount payable for such purpose.



## 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.



GENERAL FUND  
 SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<b>PROPERTY TAXES:</b>			
Current taxes	\$ 8,073,193	\$ 8,010,417	\$ (62,776)
Prior rolls	120,000	169,260	49,260
Penalties and interest	80,000	103,053	23,053
Total	<u>8,273,193</u>	<u>8,282,730</u>	<u>9,537</u>
<b>SALES TAXES:</b>			
General	3,371,797	3,351,937	(19,860)
Property tax relief	1,685,899	1,675,969	(9,930)
Total	<u>5,057,696</u>	<u>5,027,906</u>	<u>(29,790)</u>
<b>FRANCHISE TAXES:</b>			
TXU Electric	1,100,000	1,177,129	77,129
TXU Gas	155,636	150,597	(5,039)
Southwestern Bell Telephone	393,000	356,561	(36,439)
Charter Cable Television	197,623	189,820	(7,803)
Total	<u>1,846,259</u>	<u>1,874,107</u>	<u>27,848</u>
Total taxes	<u>15,177,148</u>	<u>15,184,743</u>	<u>7,595</u>
<b>LICENSES, PERMITS AND FEES:</b>			
Building permits	191,500	114,595	(76,905)
Zoning and special use permits	2,000	7,337	5,337
Electrical permits	9,960	8,775	(1,185)
Plumbing permits	5,000	8,438	3,438
Solicitor licenses	75	-	(75)
9-1-1 service fee	250,000	321,698	71,698
Emergency medical service	371,549	360,627	(10,922)
Sign permits	12,000	12,005	5
Health food inspection fees	58,000	46,692	(11,308)
False alarm fees	3,500	6,915	3,415
Total	<u>903,584</u>	<u>887,082</u>	<u>(16,502)</u>
<b>MUNICIPAL COURT AND LIBRARY:</b>			
Municipal court	555,968	585,464	29,496
Library	15,000	16,766	1,766
Total	<u>570,968</u>	<u>602,230</u>	<u>31,262</u>
<b>INTERGOVERNMENTAL</b>	<u>297,569</u>	<u>807,313</u>	<u>509,744</u>
<b>INTEREST</b>	<u>96,000</u>	<u>120,012</u>	<u>24,012</u>
<b>RECREATION:</b>			
Swimming pools	25,754	29,227	3,473
Recreation fees	187,048	166,692	(20,356)
Park concessions	4,733	6,412	1,679
Total	<u>217,535</u>	<u>202,331</u>	<u>(15,204)</u>
<b>PAYMENTS IN LIEU OF TAXES</b>	<u>147,793</u>	<u>147,793</u>	<u>-</u>
<b>OTHER SALES AND SERVICES:</b>			
Sale of fixed assets	133,490	131,022	(2,468)
Miscellaneous	126,505	169,921	43,416
Rentals	46,400	53,966	7,566
Insurance recovery	1,710	1,955	245
Total	<u>308,105</u>	<u>356,864</u>	<u>48,759</u>
Total revenues	<u>\$ 17,718,702</u>	<u>\$ 18,308,368</u>	<u>\$ 589,666</u>

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
DEPARTMENTS:			
General government-			
Mayor and council	\$	\$ 3,659	\$ 154,781
City manager	196,997	294	7,997
City secretary	103,158	8,680	31,046
Personnel services	153,455	1,833	27,696
Data processing	83,099	23,218	72,968
Community information office	67,517	34,436	22,935
Total	<u>604,226</u>	<u>72,120</u>	<u>317,423</u>
Finance-			
Administration	343,625	7,150	82,462
Municipal court	213,282	5,609	133,237
Purchasing	108,402	1,800	986
Teen court	38,798	3,222	2,185
Total	<u>704,107</u>	<u>17,781</u>	<u>218,870</u>
Community services -			
Administration	147,635	420	12,625
Recreation programming	243,950	18,079	23,551
Aquatics	42,617	13,705	13,815
Athletic programming	118,699	28,435	71,087
Park grounds maintenance	362,130	57,074	268,198
Library services	454,994	12,378	26,149
Building services	237,209	30,536	270,313
Senior center	74,633	2,189	6,100
Total	<u>1,681,867</u>	<u>162,816</u>	<u>691,838</u>
Police-			
Administration	296,819	7,815	41,295
Patrol	2,571,647	41,005	44,304
Criminal investigation	879,504	12,904	56,502
Animal control	101,990	1,062	100,552
Crime prevention	82,523	3,392	3,781
Records	120,936	1,384	733,325
School Resource officers	398,157	1,069	12,766
Special services	279,954	21,183	39,618
Total	<u>4,731,530</u>	<u>89,814</u>	<u>1,032,143</u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$	\$	\$ 158,440	\$ 179,833	\$ 21,393
		205,288	207,458	2,170
		142,884	153,621	10,737
		182,984	196,706	13,722
		179,285	202,820	23,535
		124,888	133,721	8,833
<u>-</u>	<u>-</u>	<u>993,769</u>	<u>1,074,159</u>	<u>80,390</u>
		433,237	448,444	15,207
	221	352,349	348,470	(3,879)
		111,188	113,962	2,774
		44,205	46,323	2,118
<u>-</u>	<u>221</u>	<u>940,979</u>	<u>957,199</u>	<u>16,220</u>
		160,680	161,087	407
		285,580	337,722	52,142
4,832	1,980	76,949	100,351	23,402
255		218,476	216,621	(1,855)
58,817		746,219	789,021	42,802
	78,120	571,641	579,153	7,512
28,216		566,274	620,029	53,755
		82,922	81,563	(1,359)
<u>92,120</u>	<u>80,100</u>	<u>2,708,741</u>	<u>2,885,547</u>	<u>176,806</u>
		345,929	374,309	28,380
2,732	4,435	2,664,123	2,754,678	90,555
		948,910	918,449	(30,461)
		203,604	200,182	(3,422)
		89,696	94,304	4,608
		855,645	907,689	52,044
		411,992	396,448	(15,544)
		340,755	368,655	27,900
<u>2,732</u>	<u>4,435</u>	<u>5,860,654</u>	<u>6,014,714</u>	<u>154,060</u>

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
DEPARTMENTS (Continued):			
Public works-			
Administration	\$ 266,728	\$ 2,188	\$ 16,096
Building inspection	351,730	6,095	66,619
Streets	705,523	142,891	688,061
Signs and signals	102,293	59,340	154,430
Equipment services	223,534	114,825	22,366
Total	<u>1,649,808</u>	<u>325,339</u>	<u>947,572</u>
Fire-			
Administration	258,061	6,079	69,685
Prevention	75,254	6,443	10,519
Suppression	2,642,263	54,128	150,006
Advanced life support	718,549	60,815	139,271
Total	<u>3,694,127</u>	<u>127,465</u>	<u>369,481</u>
NON-DEPARTMENTAL	<u>2,161</u>	<u>45,699</u>	<u>67,780</u>
Subtotal	<u>13,067,826</u>	<u>841,034</u>	<u>3,645,107</u>
Less-Expenditures allocated for services rendered	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$ 13,067,826</u>	<u>\$ 841,034</u>	<u>\$ 3,645,107</u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total Expenditures</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$	\$	\$ 285,012	\$ 277,656	\$ (7,356)
		424,444	445,875	21,431
621	17,667	1,554,763	1,638,295	83,532
1,949		318,012	322,617	4,605
<u>185,774</u>	<u>47,726</u>	<u>594,225</u>	<u>707,961</u>	<u>113,736</u>
<u>188,344</u>	<u>65,393</u>	<u>3,176,456</u>	<u>3,392,404</u>	<u>215,948</u>
637		334,462	339,938	5,476
280		92,496	93,781	1,285
3,507	56,815	2,906,719	2,966,947	60,228
<u>474</u>		<u>919,109</u>	<u>922,225</u>	<u>3,116</u>
<u>4,898</u>	<u>56,815</u>	<u>4,252,786</u>	<u>4,322,891</u>	<u>70,105</u>
	<u>492,496</u>	<u>608,136</u>	<u>124,048</u>	<u>(484,088)</u>
<u>288,094</u>	<u>699,460</u>	<u>18,541,521</u>	<u>18,770,962</u>	<u>229,441</u>
		<u>(857,300)</u>	<u>(857,267)</u>	<u>33</u>
\$ <u>288,094</u>	\$ <u>699,460</u>	\$ <u>17,684,221</u>	\$ <u>17,913,695</u>	\$ <u>229,474</u>



## 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.

Asset Forfeiture Fund- to account for awards of moneys by the courts to the Police Department.



SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2002

	Hotel Motel Tax	Community Services	Grants	Court Technology	Court Security	Asset Forfeiture	Total
<u>ASSETS:</u>							
Cash and investments	\$ 49,908	\$ 41,213	\$ 113,791	\$ 14,174	\$ 58,855	\$ 68,722	\$ 346,663
Accounts receivable and other	43,128		40,635				83,763
Prepaid items	60	957					1,017
Total assets	<u>\$ 93,096</u>	<u>\$ 42,170</u>	<u>\$ 154,426</u>	<u>\$ 14,174</u>	<u>\$ 58,855</u>	<u>\$ 68,722</u>	<u>\$ 431,443</u>
<u>LIABILITIES AND FUND BALANCES:</u>							
<u>LIABILITIES:</u>							
Accounts payable	\$ 4,970	\$ 7,844	\$ 4,066	\$	\$	2,891	\$ 19,771
Accrued payroll	466		153			13	632
Deferred revenue			62,018				62,018
Total liabilities	<u>5,436</u>	<u>7,844</u>	<u>66,237</u>	<u>-</u>	<u>-</u>	<u>2,904</u>	<u>82,421</u>
<u>FUND BALANCES:</u>							
Reserved for prepaid	60	957					1,017
Reserved for convention & visitors bureau	87,600						87,600
Reserved for community services		33,369					33,369
Reserved for grants			88,189				88,189
Reserved for municipal court				14,174	58,855		73,029
Reserved for police						65,818	65,818
Total fund balances	<u>87,660</u>	<u>34,326</u>	<u>88,189</u>	<u>14,174</u>	<u>58,855</u>	<u>65,818</u>	<u>349,022</u>
Total liabilities and fund balances	<u>\$ 93,096</u>	<u>\$ 42,170</u>	<u>\$ 154,426</u>	<u>\$ 14,174</u>	<u>\$ 58,855</u>	<u>\$ 68,722</u>	<u>\$ 431,443</u>

SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Hotel Motel Tax	Community Services	Grants	Court Technology	Court Security	Asset Forfeiture	Total
REVENUES:							
Hotel, motel and sales tax:	\$ 148,549	\$	\$	\$	\$		\$ 148,549
Interest		608	769	651	962	2,105	5,095
Intergovernmental			352,606				352,606
Municipal court				17,622	13,826		31,448
Other	620	64,439				19,268	84,327
<b>Total revenues</b>	<b>149,169</b>	<b>65,047</b>	<b>353,375</b>	<b>18,273</b>	<b>14,788</b>	<b>21,373</b>	<b>622,025</b>
EXPENDITURES:							
General government	122,350			46,197	3,221		171,768
Community services:		71,484	111,108				182,592
Police			96,340			68,298	164,638
Public works			36,048				36,048
Fire			2,472				2,472
Special purposes-promotional	29,826						29,826
<b>Total expenditures</b>	<b>152,176</b>	<b>71,484</b>	<b>245,968</b>	<b>46,197</b>	<b>3,221</b>	<b>68,298</b>	<b>587,344</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,007)</b>	<b>(6,437)</b>	<b>107,407</b>	<b>(27,924)</b>	<b>11,567</b>	<b>(46,925)</b>	<b>34,681</b>
OTHER FINANCING SOURCES (USES):							
Operating transfers in			35,861				35,861
Operating transfers out	(8,376)		(58,054)			(30,699)	(97,129)
<b>Total other financing sources (uses)</b>	<b>(8,376)</b>	<b>-</b>	<b>(22,193)</b>	<b>-</b>	<b>-</b>	<b>(30,699)</b>	<b>(61,268)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(11,383)</b>	<b>(6,437)</b>	<b>85,214</b>	<b>(27,924)</b>	<b>11,567</b>	<b>(77,624)</b>	<b>(26,587)</b>
FUND BALANCES, beginning of year	99,043	40,763	2,975	42,098	47,288	-	232,167
RESIDUAL EQUITY TRANSFER IN						143,442	143,442
<b>FUND BALANCES, end of year</b>	<b>\$ 87,660</b>	<b>\$ 34,326</b>	<b>\$ 88,189</b>	<b>\$ 14,174</b>	<b>\$ 58,855</b>	<b>65,818</b>	<b>\$ 349,022</b>

HOTEL-MOTEL TAX FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Hotel, motel taxes	\$ 128,576	\$ 148,549	\$ 19,973
Other	500	620	120
Total revenues	<u>129,076</u>	<u>149,169</u>	<u>20,093</u>
EXPENDITURES:			
General government	99,721	122,350	(22,629)
Special purposes-promotional	36,534	29,826	6,708
Total expenditures	<u>136,255</u>	<u>152,176</u>	<u>(15,921)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,179)	(3,007)	4,172
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(8,379)</u>	<u>(8,376)</u>	<u>3</u>
Total other financing sources (uses)	<u>(8,379)</u>	<u>(8,376)</u>	<u>3</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(15,558)	(11,383)	4,175
FUND BALANCES, beginning of year	<u>99,043</u>	<u>99,043</u>	<u>-</u>
FUND BALANCES, end of year	\$ <u>83,485</u>	\$ <u>87,660</u>	\$ <u>4,175</u>



## 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, 2002

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	<u>Street</u> <u>Construction</u>	<u>Drainage</u> <u>Construction</u>	<u>Park</u> <u>Construction</u>	<u>Fleet</u> <u>Replacement</u>
<u>ASSETS:</u>				
Cash and investments	\$ 351,616	\$ 110,662	\$ 145,431	\$ 1,200,218
Accrued interest and other	75,982			1,448
Prepaid items	<u>765,797</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ <u>1,193,395</u>	\$ <u>110,662</u>	\$ <u>145,431</u>	\$ <u>1,201,666</u>
 <u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Contracts payable	\$ 38,989	\$	\$ 2,835	\$ 150,429
Deferred revenue	<u>77,270</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>116,259</u>	<u>-</u>	<u>2,835</u>	<u>150,429</u>
 <u>FUND BALANCES:</u>				
Reserved for construction	<u>1,077,136</u>	<u>110,662</u>	<u>142,596</u>	<u>1,051,237</u>
Total fund balances	<u>1,077,136</u>	<u>110,662</u>	<u>142,596</u>	<u>1,051,237</u>
Total liabilities and fund balances	\$ <u>1,193,395</u>	\$ <u>110,662</u>	\$ <u>145,431</u>	\$ <u>1,201,666</u>

Exhibit D-1

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<u>Capital Improvements</u>	<u>Library Construction G O Bonds</u>	<u>Senior Center Building Improvements</u>	<u>Total</u>
\$ 405,761	\$ 5,761	\$ 37,343	\$ 2,256,792
			77,430
			<u>765,797</u>
<u>\$ 405,761</u>	<u>\$ 5,761</u>	<u>\$ 37,343</u>	<u>\$ 3,100,019</u>
\$ 30,314	\$ 3,150	\$	\$ 225,717
			<u>77,270</u>
<u>30,314</u>	<u>3,150</u>	<u>-</u>	<u>302,987</u>
<u>375,447</u>	<u>2,611</u>	<u>37,343</u>	<u>2,797,032</u>
<u>375,447</u>	<u>2,611</u>	<u>37,343</u>	<u>2,797,032</u>
<u>\$ 405,761</u>	<u>\$ 5,761</u>	<u>\$ 37,343</u>	<u>\$ 3,100,019</u>

CITY OF DUNCANVILLE, TEXAS

CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

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	<u>Street Construction</u>	<u>Drainage Construction</u>	<u>Park Construction</u>
REVENUES:			
Interest	\$ 20,173	\$ 2,306	\$ 7,226
Intergovernmental			
Other	<u>5,415</u>	<u>          </u>	<u>150</u>
Total revenues	<u>25,588</u>	<u>2,306</u>	<u>7,376</u>
EXPENDITURES:			
Capital outlay	<u>331,388</u>	<u>4,050</u>	<u>468,888</u>
Total expenditures	<u>331,388</u>	<u>4,050</u>	<u>468,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(305,800)</u>	<u>(1,744)</u>	<u>(461,512)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
Operating transfers out	<u>(20,173)</u>	<u>(2,306)</u>	<u>(2,700)</u>
Total other financing sources (uses)	<u>(20,173)</u>	<u>(2,306)</u>	<u>(2,700)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(325,973)	(4,050)	(464,212)
FUND BALANCES, beginning of year	<u>1,403,109</u>	<u>114,712</u>	<u>606,808</u>
FUND BALANCES, end of year	<u>\$ 1,077,136</u>	<u>\$ 110,662</u>	<u>\$ 142,596</u>

<u>Fleet Replacement</u>	<u>Capital Improvements</u>	<u>Library Construction G O Bonds</u>	<u>Senior Center Building Improvements</u>	<u>Total</u>
\$ 31,315	\$ 13,885	\$ 335	\$ 152	\$ 75,392
535,116				535,116
<u>84,755</u>	<u>                    </u>	<u>250</u>	<u>28,991</u>	<u>119,561</u>
<u>651,186</u>	<u>13,885</u>	<u>585</u>	<u>29,143</u>	<u>730,069</u>
<u>632,401</u>	<u>505,803</u>	<u>5,838</u>	<u>                    </u>	<u>1,948,368</u>
<u>632,401</u>	<u>505,803</u>	<u>5,838</u>	<u>-</u>	<u>1,948,368</u>
<u>18,785</u>	<u>(491,918)</u>	<u>(5,253)</u>	<u>29,143</u>	<u>(1,218,299)</u>
<u>                    </u>	<u>47,396</u>	<u>                    </u>	<u>                    </u>	<u>47,396</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>(25,179)</u>
<u>-</u>	<u>47,396</u>	<u>-</u>	<u>-</u>	<u>22,217</u>
18,785	(444,522)	(5,253)	29,143	(1,196,082)
<u>1,032,452</u>	<u>819,969</u>	<u>7,864</u>	<u>8,200</u>	<u>3,993,114</u>
<u>\$ 1,051,237</u>	<u>\$ 375,447</u>	<u>\$ 2,611</u>	<u>\$ 37,343</u>	<u>\$ 2,797,032</u>



## 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.



COMBINING BALANCE SHEET - ENTERPRISE FUNDS  
 SEPTEMBER 30, 2002  
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2001

<u>ASSETS</u>	Utility	Drainage Fee	Solid Waste	TOTALS	
	Fund	Fund	Fund	2002	2001
Cash and investments	\$ 2,985,217	\$ 447,455	\$ 114,654	\$ 3,547,326	\$ 4,683,406
Receivables-					
Customers (net of allowance of \$439,675 @ 09/30/02)	561,251	72,447	153,921	787,619	841,999
Unbilled	1,066,347	39,096	128,452	1,233,895	1,020,751
Accrued interest and other	20,661			20,661	9,063
Prepaid items	366,769			366,769	234,228
Restricted cash and investments	502,853			502,853	492,802
Fixed assets, net	20,111,300		19,385	20,130,685	19,138,278
Bond issue costs				-	4,014
Total assets	\$ 25,614,398	\$ 558,998	\$ 416,412	\$ 26,589,808	\$ 26,424,541
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 679,302	\$ 61,510	\$ 156,148	\$ 896,960	\$ 572,300
Accrued liabilities	78,608		1,251	79,859	24,200
Payable from restricted assets					
Customer deposits	502,853			502,853	492,802
Accrued interest payable	573			573	573
Accrued compensated absences	29,684		8,361	38,045	50,485
Landfill closure payable			10,000	10,000	10,000
Total Liabilities	1,291,020	61,510	175,760	1,528,290	1,150,360
<u>FUND EQUITY</u>					
Contributed capital	1,234,036		533,224	1,767,260	1,767,260
Retained earnings					
Reserved for capital projects	2,234,672			2,234,672	1,091,424
Unreserved	20,854,670	497,488	(292,572)	21,059,586	22,415,497
Total Retained earnings	23,089,342	497,488	(292,572)	23,294,258	23,506,921
Total Fund Equity	24,323,378	497,488	240,652	25,061,518	25,274,181
Total Liabilities and Fund Equity	\$ 25,614,398	\$ 558,998	\$ 416,412	\$ 26,589,808	\$ 26,424,541

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002  
 WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2001

	Utility	Drainage Fee	Solid Waste	TOTALS	
	Fund	Fund	Fund	2002	2001
<b>OPERATING REVENUES</b>					
Water	\$ 5,331,440	\$	\$	\$ 5,331,440	\$ 5,660,577
Sewer	4,348,122			4,348,122	4,389,475
Solid waste			1,805,560	1,805,560	1,764,959
Drainage fees		454,575		454,575	450,397
Penalties	53,148			53,148	61,925
Other	71,720			71,720	93,479
Total operating revenues	<u>9,804,430</u>	<u>454,575</u>	<u>1,805,560</u>	<u>12,064,565</u>	<u>12,420,812</u>
<b>OPERATING EXPENSES</b>					
Water services	4,112,771			4,112,771	3,954,915
Wastewater treatment	3,491,543			3,491,543	3,138,764
Solid waste			1,757,929	1,757,929	1,790,523
Drainage		194,621		194,621	166,096
Administrative and fiscal	1,620,575		87,552	1,708,127	1,585,966
Depreciation	781,515		3,647	785,162	760,934
Total operating expenses	<u>10,006,404</u>	<u>194,621</u>	<u>1,849,128</u>	<u>12,050,153</u>	<u>11,397,198</u>
OPERATING INCOME (LOSS)	<u>(201,974)</u>	<u>259,954</u>	<u>(43,568)</u>	<u>14,412</u>	<u>1,023,614</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	88,890	6,769	2,189	97,848	272,796
Interest expense				-	(18,807)
Other	(133,896)			(133,896)	(12,495)
Total non-operating revenues (expenses)	<u>(45,006)</u>	<u>6,769</u>	<u>2,189</u>	<u>(36,048)</u>	<u>241,494</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(246,980)</u>	<u>266,723</u>	<u>(41,379)</u>	<u>(21,636)</u>	<u>1,265,108</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	58,054			58,054	-
Operating transfers out		(204,385)	(44,696)	(249,081)	(293,713)
Total transfers out	<u>58,054</u>	<u>(204,385)</u>	<u>(44,696)</u>	<u>(191,027)</u>	<u>(293,713)</u>
NET INCOME (LOSS)	<u>(188,926)</u>	<u>62,338</u>	<u>(86,075)</u>	<u>(212,663)</u>	<u>971,395</u>
<b>RETAINED EARNINGS/(DEFICIT),</b>					
beginning of year	<u>23,278,268</u>	<u>435,150</u>	<u>(206,497)</u>	<u>23,506,921</u>	<u>22,535,526</u>
RETAINED EARNINGS/(DEFICIT),					
end of year	\$ <u>23,089,342</u>	\$ <u>497,488</u>	\$ <u>(292,572)</u>	\$ <u>23,294,258</u>	\$ <u>23,506,921</u>

COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
 YEAR ENDED SEPTEMBER 30, 2002  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Utility	Drainage Fee	Solid Waste	TOTALS	
	Fund	Fund	Fund	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (201,974)	\$ 259,954	\$ (43,568)	\$ 14,412	\$ 1,023,614
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities-					
Depreciation	781,515		3,647	785,162	760,934
Amortization of bond issue costs	4,014			4,014	-
Change in assets and liabilities-					
(Increase) Decrease in accounts receivable	(191,628)	(8,806)	30,072	(170,362)	780,427
Increase (Decrease) in accrued compensated absenc	(10,409)		(2,031)	(12,440)	6,527
(Increase) Decrease in prepaid items	(132,541)			(132,541)	(18,899)
Increase (Decrease) in accounts payable and accrued liabilities	282,363	54,416	(90,356)	246,423	77,574
Increase in customer deposits	10,051			10,051	16,380
Increase (decrease) in contracts payable				-	(30,450)
Total adjustments	<u>743,365</u>	<u>45,610</u>	<u>(58,668)</u>	<u>730,307</u>	<u>1,592,493</u>
Net cash provided by (used in) operating activit	<u>541,391</u>	<u>305,564</u>	<u>(102,236)</u>	<u>744,719</u>	<u>2,616,107</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Operating & equity transfers to (from) other funds	<u>58,054</u>	<u>(204,385)</u>	<u>(44,696)</u>	<u>(191,027)</u>	<u>(293,713)</u>
Net cash provided by (used in) noncapital financing activities	<u>58,054</u>	<u>(204,385)</u>	<u>(44,696)</u>	<u>(191,027)</u>	<u>(293,713)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	<u>(1,777,569)</u>			<u>(1,777,569)</u>	<u>(2,091,502)</u>
Principal paid on revenue bond maturities				-	<u>(170,000)</u>
Interest paid on revenue bond obligations				-	<u>(18,807)</u>
Net cash used in capital and related financing activities	<u>(1,777,569)</u>	<u>-</u>	<u>-</u>	<u>(1,777,569)</u>	<u>(2,280,309)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	<u>88,890</u>	<u>6,769</u>	<u>2,189</u>	<u>97,848</u>	<u>272,796</u>
Net cash provided by investing activities	<u>88,890</u>	<u>6,769</u>	<u>2,189</u>	<u>97,848</u>	<u>272,796</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>(1,089,234)</b>	<b>107,948</b>	<b>(144,743)</b>	<b>(1,126,029)</b>	<b>314,881</b>
CASH AND INVESTMENTS, beginning of year	<u>4,577,304</u>	<u>339,507</u>	<u>259,397</u>	<u>5,176,208</u>	<u>4,855,441</u>
CASH AND INVESTMENTS, end of year	<u>\$ 3,488,070</u>	<u>\$ 447,455</u>	<u>\$ 114,654</u>	<u>\$ 4,050,179</u>	<u>\$ 5,170,322</u>

ENTERPRISE FUNDS  
 SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<u>UTILITY FUND</u>			
WATER:			
Sale of water	\$ 5,437,208	\$ 5,313,611	\$ (123,597)
Water taps	17,000	17,829	829
Total	<u>5,454,208</u>	<u>5,331,440</u>	<u>(122,768)</u>
SEWER:			
Sewer charges	4,295,790	4,336,661	40,871
Sewer taps	10,000	7,063	(2,937)
Sewer pro rata	2,500	4,398	1,898
Sewer assessments	1,000	-	(1,000)
Total	<u>4,309,290</u>	<u>4,348,122</u>	<u>38,832</u>
PENALTIES	<u>60,000</u>	<u>53,148</u>	<u>(6,852)</u>
OTHER:			
Refund from Trinity River Authority	6,280	12,208	5,928
Service charges	42,878	48,480	5,602
Collection of bad debts	1,500	302	(1,198)
Miscellaneous	11,545	10,730	(815)
Total	<u>62,203</u>	<u>71,720</u>	<u>9,517</u>
INTEREST INCOME	<u>50,750</u>	<u>88,890</u>	<u>38,140</u>
Total revenues Utility Fund	<u>\$ 9,936,451</u>	<u>\$ 9,893,320</u>	<u>\$ (43,131)</u>
<u>DRAINAGE FEES FUND</u>			
DRAINAGE CHARGES	\$ 432,332	\$ 454,575	\$ 22,243
INTEREST INCOME	<u>6,000</u>	<u>6,769</u>	<u>769</u>
Total revenues Drainage Fees Fund	<u>\$ 438,332</u>	<u>\$ 461,344</u>	<u>\$ 23,012</u>
<u>SOLID WASTE FUND</u>			
SOLID WASTE CHARGES	\$ 1,859,305	\$ 1,805,560	\$ (53,745)
INTEREST INCOME	<u>2,150</u>	<u>2,189</u>	<u>39</u>
Total revenues Solid Waste Fund	<u>\$ 1,861,455</u>	<u>\$ 1,807,749</u>	<u>\$ (53,706)</u>
Total revenues Enterprise Funds	<u>\$ 12,236,238</u>	<u>\$ 12,162,413</u>	<u>\$ (73,825)</u>



CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS  
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
<u>UTILITY FUND</u>			
WATER SERVICES	\$ 547,066	\$ 90,565	\$ 3,316,547
WASTEWATER TREATMENT	481,251	51,091	2,932,020
ADMINISTRATION AND FISCAL			
Utility administration	161,899	4,978	61,466
Utility accounting	411,649	89,931	33,125
Non-departmental		635	154,238
Allocation of general and administrative			698,132
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Utility Fund expenses	\$ <u>1,601,865</u>	\$ <u>237,200</u>	\$ <u>7,195,528</u>
<u>DRAINAGE FEES FUND</u>			
DRAINAGE	\$	\$	\$
OPERATING TRANSFERS OUT	<u>                    </u>	<u>                    </u>	<u>204,385</u>
Total Drainage Fees Fund expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>204,385</u>
<u>SOLID WASTE FUND</u>			
SOLID WASTE	\$ 74,649	\$ 779	\$ 1,682,080
OPERATING TRANSFERS OUT			44,696
ALLOCATION OF GENERAL AND ADMINISTRATIVE			87,552
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Solid Waste Fund expenses	\$ <u>74,649</u>	\$ <u>779</u>	\$ <u>1,769,632</u>
Total Enterprise Fund expenses	\$ <u>1,676,514</u>	\$ <u>237,979</u>	\$ <u>9,169,545</u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 158,592	\$ 898,103	\$ 5,010,873	\$ 4,887,448	\$ (123,425)
27,182	969,231	4,460,775	4,632,825	172,050
4,524	44,133	228,343	202,089	(26,254)
		583,362	751,621	168,259
		154,873	150,851	(4,022)
		698,132	698,106	(26)
<u>\$ 190,298</u>	<u>\$ 1,911,467</u>	<u>\$ 11,136,358</u>	<u>\$ 11,322,940</u>	<u>\$ 186,582</u>
\$	\$ 194,621	\$ 194,621	\$ 273,467	\$ 78,846
		204,385	204,385	-
<u>\$ -</u>	<u>\$ 194,621</u>	<u>\$ 399,006</u>	<u>\$ 477,852</u>	<u>\$ 78,846</u>
\$ 422	\$	\$ 1,757,930	\$ 1,761,149	\$ 3,219
		44,696	85,697	41,001
		87,552	82,803	(4,749)
<u>\$ 422</u>	<u>\$ -</u>	<u>\$ 1,845,482</u>	<u>\$ 1,843,952</u>	<u>\$ (1,530)</u>
<u>\$ 190,720</u>	<u>\$ 2,106,088</u>	<u>\$ 13,380,846</u>	<u>\$ 13,644,744</u>	<u>\$ 263,898</u>



## 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.

INTERNAL SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2002

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<u>ASSETS</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
Cash and investments	\$ 202,543	\$ 447,763	\$ 650,306
Accrued interest and other receivable	<u>232</u>	<u>          </u>	<u>232</u>
Total assets	<u>\$ 202,775</u>	<u>\$ 447,763</u>	<u>\$ 650,538</u>
 <u>LIABILITIES AND RETAINED EARNINGS</u>			
 LIABILITIES			
Accounts payable	\$ 4,330	\$ 34,666	\$ 38,996
Accrued liabilities	<u>125,148</u>	<u>172,356</u>	<u>297,504</u>
Total liabilities	<u>129,478</u>	<u>207,022</u>	<u>336,500</u>
 RETAINED EARNINGS			
Unreserved	<u>73,297</u>	<u>240,741</u>	<u>314,038</u>
Total retained earnings	<u>73,297</u>	<u>240,741</u>	<u>314,038</u>
Total liabilities and retained earnings	<u>\$ 202,775</u>	<u>\$ 447,763</u>	<u>\$ 650,538</u>

INTERNAL SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2002

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<u>ASSETS</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
Cash and investments	\$ 202,543	\$ 447,763	\$ 650,306
Accrued interest and other receivable	<u>232</u>	<u>          </u>	<u>232</u>
Total assets	<u>\$ 202,775</u>	<u>\$ 447,763</u>	<u>\$ 650,538</u>
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Total liabilities and retained earnings	<u>\$ 202,775</u>	<u>\$ 447,763</u>	<u>\$ 650,538</u>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Medical Self-Insurance	Comprehensive Self-Insurance	Total
OPERATING REVENUES:			
Premiums and other	\$ 1,394,058	\$ 144,336	\$ 1,538,394
Total operating revenues	<u>1,394,058</u>	<u>144,336</u>	<u>1,538,394</u>
OPERATING EXPENSES:			
Claims and provision	1,376,900	332,389	1,709,289
Administrative and fiscal	<u>236,811</u>	<u>136,082</u>	<u>372,893</u>
Total operating expenses	<u>1,613,711</u>	<u>468,471</u>	<u>2,082,182</u>
OPERATING INCOME (LOSS)	<u>(219,653)</u>	<u>(324,135)</u>	<u>(543,788)</u>
NON-OPERATING REVENUES:			
Interest income	<u>7,587</u>	<u>9,799</u>	<u>17,386</u>
Total non-operating revenue	<u>7,587</u>	<u>9,799</u>	<u>17,386</u>
NET INCOME (LOSS)	(212,066)	(314,336)	(526,402)
RETAINED EARNINGS, beginning of year	<u>285,363</u>	<u>555,077</u>	<u>840,440</u>
RETAINED EARNINGS, end of year	<u>\$ 73,297</u>	<u>\$ 240,741</u>	<u>\$ 314,038</u>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (219,653)	\$ (324,135)	\$ (543,788)
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	1,232	(452)	780
Increase/ (Decrease) in accounts payable and accrued liabilities	<u>43,312</u>	<u>144,426</u>	<u>187,738</u>
Total adjustments	<u>44,544</u>	<u>143,974</u>	<u>188,518</u>
Net cash provided by (used in) operating activities	<u>(175,109)</u>	<u>(180,161)</u>	<u>(355,270)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on investments	<u>7,587</u>	<u>9,799</u>	<u>17,386</u>
Net cash provided by investing activities	<u>7,587</u>	<u>9,799</u>	<u>17,386</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(167,522)	(170,362)	(337,884)
CASH AND INVESTMENTS, beginning of year	<u>370,065</u>	<u>618,125</u>	<u>988,190</u>
CASH AND INVESTMENTS, end of year	<u>\$ 202,543</u>	<u>\$ 447,763</u>	<u>\$ 650,306</u>

## 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.



GENERAL FIXED ASSETS  
 SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE  
 SEPTEMBER 30, 2002 AND 2001

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	<u>Balance</u> <u>9/30/2002</u>	<u>Balance</u> <u>9/30/2001</u>
GENERAL FIXED ASSETS:		
Land	\$ 1,346,100	\$ 1,347,740
Buildings	6,780,151	6,782,765
Improvements other than buildings	2,080,626	1,373,472
Equipment	8,189,189	10,554,149
Water rights	4,802,361	4,802,361
Investment in Joint Ventures	<u>648,906</u>	<u>-</u>
Total general fixed assets	<u>\$ 23,847,333</u>	<u>\$ 24,860,487</u>
INVESTMENTS IN GENERAL FIXED ASSETS FROM:		
Capital projects funds	\$ 9,538,254	\$ 9,538,254
General fund	5,736,050	7,890,606
Other sources	<u>8,573,029</u>	<u>7,431,627</u>
Total investment in general fixed assets	<u>\$ 23,847,333</u>	<u>\$ 24,860,487</u>

GENERAL FIXED ASSETS  
 SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 September 30, 2002  
 (Continued on the following page)

Function and Activity	Total	Land	Buildings	Improvements	Equipment	Water rights	Joint Ventures
General government							
Mayor and council	\$ 18,613	\$	\$	\$	\$ 18,613	\$	
City manager	16,630				16,630		
City secretary	-				-		
Personnel	-				-		
Data processing	858,782				858,782		
Community Services Info	-				-		
Subtotal	<u>894,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,025</u>	<u>-</u>	<u>-</u>
Finance	-						
Administration	-				-		
Municipal court	19,924				19,924		
Purchasing	-				-		
Teen Court	-				-		
Subtotal	<u>19,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,924</u>	<u>-</u>	<u>-</u>
Community services							
Administration	264,688				264,688		
Recreation programming	-				-		
Aquatics	59,749			59,749	-		
Athletic programming	179,022			75,229	103,793		
Park grounds maintenance	3,477,450	1,296,150	389,117	1,431,030	361,153		
Library services	1,807,861				1,807,861		
Construction in Progress	-				-		
Building services	4,493,002		4,473,667	7,150	12,185		
Senior Center	9,000				9,000		
Subtotal	<u>10,290,772</u>	<u>1,296,150</u>	<u>4,862,784</u>	<u>1,573,158</u>	<u>2,558,680</u>	<u>-</u>	<u>-</u>
Police							
Administration	71,939				71,939		
Patrol	603,052				603,052		
Criminal investigation	57,082				57,082		
Animal control	48,852				48,852		
Crime prevention	17,319				17,319		
Records	-				-		
Training	60,536				60,536		
Asset forfeiture	71,310				71,310		
Subtotal	<u>930,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,089</u>	<u>-</u>	<u>-</u>
Public works							
Administration	34,681				34,681		
Building inspection	39,824				39,824		
Streets	694,693				694,693		
Signs and signals	96,443				96,443		
Equipment Services	108,187				108,187		
Subtotal	<u>973,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>973,828</u>	<u>-</u>	<u>-</u>

GENERAL FIXED ASSETS  
 SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 September 30, 2002

Function and Activity	Total	Land	Buildings	Improvements	Equipment	Water rights	Joint Ventures
Fire							
Administration	\$ 1,889,937	\$	\$ 1,620,601	\$	\$ 269,336	\$	
Fire prevention	30,423				30,423		
Fire suppression	1,672,436				1,672,436		
Advanced life support	533,026				533,026		
Subtotal	<u>4,125,822</u>	<u>-</u>	<u>1,620,601</u>	<u>-</u>	<u>2,505,221</u>	<u>-</u>	<u>-</u>
Non-departmental	<u>1,161,606</u>	<u>49,950</u>	<u>296,766</u>	<u>507,468</u>	<u>307,422</u>	<u>-</u>	<u>-</u>
Water rights	<u>4,802,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,802,361</u>	<u>-</u>
Joint Ventures							
Regional Dispatch	372,510						372,510
Regional Animal Shelter	276,396						276,396
Subtotal	<u>648,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,906</u>
Total General fixed assets	<u>\$ 23,847,333</u>	<u>\$ 1,346,100</u>	<u>\$ 6,780,151</u>	<u>\$ 2,080,626</u>	<u>\$ 8,189,189</u>	<u>\$ 4,802,361</u>	<u>648,906</u>

GENERAL FIXED ASSETS  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

(Continued on the following page)

Function and Activity	Balance 09/30/01	Additions	Retirements	Transfers	Balance 09/30/02
General government					
Mayor and council	\$ 35,241	\$	\$ 16,628	\$	\$ 18,613
City manager	26,557		9,927		16,630
City secretary	1,601		1,601		-
Personnel	4,455		4,455		-
Data processing	943,500		84,718		858,782
Community Services Info	7,037		7,037		-
Hotel Tax	-				-
Technology Fund	-	-			-
Community Svc-Library	-				-
Subtotal	<u>1,018,391</u>	<u>-</u>	<u>124,366</u>	<u>-</u>	<u>894,025</u>
Finance					
Administration	19,469		19,469		-
Municipal court	41,431		21,507		19,924
Purchasing	5,231		5,231		-
Teen Court	1,600		1,600		-
Subtotal	<u>67,731</u>	<u>-</u>	<u>47,807</u>	<u>-</u>	<u>19,924</u>
Community services					
Administration	285,419		20,731		264,688
Recreation programming	3,435		3,435		-
Aquatics	72,671		12,922		59,749
Athletic programming	154,766	24,256	-		179,022
Park grounds maintenance	3,298,100	322,276	142,926		3,477,450
Library services	1,821,395	78,120	91,653		1,807,862
Construction in Progress					-
Building services	4,802,397		12,629	(296,766)	4,493,002
Senior Center	13,800		4,800		9,000
Subtotal	<u>10,451,982</u>	<u>424,652</u>	<u>289,096</u>	<u>(296,766)</u>	<u>10,290,772</u>
Police					
Administration	1,520,920		1,448,981		71,939
Patrol	715,745	61,035	173,728		603,052
Criminal investigation	193,035	13,592	149,545		57,082
Animal control	52,352		3,500		48,852
School guards	-				-
Crime prevention	18,237		918		17,319
Communications	-				-
Records	12,216		12,216		-
Training	63,426		2,890		60,536
Asset forfeiture	133,678	20,579	82,948		71,309
Subtotal	<u>2,709,608</u>	<u>95,206</u>	<u>1,874,726</u>	<u>-</u>	<u>930,088</u>
Public works					
Administration	71,822		37,141		34,681
Building inspection	72,958	13,592	46,726		39,824
Streets	646,964	158,586	110,857		694,693
Signs and signals	131,968	-	35,526		96,442
Equipment Services	208,185	50,202	150,200		108,187
Subtotal	<u>1,131,897</u>	<u>222,380</u>	<u>380,450</u>	<u>-</u>	<u>973,827</u>

GENERAL FIXED ASSETS  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

(Continued on the following page)

Function and Activity	Balance 09/30/01	Additions	Retirements	Transfers	Balance 09/30/02
Fire					
Administration	\$ 2,030,032	\$	140,095		\$ 1,889,937
Fire prevention	41,493		11,070		30,423
Fire suppression	1,828,971	55,405	211,939		1,672,437
Advanced life support	510,567	138,255	115,796		533,026
Fire Training	-				-
Subtotal	<u>4,411,063</u>	<u>193,660</u>	<u>478,900</u>	<u>-</u>	<u>4,125,823</u>
Non-Departmental	<u>267,453</u>	<u>622,175</u>	<u>24,788</u>	<u>296,766</u>	<u>1,161,606</u>
Water rights	<u>4,802,361</u>				<u>4,802,361</u>
Joint Ventures					
Investment in Regional Dispatch	-	372,510			372,510
Investment in Regional Animal Shelter	-	276,396			276,396
Subtotal	<u>-</u>	<u>648,906</u>			<u>648,906</u>
Total General Fixed Assets	\$ <u>24,860,487</u>	\$ <u>2,206,979</u>	\$ <u>3,220,133</u>	\$ <u>-</u>	\$ <u>23,847,333</u>



## 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.

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2002

ASSETS	Special Revenue	Capital Projects	Account groups		Total
			General Fixed Assets	General Long Term Debt	
Cash and investments	\$ 1,682,216	\$ 38,709	\$	\$	\$ 1,720,925
Trade accounts	292,583				292,583
Accrued interest and other receivable	1,748				1,748
Prepaid items	30,900				30,900
Restricted cash and investments		1,584,000			1,584,000
Fixed assets			17,055,081		17,055,081
Amount to be provided for retirement of general long-term liabilities				12,630,000	12,630,000
<b>Total assets</b>	<b>\$ 2,007,447</b>	<b>\$ 1,622,709</b>	<b>\$ 17,055,081</b>	<b>\$ 12,630,000</b>	<b>\$ 33,315,237</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 23,917	\$	\$	\$	\$ 23,917
Accrued liabilities	1,209				1,209
Customer performance and escrow deposits		1,584,000			1,584,000
Revenue bonds				12,630,000	12,630,000
<b>Total liabilities</b>	<b>25,126</b>	<b>1,584,000</b>	<b>-</b>	<b>12,630,000</b>	<b>14,239,126</b>
<b>FUND BALANCE</b>					
Investment in General Fixed Assets			17,055,081		17,055,081
Reserved for economic development	1,982,321				1,982,321
Reserved for construction		38,709			38,709
<b>Total fund balance</b>	<b>1,982,321</b>	<b>38,709</b>	<b>17,055,081</b>	<b>-</b>	<b>19,076,111</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,007,447</b>	<b>\$ 1,622,709</b>	<b>\$ 17,055,081</b>	<b>\$ 12,630,000</b>	<b>\$ 33,315,237</b>

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Special Revenue	Capital Projects	Total
REVENUES:			
Sales taxes	\$ 1,675,969	\$	\$ 1,675,969
Interest	42,854	691	43,545
Rental and other	793,937		793,937
Total revenues	<u>2,512,760</u>	<u>691</u>	<u>2,513,451</u>
EXPENDITURES:			
General government	372,085		372,085
Special purposes - promotional	223,556		223,556
Debt service-			
Principal retirement	460,000		460,000
Interest and fiscal charges	893,390		893,390
Capital outlay	143,758	14,425	158,183
Total expenditures	<u>2,092,789</u>	<u>14,425</u>	<u>2,107,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>419,971</u>	<u>(13,734)</u>	<u>406,237</u>
FUND BALANCE, beginning of year	<u>1,562,350</u>	<u>52,443</u>	<u>1,614,793</u>
FUND BALANCE, end of year	<u>\$ 1,982,321</u>	<u>\$ 38,709</u>	<u>\$ 2,021,030</u>



**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)**

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<u>Fiscal Year</u>	<u>General Government</u>	<u>Finance</u>	<u>Community Services</u>	<u>Police</u>
1993	\$549,817	\$651,781	\$2,282,031	\$3,861,953
1994	\$551,027	\$602,443	\$2,265,645	\$3,684,294
1995	\$587,329	\$1,145,529	\$2,375,907	\$3,716,190
1996	\$839,596	\$660,381	\$2,036,043	\$4,604,029
1997	\$907,853	\$790,226	\$2,146,059	\$4,580,110
1998	\$1,048,400	\$780,063	\$2,112,707	\$4,850,125
1999	\$1,076,137	\$809,628	\$2,073,888	\$4,977,843
2000	\$998,589	\$842,310	\$2,490,805	\$5,265,896
2001	\$1,121,121	\$914,211	\$2,781,033	\$5,686,658
2002	\$993,769	\$940,979	\$2,708,741	\$5,860,654

(1) Expenditures have been reclassified to correspond with reorganizations in 1996-1997.

Table includes General Fund only.

Table 1

Public Works	Fire	Non-Departmental	Allocation Expenditures	Total
\$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
\$3,176,456	\$4,252,786	\$608,136	(\$857,300)	\$17,684,221

**CITY OF DUNCANVILLE, TEXAS**

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

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<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses, Permits and Fees</u>	<u>Fines</u>	<u>Interest Income</u>
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
2002	\$15,184,743	\$887,082	\$602,230	\$120,012

Table includes General Fund only.

Table 2

<u>Intergovernmental</u>	<u>Miscellaneous Sales and Services</u>	<u>Total</u>
\$77,211	\$241,598	\$11,905,662
\$85,929	\$305,626	\$11,914,100
\$80,329	\$221,356	\$12,555,627
\$139,033	\$280,441	\$12,837,430
\$224,658	\$274,438	\$13,820,282
\$168,331	\$326,980	\$14,291,909
\$169,871	\$369,504	\$14,773,551
\$214,408	\$698,082	\$16,333,255
\$321,601	\$583,564	\$17,215,392
\$807,313	\$706,988	\$18,308,368

**CITY OF DUNCANVILLE, TEXAS**

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

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<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Levy Collected</u>	<u>Delinquent Tax Collection</u>
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
2002	\$10,240,569	\$10,109,103	98.7	\$236,328

(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
\$9,615,470	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
\$10,345,431	101.0	\$826,807 (2)	8.1

**CITY OF DUNCANVILLE, TEXAS**

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

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Fiscal Year	Assessed Value			Total Estimated Actual Value
	Land and Improvements	Personal Property	Total	
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
2002	\$1,270,616,157	\$155,646,700	\$1,426,262,857	\$1,426,262,857

**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	\$9,643,580	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
100	\$10,240,569	0.7180

**CITY OF DUNCANVILLE, TEXAS**

Table 5

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

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<u>Fiscal Year</u>	<u>City of Duncanville</u>	<u>Duncanville I.S.D.</u>	<u>Dallas County</u>	<u>Dallas County Hospital</u>	<u>Dallas County Community College</u>
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
2002	0.7180	1.7500	0.201500	0.002540	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**

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<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed value</u>	<u>Gross General Bonded Debt</u>	<u>Less Interest and Sinking Funds</u>
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
2002	36,255	\$1,426,262,857	\$17,644,605	\$1,029,627

Table 6

Net Bonded Debt	Percentage Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
\$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
\$16,614,978	1.16	\$458

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)  
September 30, 2002

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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.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)  
September 30, 2002

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	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to City of Duncanville</u>	<u>Amount Applicable to City of Duncanville</u>
City of Duncanville	<u>\$ 19,094,605</u>	100.00%	<u>\$ 19,094,605</u>
Other Entities:			
Duncanville ISD	177,749,154	57.67%	102,507,937
Dallas County	233,647,395	1.17%	2,733,675
Total Other Entities	<u>411,396,549</u>		<u>105,241,612</u>
Total net direct and overlapping debt	<u><u>\$ 430,491,154</u></u>		<u><u>\$ 124,336,217</u></u>

Source: First Southwest Company

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

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Percentage of Debt Service to General Fund Expenditures</u>
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
2002	\$1,433,270	\$1,412,598	\$2,845,868	\$17,684,221	16.1

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	\$170,000	\$18,807	\$188,807	13.11
2002	\$9,804,430	\$8,526,757	\$1,277,673	\$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.

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

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<u>Fiscal Year</u>	<u>Commercial Construction (1)</u>		<u>Residential Construction(1)</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
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
2002	39	\$11,139,945	223	\$4,368,285

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

PRINCIPAL TAXPAYERS (UNAUDITED)  
September 30, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001-2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Southwestern Bell Telephone	Telephone Utility	\$ 13,886,530	1.03 %
Texas Utilities Electric Company	Utility	13,815,444	1.02 %
CH Guenther & Sons	Wholesale Food Products	12,433,350	0.92 %
Wal-Mart Corp.	Retail	11,621,270	0.86 %
Frankel Family Trust	Retail Estate	11,378,700	0.84 %
ACCO USA, Inc	Office Supplies	8,928,000	0.66 %
Texwood Industries	Wholesale Cabinetry	8,504,130	0.63 %
Apple Reit LTD PS	Apartments	8,500,000	0.63 %
Ladd 1998 Real Properties	Real Estate	7,570,870	0.56 %
Regency Centers	Retail	5,909,750	0.44 %
Total		<u>\$ 102,548,044</u>	<u>7.59 %</u>

MISCELLANEOUS STATISTICAL FACTS (UNAUDITED)

September 30, 2002

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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	150.76
Miles of Water Mains	183
Number of Fire Hydrants	1,172
Number of Manholes	1,630
Building Permits:	
Permits Issued	262
Estimated Cost	\$15,508,230
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	714
Number of Students Registered:	
Elementary School	3,799
Intermediate School	1,703
Middle School	1,951
High School	3,420

**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS (UNAUDITED)**  
September 30, 2002

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	<u>Salaries Effective 10/01/02</u>	<u>Amount of Surety Bond(1)</u>
Mayor	\$0	
Council Members	\$0	
City Manager	\$117,000	
Director of Finance	\$91,823	
Director of Public Works	\$101,763	
Director of Community Services	\$98,302	
City Secretary/Admin Services Director	\$82,751	
Police Chief	\$89,832	
Fire Chief	\$86,914	
Municipal Court Judge		
Presiding (1)	\$39,087	
Associate (2)	\$49,561	

(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.

