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# City of Duncanville Fiscal Year 2003 - 2004 Comprehensive Annual Financial Report



**Duncanville**  
*City of Champions*

[www.duncanville.com](http://www.duncanville.com)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF DUNCANVILLE, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2004

PREPARED BY:

CITY OF DUNCANVILLE

FINANCE DEPARTMENT

CITY OF DUNCANVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004  
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# **INTRODUCTORY SECTION**



# City of Duncanville

**Kent Cagle**  
*City Manager*

December 17, 2004

The Honorable Mayor and Members of the City Council  
City of Duncanville  
Duncanville, Texas

The Finance Department and City Manager's Office is pleased to submit the Comprehensive Annual Financial Report for the City of Duncanville, Texas for the fiscal year ended September 30, 2004.

This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented 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 organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

## **THE REPORT**

This report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a listing of the principal officials and an organizational chart of the City. The financial section includes a Management and Discussion Analysis (MD&A), basic financial statements and combining individual fund statements and schedules, as well as the independent auditors' report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Duncanville's MD&A can be found immediately following the report of the independent auditors. The statistical section includes financial and demographical information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The financial section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

## **CITY PROFILE**

### *Location*

Located in the Greater Southwest portion of Dallas County, the City of Duncanville is situated approximately 20 minutes from Fort Worth and just minutes from downtown Dallas. With I-20 on its northern border and Hwy-67 bordering its east, the City covers approximately 12 square miles and is easily accessible from major interstate and highway systems in North Texas, including I-35 the NAFTA Corridor. The 2000 census population for the City was 36,081, while the estimated 2004 population is 36,050.

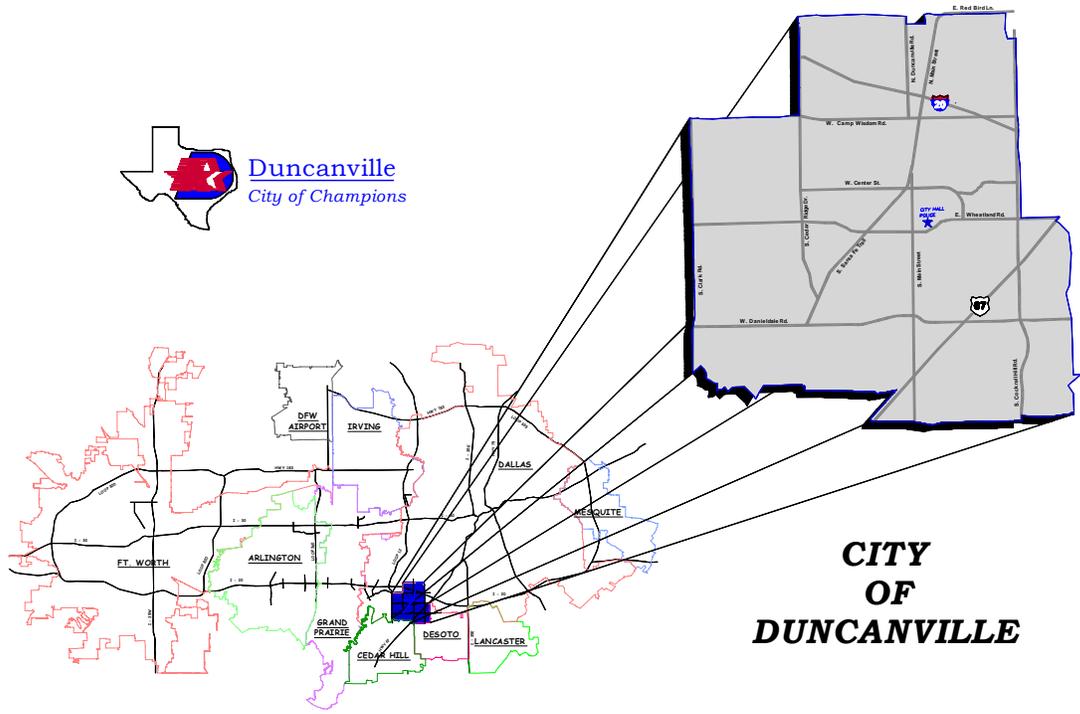
The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1949, and first adopted its Home Rule Charter May 5, 1962. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members, who enact local laws, determine policies and adopt the annual budget. The term of office is two years with the terms of the Mayor and two of the Council members' terms expiring in even-numbered years and the other terms of the four Council members expiring in odd-numbered

years. The City Manager, appointed by City Council, is the chief administrative officer for the City and is responsible for the daily management of the City. The basic financial statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria no other governmental organizations are included in this report.

*Services Provided*

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City can provide at the least cost. Major services provided under general government and enterprise functions are: public safety (police and fire protection), emergency ambulance services, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, library services, public improvements, planning and zoning, and general administrative services. Also complimenting the City’s own reputation as the “City of Champions,” the world-class Dr. Pepper® Star Center rests in the heart of the community symbolizing the winning tradition of the Dallas Stars Hockey Team. The 95,000 square foot double rink complex offers skating lessons, hockey lessons and open ice skating year round.

Economic Development projects either started or completed in the year 2004 accounted for approximately \$33 million in new construction. The effects of HB 2912 are expected to greatly curtail economic development unless the legislature amends to exempt land-locked cities like Duncanville, with very little land available for new businesses to locate facilities thus creating “primary jobs”.



**Accounting System and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures (items over \$5,000 and having a useful life of three or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

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.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request. 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 that compares actual expenditures to the legally adopted appropriation in each line-item account.

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.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### *Regional Economy*

- The Dallas/Fort Worth Consolidated Metropolitan Statistical Area (DFW) reported 5.2 million residents in the 2000 Census, making it the largest metropolitan area in Texas, the ninth largest metro in the country and larger than 31 U.S. states. (Census 2000)
- DFW continues to add population at the same levels of the previous decade, bringing the 2003 population to nearly 5.7 million residents despite flat economic performance and net job losses in 2002 and 2003. (NCTCOG, Greater Dallas Chamber)
- DFW claims 25 percent of the state's population, 28 percent of the labor force, 29 percent of all wage and salary jobs, and produces 33 percent of the state's total product as measured by Gross Domestic Product (GDP). (Census 2000, Texas Workforce Commission, Economy.com)
- Total GDP for the DFW metro surpassed \$250 billion in 2002, placing the area in 14<sup>th</sup> position among all states and 19<sup>th</sup> among the world's nations in total output. (Economy.com)
- DFW has one of the most diverse economies in the nation, reporting between 5 and 30 percent of the workforce in each of the major industrial sectors except mining, which has less than 1 percent. (Texas Workforce Commission)
- Dallas/Fort Worth offers the largest number of college and high school educated residents of any metro in the state of Texas and among the highest in the nation. According to the 2000 Census, 2.6 million residents in DFW hold school diplomas and more than 920,000 have completed at least four of college.
- Wholesale and retail trade is the largest employment sector in the Dallas regional economy, accounting for approximately 17 percent of all jobs. (Texas Workforce Commission)
- The Dallas/Fort Worth Metroplex is one of the largest beneficiaries of the passage of the North American Free Trade Agreement (NAFTA). DFW trade with Mexico and Canada has doubled to \$2.3 billion since the enactment of NAFTA in 1993. (NCTCOG)

- Dallas is one of the few areas in the nation with seven major league sports teams including Cowboys football, Mavericks basketball, Rangers baseball, Stars hockey, Burn soccer, Sidekicks indoor soccer and Dragons polo. (Dallas Convention and Visitors Bureau)
- In the Dallas metro area, cultural arts contribute over \$22 billion to the local economy which is 34.6 percent of the state total. DFW is also Texas' most "arts intensive" metro area on a per capita basis, with \$6,654 expended per person on cultural arts. (The Perryman Group)

#### *Duncanville's Position in the Region*

Duncanville continues to struggle with the challenge of providing first class services that are funded by a tax base that is 75% residential. Sales taxes have rebounded due to the fact that in September of 2003 voters approved the sale of beer and wine in Duncanville, by a 2 to 1 margin. Sales tax revenue for 2004 increased by 2.42% over 2003; despite the loss of major retailers such as K-Mart, Circuit City, and Wal-Mart.

Duncanville is still home to a diversified group of manufacturing and distribution firms and continues to be the choice for place of business for many well-known leading businesses. Major manufacturing industries within the City produce corrugated storage and filing boxes, commercial bakery products, fabricated sheet-metal products, cabinets, doors and door mill products, frozen foods, and cosmetics. Three major industrial development parks, Duncanville Industrial Corporation, Redbird Industrial Park, and Mountain Creek Business Park are located in the vicinity of Duncanville. Four new residential subdivisions will be under construction in the 2005 Fiscal Year and this represents the first new subdivisions in over fifteen years.

In addition, the following reflects past, present, and anticipated progress of the flurry of economic development activity in the city of Duncanville.

- 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.
- Duncanville boasts a strong industrial community that includes companies like Texwood Industries, the second largest cabinet maker in the United States.
- Duncanville is also proud to say that the **Dr Pepper StarCenter** (a 95,000 foot double ice rink facility) which opened in 2000 is doing extremely well and continues to bring people near and far into the community.
- The community will benefit from the addition of an **Upscale Senior Living Complex** constructed by Windriver Management Corporation called Champions Cove. This upscale, gated community will provide individuals 55 and older with all of the amenities they need to truly enjoy life. Windriver Management Corporation broke ground on December 23, 2003 and the complex opened on November 21, 2004.
- **Pappas Restaurants** opened one of their famous **Pappadeaux Seafood Kitchen** restaurants in January 2004.
- In 2003, **Holiday Inn** opened a new hotel in Duncanville and **Hilton** broke ground on a five-story, 142 room 93,000 square foot **Hotel and Conference Center** at the corner of Main Street and I-20. This new facility will provide businesses and guests with access to 14,000 square feet of conference room and meeting space. Duncanville is currently recruiting quality full-service restaurants that will compliment the Hilton Garden Inn Hotel.
- Two major highways cross through Duncanville's corporate limits allowing the City to enjoy the convenience of nearby D/FW International Airport and Love Field Airport to meet commercial passenger air transportation needs.
- Main Station, which includes 22,000 square feet of office, retail, and residential space on Main and Center Street in Duncanville, opened in December 2003.

Future projects include:

- Plans are underway to develop **major retail, restaurant and conference center hubs** along Main Street. The hubs will serve as the ideal location for a variety of businesses including specialty stores, business services companies, full service restaurants, clothing stores, book stores, and more.
- Development of a new shopping center to include a large-box retail anchor store.

Also, as part of Duncanville’s comprehensive economic development plan, the 4B Board established four grant programs specifically designed to encourage redevelopment of maturing business corridors by providing financial resources to small business owners for exterior property improvements. The four grant programs are a Paint Grant, Landscape Participation Grant, Signage Update Grant and an Interest Rate Buy Down Grant.

Duncanville continues to house one of the state’s top rated school districts that continue to support residential property values. The City also benefits from an affluent workforce with Duncanville’s median household income of \$63,419 comparing favorably to \$65,100 for Dallas, \$62,700 Fort Worth/Arlington and \$39,841 for Texas.

The long-range economic outlook for Duncanville is very promising. The City continues to grow with economic development initiatives targeting quality businesses that will bring unique products and services to this ever-growing community. The City’s citizens and business community are committed to managed growth and maintaining the level of economic prosperity and the quality of life Duncanville currently enjoys.

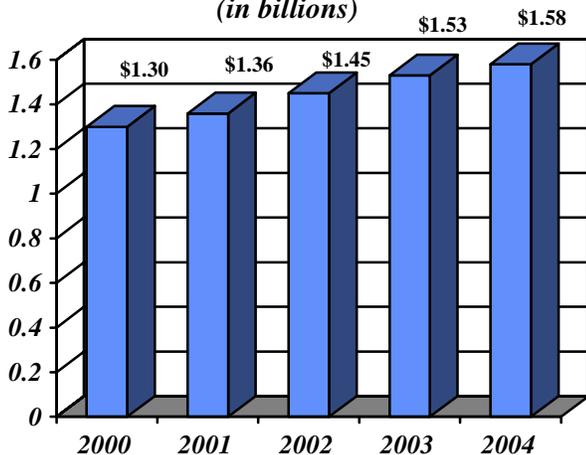
In addition, the following non-economic major initiatives are in place, contributing to the overall health of the City:

- Constructing new service roads between Main Street and Duncanville Road along I-20, this will open in February 2005.
- Begin design of the remainder of the service roads along I-20 from the east to west city limits.
- Continuing aggressive Code Enforcement, resolving violations.
- Pushing a more aggressive program of delinquent tax foreclosures when necessary.
- Promoting another year of aggressive apartment inspection program (third year).
- Maintaining an aggressive water and sewer line rehab program.
- Improving access to Highway 67.

**Economic Signs . . .**

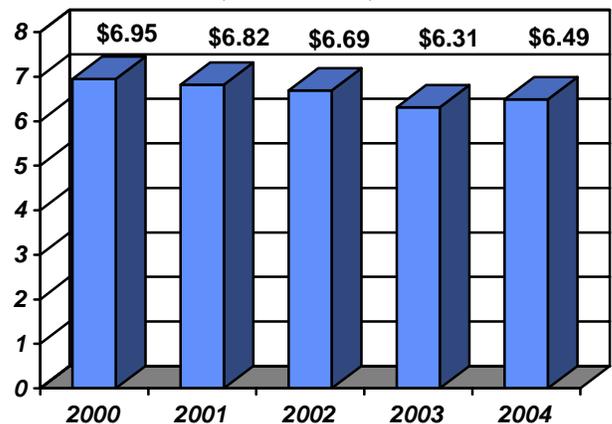
**ASSESED PROPERTY VALAUTIONS**

*(in billions)*



**SALES TAX COLLECTIONS**

*(in millions)*



### *Future Economic Outlook*

Duncanville has suffered several years of difficult economic times, but the future appears bright. New retail projects that are just opening or under construction will help replace the losses of the past three years. Property values continue to increase and indicate that Duncanville is still top choice for existing home purchases. The recent vote that allowed beer and wine sales is spurring commercial activity that has not been seen in over twenty years. Duncanville remains an attractive, well maintained city with a solid infrastructure that is well deserving of its moniker of "City of Champions".

### *Cash Management*

The City awards its depository contract through official bidding procedures for a two-year period with an option to extend the contract for an additional two years. The current depository contract with Bank One Texas, N.A. expires January 31, 2006.

The City has a services-only contract, where a minimum amount of cash is held in checking accounts to meet the City's operational needs.

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 \$239,831 for FY 2003-04, compared to \$280,422 in FY 2002-03.

It is the City's policy that all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is maintained by the Finance Department and a third party financial institution. Collateral is reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances.

The audit committee of the Duncanville City Council is chartered to assist the City Council in fulfilling its financial and compliance oversight responsibilities. It is to be the City Council's principal agent in ensuring the independence of the City's annual financial audit, the integrity of the City management, and the adequacy of financial disclosures to the public. The Audit Committee is to serve as the focal point for communication between the City Council, the independent auditor, and City management. The Audit Committee's primary duties and responsibilities are to: 1) Advise the City Council and management on the selection of the independent auditor. 2) Serve as an independent and objective party to monitor the City's financial and compliance reporting process and internal controls system. 3) Review and appraise the audit efforts of the City's independent auditor. 4) Provide an open avenue of communication among the independent auditor, financial and senior management, and the Duncanville City Council.

These reports summarize recent market conditions, economic developments, anticipated investment conditions and investment strategies employed. They also describe the portfolio in terms of investment securities, maturities, risk characteristics, compare the investment return with budgetary expectations and suggest improvements that might be made in the investment program.

All safekeeping arrangements are in accordance with a safekeeping agreement approved by the City Manager which clearly defines the procedural steps for gaining access to pledged collateral on deposits should the City of Duncanville determine that the City's funds are in jeopardy. The safekeeping institution, or Custodian, is the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement is a three-party contract between the City, the depository bank and the Federal Reserve Bank as custodian.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received by the Custodian. The security is held in the name of the City or held on behalf of the City. The Custodian's records must assure the notation of the City's ownership or explicit claim on the securities. The original copy of all safekeeping statements is delivered to the City.

All collateral is subject to inspection and audit by the Finance Director or the City's independent auditors.

### *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/\$30,871,912 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.

The risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment.

#### *Employee Health Plan*

The City maintains an employee health plan for employees and dependents, which is self-insured by the City. Revenues are recognized from payroll deductions and from City contributions. The City utilizes a preferred provider organization for its primary health care option and actively solicits input from its employees regarding benefit levels and cost containment strategies.

## **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, 2003. 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 and specifically Philip Varghese, Assistant Finance Director.

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,

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Kent Cagle  
City Manager

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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, 2003

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.



*Nancy L. Zielle*

President

*Jeffrey R. Emswiler*

Executive Director



**Duncanville**  
*City of Champions*

"The Perfect Blend of Family,  
Community and Business"

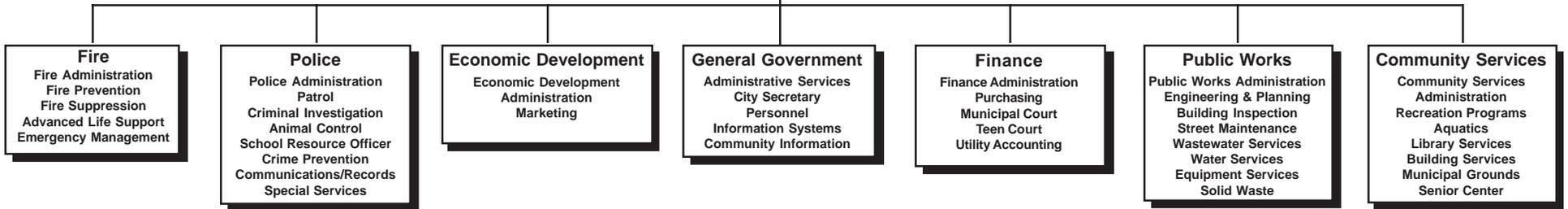
Citizens of Duncanville

Mayor & City Council  
(Elected)

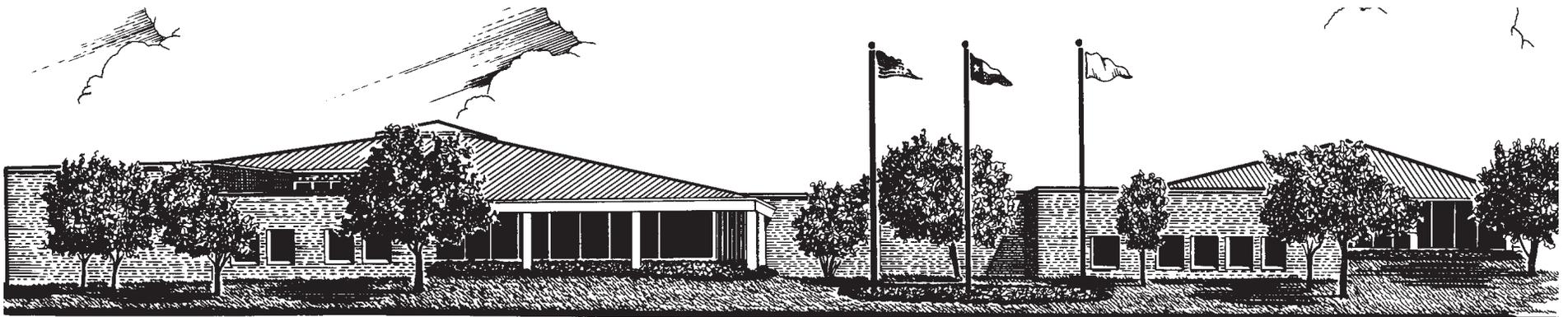
Office of the City  
Manager

# City of Duncanville

## Organizational Chart September 30, 2004



XI



**CITY OF DUNCANVILLE  
CITY COUNCIL**

David Green, Mayor

Dorothy Burton, Mayor Pro Tem

Scott Cannon, Council Member

Marilyn Massey, Council Member

Jim Pyeatt, Council Member

Grady Smithey, Council Member

Ken Weaver, Council Member



**ADMINISTRATIVE OFFICIALS**

Kent Cagle, City Manager

Frank Trando, Director of Finance

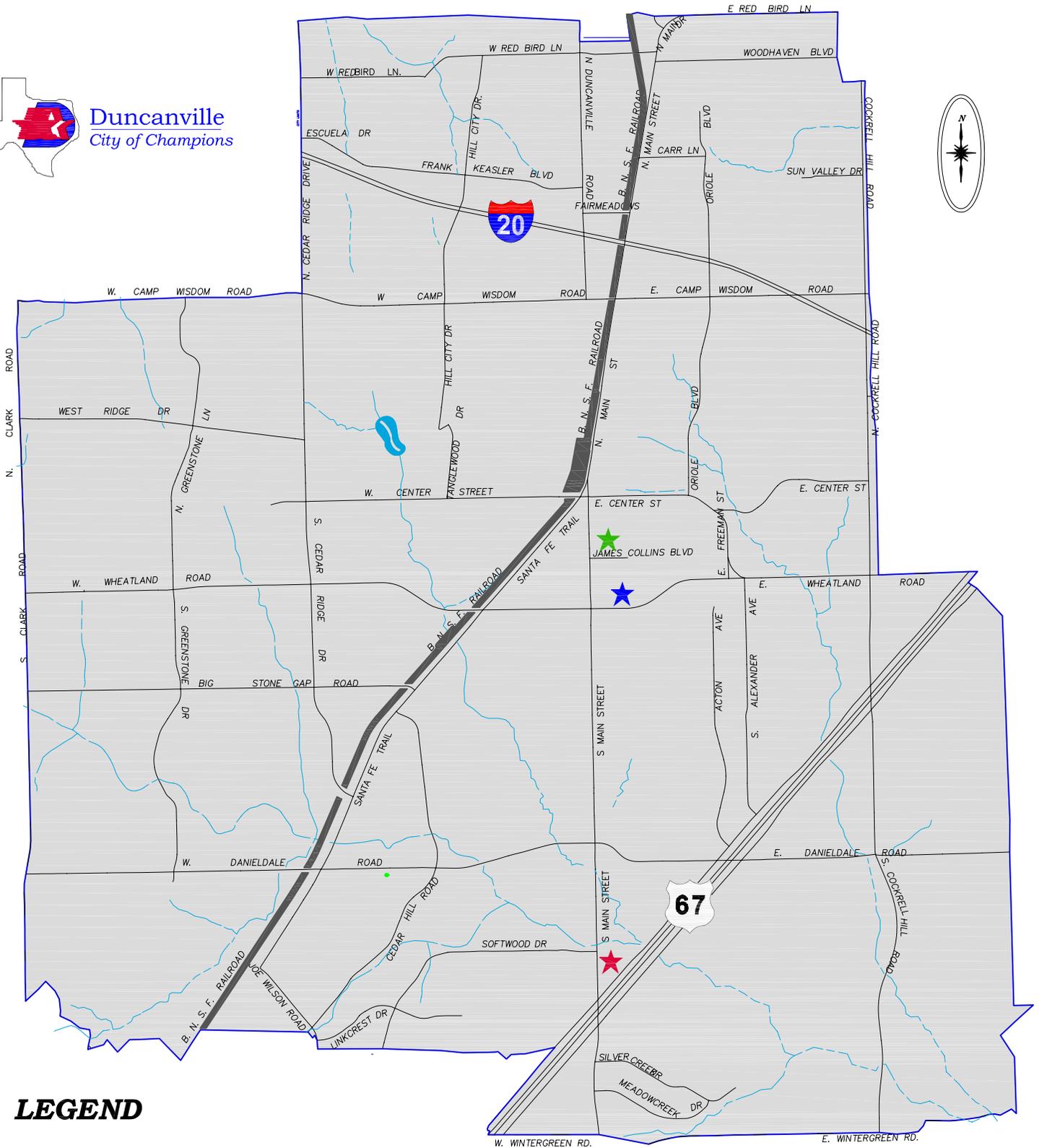
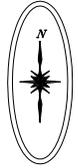
Philip Varghese, Assistant Finance Director

Jeanne Fralicks, Director of Administration/ City Secretary

Gregg Weaver, Personnel Administrator



**Duncanville**  
City of Champions



**LEGEND**

-  **CITY HALL**
-  **LIBRARY/  
COMMUNITY CENTER**
-  **STAR CENTER**
-  **INTERSTATE HIGHWAYS**
-  **UNITED STATE  
HIGHWAYS**
-  **B.N.S.F. RAILROAD**

**CITY OF DUNCANVILLE**



**Duncanville**  
*City of Champions*

# **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the City Council  
City of Duncanville, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Duncanville as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Duncanville as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information on page 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. These financial statements and schedules are the responsibility of management of the City. Such additional information has been subjected to the auditing procedures applied in our audit of basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements for the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

*Pattillo, Brown & Hill, L.L.P.*

December 17, 2004

**MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS**

## City of Duncanville, Texas

### Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2004

As management of the City of Duncanville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the financial statements which follow this section.

#### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$52 million (net assets). Of this amount, \$12.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by over \$4 million this fiscal year with almost all of the increase attributable to activities which receive taxes and other nonexchange revenues (governmental activities).
- As of the close of the current fiscal year, the City of Duncanville's governmental funds reported combined ending fund balances of \$10.3 million, a decrease of \$21,909 from the prior year. Of this amount, \$9.7 million is unreserved and available for spending subject to the City's self-imposed limitations by management for intended use.
- At year-end, the undesignated and unreserved fund balance for the General Fund was \$5.9 million. This represents over 31% of expenditures and transfers out which exceeds the 16.7% required by the City's adopted fund balance policy. On a current financial resources basis, total fund balance for the General Fund increased by \$1.2 million which was \$748,877 more than budgeted due to higher than anticipated revenues and expenditure savings.
- The City's net bonded debt decreased by over \$1.9 million during this current fiscal year. The key factor in this decrease was the repayment of bonded debt during FY 03-04 and that there were no additional bonds issued in FY 03-04.

#### Overview of the Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. One of the most important questions asked about the City's finances is, "Is the City of Duncanville in a better financial position at the end of this fiscal year compared to last year?" The government-wide financial statements report information about the City as a whole and about its activities in a way that helps to answer this question. Other non-financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's streets to assess the overall health or financial condition of the City.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as police, fire, public works, code compliance, library, parks and recreation, and community services as well as general government activities. The business-type activities of the City include water and sewer, and solid waste services.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Duncanville Community and Economic Development Corporation (DCEDC) as a component unit. The DCEDC 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.

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

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

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

The City maintains thirteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, and Street Construction funds, all of which are to be considered major funds. Data from the other ten funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General, Debt Service and Hotel Tax Special Revenue funds. A budgetary comparison statement has been provided for the General fund as part of the basic financial statements.

***Proprietary funds.*** The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility (water and sewer), and solid waste operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its group health insurance, general liability insurance programs and fleet replacement activities. All of these programs are predominantly governmental activities; however as they benefit both governmental and business-like activities, current year results have been allocated by function in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility and Solid Waste funds since both are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

***Notes to the Basic Financial Statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

***Other Information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension

benefits to its employees. Required supplementary information immediately follows the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Included as well are schedules of revenues and expenditures for the general fund. In addition, a schedule of operating revenues and expenses for the Utility and Solid Waste funds is included.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government’s financial position. In the case of the City of Duncanville, assets exceeded liabilities by \$52 million as of September 30, 2004.

**City of Duncanville's Net Assets**

	<b>Governmental</b>		<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>		
	<b>FY 2004</b>	<b>FY 2004</b>	<b>Total</b>	<b>FY 2003</b>
Current and other assets	\$ 15,248,355	\$ 4,970,981	\$ 20,219,336	\$ 19,528,509
Capital assets	<u>35,586,943</u>	<u>25,626,492</u>	<u>61,213,435</u>	<u>60,316,485</u>
<b>Total assets</b>	<u>50,835,298</u>	<u>30,597,473</u>	<u>81,432,771</u>	<u>79,844,994</u>
Current liabilities	1,684,712	1,285,601	2,970,313	2,215,548
Noncurrent liabilities	<u>22,408,049</u>	<u>4,041,399</u>	<u>26,449,448</u>	<u>29,384,266</u>
<b>Total liabilities</b>	<u>24,092,761</u>	<u>5,327,000</u>	<u>29,419,761</u>	<u>31,599,814</u>
Invested in capital assets, net of related debt	15,722,124	23,352,304	39,074,428	40,185,069
Restricted net assets	451,812	-	451,812	692,896
Unrestricted net assets	<u>10,568,601</u>	<u>1,918,169</u>	<u>12,486,770</u>	<u>7,367,215</u>
<b>Total net assets</b>	<u>\$ 26,742,537</u>	<u>\$ 25,270,473</u>	<u>\$ 52,013,010</u>	<u>\$ 48,245,180</u>

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

An additional portion of the City’s net assets represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$12.5 million may be used to meet the government’s ongoing obligation to citizens and creditors.

*Analysis of the City's Operations*—The following table provides a summary of the City's operations for the year ended September 30, 2004.

**City of Duncanville's Changes in Net Assets**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>2003</b>
	<b>2004</b>	<b>2004</b>		
Revenues:				
Program revenues:				
Charges for services	\$ 3,708,453	\$ 11,583,332	\$ 15,291,785	\$ 14,934,694
Operating grants and contributions	233,729	-	233,729	234,511
Capital grants and contributions	1,066,945	514,984	1,581,929	441,462
General revenues:				
Ad valorem taxes	11,476,537	-	11,476,537	11,055,022
Gross receipts taxes	1,852,614	-	1,852,614	2,056,464
Sales taxes	4,866,493	-	4,866,493	4,749,336
Hotel taxes	252,608	-	252,608	162,145
Investment income	190,079	76,900	266,979	280,422
Miscellaneous	938,256	-	938,256	724,682
Total revenues	<u>24,585,714</u>	<u>12,175,216</u>	<u>36,760,930</u>	<u>34,638,738</u>
Expenses:				
General government	1,815,776	-	1,815,776	1,805,370
Finance	1,017,176	-	1,017,176	942,631
Community services	3,122,149	-	3,122,149	3,236,439
Police	6,958,226	-	6,958,226	6,113,841
Public works	3,749,228	-	3,749,228	3,595,016
Fire	4,501,238	-	4,501,238	4,664,195
Interest and fiscal charges	883,919	-	883,919	1,086,274
Water and sewer	-	8,911,621	8,911,621	9,315,253
Solid waste	-	1,793,330	1,793,330	1,725,261
Total expenses	<u>22,047,712</u>	<u>10,704,951</u>	<u>32,752,663</u>	<u>32,484,280</u>
Increase in net assets before transfers	2,538,002	1,470,265	4,008,267	2,154,458
Transfers	<u>1,105,768</u>	<u>(1,105,768)</u>	<u>-</u>	<u>-</u>
Increase/ (decrease) in net assets	3,643,770	364,497	4,008,267	2,154,458
Net assets—October 1, 2003	<u>23,098,767</u>	<u>24,905,976</u>	<u>48,004,743</u>	<u>46,090,722</u>
Net assets—September 30, 2004	<u>\$ 26,742,537</u>	<u>\$ 25,270,473</u>	<u>\$ 52,013,010</u>	<u>\$ 48,245,180</u>

## Financial Analysis of the City's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10.3 million. Approximately 94.7% of this total amount constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been committed to pay for prepaid expenses of \$26,969 and debt service of \$517,460. The fund balance for all governmental funds decreased by \$21,909 over the previous fiscal year.

In the General Fund, the original budget projected a \$875 increase in fund balance this fiscal year. This was changed to an increase of \$497,188 with the final amended budget. Differences between the original and final amended budget were relatively minor. The environment in which this budget came together was one of declining local and national economic conditions but by having conservative increases in planned expenditures for providing City services, there was no increase in the property tax rate. Due to higher than projected actual revenue from sales taxes, fines and forfeitures and other revenue sources, as well as personnel service savings in nearly all expenditure functions, fund balance increased in the General Fund by \$1.2 million, a positive variance with the final amended budget of \$747,432.

The Debt Service fund had a decrease in fund balance of \$238,315 for the fiscal year ended September 30, 2004, which was as planned in order to take advantage of the beginning fund balance of \$755,775. The Street Construction capital project fund had a decrease in fund balance of \$279,337, which was as a result of expending bond proceeds of prior years.

Proprietary funds. The City's proprietary fund statements provide detail on the City's individual business-like activities and additionally report the financial results of the internal service funds which have been consolidated in the government-wide statements.

The Utility enterprise fund recorded a \$706,732 increase in net assets and the Solid Waste fund net assets decreased by \$228,875 during this fiscal year. The City introduced a new "inverted block" rate structure in FY 2002-03, which was meant to be revenue neutral based on same consumption. Capital contributions of \$514,984 because of donated water and wastewater lines accounted for a major portion of the increase in net assets in the Utility fund. There were no rate increases for solid waste services also during the year. However, our collection contract with Duncan Disposal and our landfill contract with Waste Management both have annual escalation clauses based on the local Consumer Price Index. Both of these factors resulted in a decrease in net assets in the Solid Waste fund for this fiscal year.

### Capital Assets

Governmental Accounting Standards Board (GASB) Statement 34 allows governments to implement infrastructure reporting for major networks and subsystems in phases prior to the fiscal year ending after June 15, 2006. In the prior fiscal year, we had capitalized Parks and recreation infrastructure assets. All other infrastructure assets will be inventoried and reported in subsequent fiscal years.

At the end of fiscal year 2004, the City had over \$61 million invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, and water and sewer lines. This amount represents a net increase of \$2.32 million or 3.93 percent over the restated amounts for the prior fiscal year.

**City of Duncanville's Capital Assets  
(Net of Depreciation, in Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2004</b>	<b>2003 As restated</b>	<b>2004</b>	<b>2003 As restated</b>	<b>2004</b>	<b>2003</b>
Land	\$ 18,920	\$ 18,920	\$ 89	\$ 89	\$ 19,009	\$ 19,009
Construction in progress	1,667	1,822	501	190	2,168	2,012
Buildings	4,841	4,976	2,886	2,802	7,727	7,778
Infrastructure Improvements	6,238	3,753	17,708	17,153	23,946	20,906
Equipment	1,350	1,453	28	29	1,378	1,482
Water rights	2,570	3,085	380	494	2,950	3,579
	-	-	4,034	4,130	4,034	4,130
<b>Totals</b>	<b>\$ 35,586</b>	<b>\$ 34,009</b>	<b>\$ 25,626</b>	<b>\$ 24,887</b>	<b>\$ 61,212</b>	<b>\$ 58,896</b>

Major capital asset events during the current fiscal year include the following:

- Nearly \$2.4 million was expended for streets and alley projects including various projects that are not completed.
- Improvements are in progress for the parks and recreation system total \$1.039 million.
- Current year outlays for the water and sewer system were \$1.2 million and \$593,846 of infrastructure was put into service.
- Drainage projects were completed for \$462,900.
- Vehicle replacements during the year were over \$298,825 including five new trucks and a backhoe.
- Our North Main water tank was renovated at a cost of \$177,243.

**Debt Administration**

At year-end, the City had \$25.7 million in bonded debt outstanding. The entire amount comprised of bonded debt backed by the full faith and credit of the City.

**City of Duncanville's Outstanding Debt  
General Obligation Bonds and Certificates of obligation (in Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
GO & CO	\$ 19,748	\$ 21,619	\$ -	\$ -	\$ 19,748	\$ 21,619
Tax and Water/Wastewater Surplus Revenue bonds	-	-	3,985	4,100	3,985	4,100
<b>Totals</b>	<b>\$ 19,748</b>	<b>\$ 21,619</b>	<b>\$ 3,985</b>	<b>\$ 4,100</b>	<b>\$ 23,733</b>	<b>\$ 25,719</b>

The City's general obligation bonds have been assigned the rating of "A2" by Moody's Investors Service and "A+" by the Standard & Poor's Ratings Group for these most recent issues. Several of the City's bonds are insured thus holding a Triple A credit rating from both agencies.

Additional information on the City's long-term bonded debt can be found in the footnotes to the basic financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

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. However, City management maintains an optimistic outlook despite the recent economic slowdown being experienced nationally as well as locally.

In the 2004-05 budget, General Fund revenues and transfers in are budgeted to decrease by 1.03% from the FY 2003-04 actual revenues with general property taxes making up about 47.12% of the total. Ad valorem tax revenue is determined by two major factors: the total assessed property value established by the Dallas Central Appraisal District and the tax rate set by City Council. Certified assessed valuations increased 3.23% over the preceding year while the City tax rate was set at the same rate for the seventh year in a row, \$.7180 per \$100 of assessed valuation. Despite no increase in the tax rate for the eleventh year in a row, an additional \$360,000 in property tax revenue is estimated for FY 2004-05 due to the increase in assessed property values.

This budget maintains current service levels and adds back the street maintenance items that were cut last year. Pay plan adjustments include up to a four percent merit increase for non-civil service employees and a three percent across the board increase for the civil service step plans. Other benefit related increases were 5.5% in TMRS and a staggering 32% increase in health insurance. Despite these employee benefit related costs, we were still able to produce a budget that maintains the \$.718 tax rate. This will be the twelfth year in a row without a tax rate increase.

Despite the loss of two of our top sales taxpayers, sales taxes appear to be on the rebound. The vote to allow beer and wine sales in September of 2003 continues to show positive effects for the local economy as commercial property sales are occurring and new construction is at a ten year high. The addition of Pappadeaux's and Main Station coupled with the expansion of Texwood Industries and Deford's bode well for the future sales tax growth. The I-20 corridor should see new growth with the completion of the service roads and the Hilton Garden Inn.

### **Contacting the City's Financial Management**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Assistant Director of Finance, at P. O. Box 380280, Duncanville, Texas 75138-0280, call (972)780-4997 or e-mail at [pvarghese@ci.duncanville.tx.us](mailto:pvarghese@ci.duncanville.tx.us).



**Duncanville**  
*City of Champions*

# **BASIC FINANCIAL STATEMENTS**

CITY OF DUNCANVILLE, TEXAS

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Cash and investments	\$ 10,816,740	\$ 1,075,885	\$ 11,892,625	\$ 903,699
Receivables (net of allowance for uncollectibles)	3,747,434	1,751,018	5,498,452	286,424
Accrued interest	50,711	6,509	57,220	3,295
Prepaid items	26,969	14,815	41,784	7,348
Restricted cash and investments	-	2,116,310	2,116,310	620,000
Internal balances	113,360	(113,360)	-	-
Investment in joint ventures	388,052	-	388,052	578,740
Capital assets:				
Land, and construction in progress	20,587,005	590,048	21,177,053	3,518,455
Other capital assets (net of depreciation)	14,999,938	25,036,444	40,036,382	13,580,010
Bond issue costs & deferred charges	105,089	119,804	224,893	-
<b>Total Assets</b>	<b>50,835,298</b>	<b>30,597,473</b>	<b>81,432,771</b>	<b>19,497,971</b>
<b>LIABILITIES:</b>				
Accounts payable	438,613	710,300	1,148,913	4,268
Contracts payable	56,560	-	56,560	-
Accrued liabilities	739,769	30,691	770,460	100,365
Accrued interest payable	65,648	19,308	84,956	-
Deferred revenue	281,425	-	281,425	-
Customer performance and escrow deposits	102,697	525,302	627,999	620,000
Long-term liabilities:				
Due within one year:				
Bonds and certificates of obligation payable	2,255,000	120,000	2,375,000	545,000
Compensated absences	105,935	-	105,935	-
Due in more than one year:				
Bonds and certificates of obligation payable	17,493,146	3,865,000	21,358,146	11,080,000
Compensated absences	2,553,968	56,399	2,610,367	-
<b>Total Liabilities</b>	<b>24,092,761</b>	<b>5,327,000</b>	<b>29,419,761</b>	<b>12,349,633</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	15,722,124	23,352,304	39,074,428	5,473,465
Restricted for:				
Debt service	451,812	-	451,812	-
Economic development	-	-	-	1,674,873
Unrestricted	10,568,601	1,918,169	12,486,770	-
<b>Total Net Assets</b>	<b>\$ 26,742,537</b>	<b>\$ 25,270,473</b>	<b>\$ 52,013,010</b>	<b>\$ 7,148,338</b>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<b>PROGRAM ACTIVITIES</b>	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 1,815,776	\$ -	\$ -	-
Finance	1,017,176	-	-	-
Community services	3,122,149	302,938	152,807	-
Police	6,958,226	1,771,488	37,473	-
Public works	3,749,228	998,585	21,108	1,066,945
Fire	4,501,238	635,442	22,341	-
Interest and fiscal charges	883,919	-	-	-
Total governmental activities	<u>22,047,712</u>	<u>3,708,453</u>	<u>233,729</u>	<u>1,066,945</u>
<b>Business-type activities:</b>				
Water	4,656,225	5,434,700	-	514,984
Sewer	4,255,396	4,487,516	-	-
Solid waste	1,793,330	1,661,116	-	-
Total business-type activities	<u>10,704,951</u>	<u>11,583,332</u>	<u>-</u>	<u>514,984</u>
Total government	\$ <u>32,752,663</u>	\$ <u>15,291,785</u>	\$ <u>233,729</u>	\$ <u>1,581,929</u>
<b>Component unit:</b>				
DCEDC	\$ <u>1,628,112</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:  
Taxes:  
Ad valorem  
Sales  
Franchise  
Hotel occupancy  
Earnings on investments  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net assets  
Net assets-beginning  
Prior period adjustments  
Net assets-beginning, as restated  
Net assets-ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Governmental activities	Business-Type Activities	Total	Component Unit
\$ (1,815,776)	\$ -	\$ (1,815,776)	
(1,017,176)	-	(1,017,176)	
(2,666,404)	-	(2,666,404)	
(5,149,265)	-	(5,149,265)	
(1,662,590)	-	(1,662,590)	
(3,843,455)	-	(3,843,455)	
(883,919)	-	(883,919)	
<u>(17,038,585)</u>	<u>-</u>	<u>(17,038,585)</u>	
-	1,293,459	1,293,459	
-	232,120	232,120	
-	(132,214)	(132,214)	
<u>-</u>	<u>1,393,365</u>	<u>1,393,365</u>	
<u>(17,038,585)</u>	<u>1,393,365</u>	<u>(15,645,220)</u>	
-	-	-	\$ <u>(1,628,112)</u>
11,476,537	-	11,476,537	-
4,866,493	-	4,866,493	1,626,164
1,852,614	-	1,852,614	-
252,608	-	252,608	-
190,079	76,900	266,979	17,288
938,256	-	938,256	804,407
1,105,768	(1,105,768)	-	-
<u>20,682,355</u>	<u>(1,028,868)</u>	<u>19,653,487</u>	<u>2,447,859</u>
3,643,770	364,497	4,008,267	819,747
23,746,557	24,562,741	48,309,298	6,165,575
(647,790)	343,235	(304,555)	163,016
<u>23,098,767</u>	<u>24,905,976</u>	<u>48,004,743</u>	<u>6,328,591</u>
<u>\$ 26,742,537</u>	<u>\$ 25,270,473</u>	<u>\$ 52,013,010</u>	<u>\$ 7,148,338</u>

CITY OF DUNCANVILLE, TEXAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

	General	Debt Service	Street Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and investments	\$ 4,459,076	\$ 498,599	\$ 2,349,680	\$ 1,425,383	\$ 8,732,738
Receivables -					
Property taxes (net of allowance of \$458,170)	261,209	122,415	-	-	383,624
Trade accounts (net of allowance of \$668,023)	1,802,287	-	-	129,633	1,931,920
Other taxes	1,237,015	-	-	69,875	1,306,890
Assessments	-	-	72,338	-	72,338
Intergovernmental	44,466	-	-	8,196	52,662
Accrued interest and other	23,196	9,825	7,981	-	41,002
Prepaid items	24,719	-	-	2,250	26,969
Total assets	<u>\$ 7,851,968</u>	<u>\$ 630,839</u>	<u>\$ 2,429,999</u>	<u>\$ 1,635,337</u>	<u>\$ 12,548,143</u>
<b>LIABILITIES, EQUITY &amp; OTHER CREDITS</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 400,999	\$ -	\$ -	\$ 31,563	\$ 432,562
Customer performance and escrow deposits	102,697	-	-	-	102,697
Contracts payable	-	-	55,586	974	56,560
Accrued liabilities	310,596	-	-	16,491	327,087
Deferred revenue	<u>1,104,401</u>	<u>113,379</u>	<u>72,338</u>	<u>55,173</u>	<u>1,345,291</u>
Total liabilities	<u>1,918,693</u>	<u>113,379</u>	<u>127,924</u>	<u>104,201</u>	<u>2,264,197</u>
<b>EQUITY &amp; OTHER CREDITS:</b>					
Fund balances-					
Reserved for prepaid items	24,719	-	-	2,250	26,969
Reserved for debt service	-	517,460	-	-	517,460
Unreserved, reported in:					
General fund	5,908,556	-	-	-	5,908,556
Special revenue funds	-	-	-	756,355	756,355
Capital project funds	-	-	<u>2,302,075</u>	<u>772,531</u>	<u>3,074,606</u>
Total equity & other credits	<u>5,933,275</u>	<u>517,460</u>	<u>2,302,075</u>	<u>1,531,136</u>	<u>10,283,946</u>
Total liabilities, equity & other credits	<u>\$ 7,851,968</u>	<u>\$ 630,839</u>	<u>\$ 2,429,999</u>	<u>\$ 1,635,337</u>	<u>\$ 12,548,143</u>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004

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Total fund balance- total governmental funds		\$ 10,283,946
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		34,773,840
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,345,291
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.		(65,648)
Internal service funds are used by management to charge the cost of certain activities, such as health, liability and workers comp insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets (net of amount allocated to business-type activities of \$113,360)		2,997,360
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
General obligation bonds payable	(13,697,839)	
Certificates of obligation	(6,050,307)	
Less issuance costs (to be amortized as interest expense)	105,089	
Compensated absences	(2,659,903)	
Arbitrage rebate	(7,867)	
Unearned revenue	<u>(281,425)</u>	<u>(22,592,252)</u>
Net assets of governmental activities		\$ <u><u>26,742,537</u></u>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General	Debt Service	Street Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes-					
Ad valorem	\$ 9,209,705	\$ 2,310,961	\$ -	\$ -	\$ 11,520,666
Sales	4,866,493	-	-	-	4,866,493
Franchise	1,852,614	-	-	-	1,852,614
Hotel	-	-	-	252,608	252,608
Licenses, permits and fees	1,306,737	-	-	410,534	1,717,271
Fines and forfeitures	1,090,081	-	-	54,978	1,145,059
Recreation fees	178,262	-	-	103,748	282,010
Intergovernmental	298,342	-	-	233,729	532,071
Investment income	100,691	17,394	32,636	15,753	166,474
Rental and other	358,364	-	2,964	110,564	471,892
Total revenues	<u>19,261,289</u>	<u>2,328,355</u>	<u>35,600</u>	<u>1,181,914</u>	<u>22,807,158</u>
<b>EXPENDITURES:</b>					
Current-					
General government	1,073,773	-	-	164,365	1,238,138
Finance	980,758	-	-	-	980,758
Community services	2,560,513	-	-	122,714	2,683,227
Police	6,391,613	-	-	63,320	6,454,933
Public works	3,288,540	-	-	187,332	3,475,872
Fire	4,222,834	-	-	37,525	4,260,359
Non-departmental	323,031	-	-	-	323,031
Special purposes - promotional	-	-	-	44,853	44,853
Debt service-					
Principal retirement	-	2,185,000	-	-	2,185,000
Interest and fiscal charges	-	585,460	-	-	585,460
Capital outlay	-	-	314,937	1,138,267	1,453,204
Total expenditures	<u>18,841,062</u>	<u>2,770,460</u>	<u>314,937</u>	<u>1,758,376</u>	<u>23,684,835</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>420,227</u>	<u>(442,105)</u>	<u>(279,337)</u>	<u>(576,462)</u>	<u>(877,677)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,027,470	203,790	-	47,371	1,278,631
Transfers out	(203,077)	-	-	(219,786)	(422,863)
Total other financing sources (uses)	<u>824,393</u>	<u>203,790</u>	<u>-</u>	<u>(172,415)</u>	<u>855,768</u>
Net change in fund balances	1,244,620	(238,315)	(279,337)	(748,877)	(21,909)
FUND BALANCES, beginning of year	<u>4,688,655</u>	<u>755,775</u>	<u>2,581,412</u>	<u>2,280,013</u>	<u>10,305,855</u>
FUND BALANCES, end of year	<u>\$ 5,933,275</u>	<u>\$ 517,460</u>	<u>\$ 2,302,075</u>	<u>\$ 1,531,136</u>	<u>\$ 10,283,946</u>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2004

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Net change in fund balances- total governmental funds \$ (21,909)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 1,110,410

The net effect of various transactions involving capital assets (ie., sales, trade ins, and contributions) is to increase net assets. 1,066,945

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (733,839)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The details of this amount are as follows:

Debt issued:		
Principal repayments:		
General obligation and CO debt	2,185,000	
Other long-term debt transactions	<u>236,630</u>	2,421,630

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 70,357

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. (323,478)

Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period. 2,769

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities of \$113,360). 50,885

Change in net assets of governmental activities \$ 3,643,770

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes-				
Ad valorem	\$ 9,087,924	\$ 9,158,798	\$ 9,209,705	\$ 50,907
Sales	4,086,459	4,884,799	4,866,493	(18,306)
Franchise	1,904,361	1,880,030	1,852,614	(27,416)
Licenses, Permits and fees	1,198,275	1,282,738	1,306,737	23,999
Fines and forfeitures	670,025	987,415	1,090,081	102,666
Recreation fees	198,920	198,920	178,262	(20,658)
Intergovernmental	258,057	258,057	298,342	40,285
Investment income	90,000	84,561	100,691	16,130
Rental and other	304,286	344,209	358,364	14,155
	<u>17,798,307</u>	<u>19,079,527</u>	<u>19,261,289</u>	<u>181,762</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Current:				
General government	1,062,468	1,076,676	1,073,773	2,903
Finance	998,635	1,000,383	980,758	19,625
Community services	2,642,427	2,686,139	2,560,513	125,626
Police	6,533,193	6,578,672	6,391,613	187,059
Public works	3,191,966	3,435,744	3,288,540	147,204
Fire	4,251,998	4,281,960	4,222,834	59,126
Non-departmental	159,626	350,233	323,031	27,202
	<u>18,840,313</u>	<u>19,409,807</u>	<u>18,841,062</u>	<u>568,745</u>
<b>TOTAL EXPENDITURES</b>				
<b>(DEFECIENCY)/EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(1,042,006)</u>	<u>(330,280)</u>	<u>420,227</u>	<u>750,507</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,042,881	1,027,468	1,027,470	2
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(203,077)</u>	<u>(3,077)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,042,881</u>	<u>827,468</u>	<u>824,393</u>	<u>(3,075)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>875</u>	<u>497,188</u>	<u>1,244,620</u>	<u>747,432</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>4,688,655</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 5,933,275</u>	

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2004

	Utility	Solid Waste	Total	Governmental Activities- Internal Service Funds
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 1,034,026	\$ 41,859	\$ 1,075,885	\$ 2,084,002
Receivables-				
Customers (net of allowance of \$439,675)	363,571	263,536	627,107	-
Unbilled	988,623	135,288	1,123,911	-
Accrued interest and other	6,509	-	6,509	9,709
Prepaid items	14,815	-	14,815	-
Total current assets	<u>2,407,544</u>	<u>440,683</u>	<u>2,848,227</u>	<u>2,093,711</u>
Noncurrent assets:				
Restricted assets-				
Customer deposits	525,302	-	525,302	-
Cash and investments for construction	1,591,008	-	1,591,008	-
Capital assets-				
Land and construction-in-progress	590,048	-	590,048	-
Water rights, net	4,033,984	-	4,033,984	-
Buildings and improvements, net	2,914,417	-	2,914,417	-
Distribution lines and Equipment, net	18,085,945	2,098	18,088,043	1,201,158
Bond issue costs	119,804	-	119,804	-
Total noncurrent assets	<u>27,860,508</u>	<u>2,098</u>	<u>27,862,606</u>	<u>1,201,158</u>
Total assets	<u>30,268,052</u>	<u>442,781</u>	<u>30,710,833</u>	<u>3,294,869</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	587,526	122,774	710,300	6,021
Accrued liabilities	28,915	1,776	30,691	404,815
Accrued interest payable	19,308	-	19,308	-
Total current liabilities	<u>635,749</u>	<u>124,550</u>	<u>760,299</u>	<u>410,836</u>
Noncurrent liabilities:				
Payable from restricted assets				
Customer deposits	525,302	-	525,302	-
Due within one year-				
Bonds payable	120,000	-	120,000	-
Due in more than one year-				
Accrued compensated absences	55,266	1,133	56,399	-
Bonds payable	3,865,000	-	3,865,000	-
Total noncurrent liabilities	<u>4,565,568</u>	<u>1,133</u>	<u>4,566,701</u>	<u>-</u>
Total Liabilities	<u>5,201,317</u>	<u>125,683</u>	<u>5,327,000</u>	<u>410,836</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	23,350,206	2,098	23,352,304	-
Unrestricted	1,716,529	315,000	2,031,529	2,884,033
Total net assets	<u>\$ 25,066,735</u>	<u>\$ 317,098</u>	<u>25,383,833</u>	<u>\$ 2,884,033</u>

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the consolidation of internal service funds  
 activities related to enterprise funds

(113,360)  
\$ 25,270,473

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Utility	Solid Waste	Total	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>				
Water	\$ 5,355,308	\$ -	\$ 5,355,308	\$ -
Sewer	4,421,961	-	4,421,961	-
Solid waste	-	1,661,116	1,661,116	-
Penalties	56,146	-	56,146	-
Premiums, charges for services and other	88,801	-	88,801	2,928,459
Total operating revenues	<u>9,922,216</u>	<u>1,661,116</u>	<u>11,583,332</u>	<u>2,928,459</u>
<b>OPERATING EXPENSES</b>				
Water services	3,612,731	-	3,612,731	-
Sewer	3,303,576	-	3,303,576	-
Solid waste	-	1,792,235	1,792,235	-
Claims and provision	-	-	-	2,132,850
Administrative and fiscal	843,063	-	843,063	588,629
Depreciation & amortization	881,465	1,095	882,560	543,060
Total operating expenses	<u>8,640,835</u>	<u>1,793,330</u>	<u>10,434,165</u>	<u>3,264,539</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,281,381</u>	<u>(132,214)</u>	<u>1,149,167</u>	<u>(336,080)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	35,957	40,943	76,900	23,605
Interest and fiscal charges	<u>(157,426)</u>	<u>-</u>	<u>(157,426)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(121,469)</u>	<u>40,943</u>	<u>(80,526)</u>	<u>23,605</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND</b>	1,159,912	(91,271)	1,068,641	(312,475)
Capital contributions	514,984	-	514,984	-
Transfers in	-	-	-	250,000
Transfers out	<u>(968,164)</u>	<u>(137,604)</u>	<u>(1,105,768)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	706,732	(228,875)	477,857	(62,475)
<b>TOTAL NET ASSETS -BEGINNING</b>	24,360,003	202,738	-	2,946,508
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>-</u>	<u>343,235</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS-BEGINNING AS RESTATED</b>	24,360,003	545,973	-	2,946,508
<b>TOTAL NET ASSETS-ENDING</b>	<u>\$ 25,066,735</u>	<u>\$ 317,098</u>	<u>\$ -</u>	<u>\$ 2,884,033</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>(113,360)</u>	
Change in net assets of business-type activities			<u>\$ 364,497</u>	

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2004

	Utility Fund	Solid Waste Fund	Total	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 9,983,439	\$ 1,532,982	\$ 11,516,421	\$ 589,601
Payments to suppliers	(6,099,639)	(1,795,056)	(7,894,695)	(2,655,952)
Payments to employees	(1,569,987)	(65,957)	(1,635,944)	-
Internal activity-receipts from other funds	-	-	-	2,013,552
Other receipts	88,801	-	88,801	372,417
Net cash provided by (used in) operating activities	<u>2,402,614</u>	<u>(328,031)</u>	<u>2,074,583</u>	<u>319,618</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in from other funds	-	-	-	250,000
Transfers to other funds	(968,164)	(137,604)	(1,105,768)	-
Net cash used in noncapital financing activities	<u>(968,164)</u>	<u>(137,604)</u>	<u>(1,105,768)</u>	<u>250,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(1,080,419)	-	(1,080,419)	(298,825)
Sale of landfill	-	355,781	355,781	-
Principal paid on bond maturities	(115,000)	-	(115,000)	-
Interest paid on bond obligations and fiscal charges	(158,182)	-	(158,182)	-
Bond issuance costs paid	(301)	-	(301)	-
Net cash used in capital and related financing activities	<u>(1,353,902)</u>	<u>355,781</u>	<u>(997,820)</u>	<u>(298,825)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	33,324	40,943	74,267	23,605
Net cash provided by investing activities	<u>33,324</u>	<u>40,943</u>	<u>74,267</u>	<u>23,605</u>
<b>NET (DECREASE) IN CASH AND INVESTMENTS</b>	113,872	(68,911)	44,961	294,398
<b>CASH AND INVESTMENTS, beginning of year</b>	<u>3,036,464</u>	<u>110,770</u>	<u>3,147,234</u>	<u>1,789,604</u>
<b>CASH AND INVESTMENTS, end of year</b>	<u>\$ 3,150,336</u>	<u>\$ 41,859</u>	<u>\$ 3,192,195</u>	<u>\$ 2,084,002</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income	\$ 1,281,381	\$ (132,214)	\$ 1,149,167	\$ (336,080)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities-				
Depreciation	752,777	1,095	753,872	543,060
Amortization of water rights	96,047	-	96,047	-
Change in assets and liabilities:				
Accounts receivable	140,659	(128,134)	12,525	47,111
Accrued compensated absences	4,931	145	5,076	-
Prepaid items	(14,520)	-	(14,520)	-
Accounts payable and accrued liabilities	131,974	(58,923)	73,051	65,527
Landfill closure payable	-	(10,000)	(10,000)	-
Customer deposits	9,365	-	9,365	-
Total adjustments	<u>1,121,233</u>	<u>(195,817)</u>	<u>925,416</u>	<u>655,698</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 2,402,614</u>	<u>\$ (328,031)</u>	<u>\$ 2,074,583</u>	<u>\$ 319,618</u>
<b>NONCASH CAPITAL ACTIVITIES:</b>				
Contribution of capital assets from developers	\$ 514,984	\$ -	\$ 514,984	\$ -
Total noncash capital activities	<u>\$ 514,984</u>	<u>\$ -</u>	<u>\$ 514,984</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**City of Duncanville, Texas**

**Notes to Basic Financial Statements  
September 30, 2004**

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Notes to Basic Financial Statements  
September 30, 2004

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The City of Duncanville, Texas (the "City") was incorporated on August 2, 1947. It has been a home rule charter city since May 5, 1962, pursuant to Article XI, Section 5 of the State Constitution. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: community services, police, fire and public works.

The financial statements of the City have been prepared to conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The more significant accounting and reporting policies and practices used by the City are described below:

**Reporting Entity**—The City is a municipal corporation governed by an elected mayor and six-member Council. Five Council Members are elected from single-member districts with the Mayor and one Council Member elected at large. As required by GAAP, these financial statements present the City (the primary government) and its component unit the Duncanville Community and Economic Development Corporation ("DCEDC"), entities for which the City is considered to be financially accountable.

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 member Board of Directors appointed by the City Council. Each of the directors should be a resident of the City. No more than four 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. The DCEDC also provides services directly to the citizens of Duncanville. 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.

**Government-Wide Financial Statements**—The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the reporting entity. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The effect of interfund activity has been removed from these statements. Governmental activities, which are partially supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. This statement also demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and

Notes to Basic Financial Statements  
September 30, 2004

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(2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**—Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are aggregated and presented in a single column. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Duncanville, like other local governments, uses fund accounting to aid financial management and demonstrate legal compliance.

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

The City of Duncanville maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, and Street Construction funds, which are considered to be major funds. A budgetary comparison statement has also been provided for the general fund, special revenue funds which are annually budgeted and the debt service fund which is budgeted annually. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are maintained for enterprise and internal service operations of the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Utility and the Solid Waste funds are considered to be major enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health claims, general liability operations and fleet and capital replacement. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Measurement Focus and Basis of Accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the fiscal year-end except investment income which is recorded as earned. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, accrued interest on long-term debt, as well as expenditures related to compensated absences are recorded only when the payment is due.

Those revenues susceptible to accrual in governmental funds are ad valorem taxes, franchise taxes, sales taxes, interest earned, certain charges for services and intergovernmental revenues, if such revenues are both measurable and available as previously defined. Licenses and permits and municipal court fines are recognized when payment is received. The deferred revenues

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account is utilized in governmental funds to record earned amounts which are unavailable to liquidate liabilities of the current period (i.e., not collectible within 60 days).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and other proprietary operations are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

The City of Duncanville reports the following major governmental funds:

- The General fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Debt Service fund accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest. The resources for this fund are generated by a tax levy based upon property values. Payments for principal and interest are made from this fund for the general obligation bonds, certificates of obligation bonds, and contractual obligation debt when due through-out the year.
- The Street Construction fund is a capital project fund that is used to account for the construction of major thoroughfares and petition paving projects.

The City of Duncanville reports the following major proprietary funds:

- The Utility enterprise fund is used to account for the rendering of water and sewer services to the residents and businesses 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.
- The Solid Waste enterprise fund is used to account for the rendering of sanitation services to the residents and businesses 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.

**Encumbrances**—An encumbrance system is maintained in governmental funds to account for commitments resulting from approved purchase orders, contracts, or other forms of legal commitments. 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.

**Pooled Cash and Investments**—Cash balances of all City funds are pooled into one bank account in order to maximize investment opportunities. Negative balances, if applicable, incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investments purchased with pooled cash are classified as pooled cash and investments in the accompanying balance sheet and statement of net assets. Earnings from these investments are allocated monthly to each fund based on each fund's relative month-end cash and investment balance. Investments are recorded at cost, and at fiscal year-end investments with maturity greater than one year are reflected at fair value on the accompanying balance sheet and statement of net assets.

The relationship of an individual fund to the pooled cash and investments account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore all equity which the fund has in the pooled cash and investments account is highly liquid. For the purpose of the accompanying statement of cash flows, the City has chosen to reconcile to "pooled cash and investments," as all investments of the funds are regarded as cash equivalents.

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**Interfund Receivables and Payables**—Short-term amounts owed between funds are classified as “Due to/from other funds” in the fund financial statements. On the government-wide statement of net assets, payables and receivables within governmental and business-type activities are eliminated and balances between these activities are reported on a single line entitled “internal balances”.

**Prepaid Items**—Payments made to vendors for services that will benefit periods beyond September 30, 2004, are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for on the consumption basis in governmental funds.

**Capital Assets**—Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized for business-type activity assets during the construction period as such amounts are not material.

Assets capitalized have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	25 to 50 years
Infrastructure/improvements	15 to 50 years
Equipment	5 to 20 years
Water rights	50 years

**Estimated Claims Payable**—Property, general liability, and workers’ compensation insurance coverage is accounted for in the Comprehensive Self Insurance Fund, an internal service fund. At year-end, the estimated settlement value of claims reported and of claims incurred but not reported in excess of liability insurance limits is classified as estimated claims payable. Group health insurance is accounted for in the Medical Self-Insurance Fund, an internal service fund. At year-end, an estimate of unpaid claims that were incurred prior to September 30, 2004, is accrued based on past claims experience.

**Accrued Compensated Absences**—City employees earn vacation and sick leave based on length of service. Full-time employees earn vacation leave as outlined below:

Hire	6.66 hours per month	Maximum 160 hours balance
4 yrs of continuous employment	10.0 hours per month	Maximum 240 hours balance
9 yrs of continuous employment	13.32 hours per month	Maximum 320 hours balance

Employees reaching the maximum vacation hour balance shall cease to accrue time until the balance has been reduced below the maximum. Full-time employees receive 32 hours of Bonus Vacation if the employee uses no sick leave during his/her anniversary year. Full-time employees receive 16 hours of Bonus Vacation if the employee uses eight (8) or less hours of sick leave during his/her anniversary year. Full-time employees using more than eight (8) hours of sick leave during his/her anniversary year are not eligible to receive bonus vacation. Any employee leaving the City in good standing is paid for accumulated vacation leave at their current pay rate. 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 measurement of the liability for compensated absences was determined by applying a vesting method approach to accumulated vacation and sick leave balances at fiscal year-end and includes additional salary related payments for Social Security, Medicare and retirement contributions, in accordance with GASB Statement No. 16, Accounting for Compensated Absences. No liability is recorded in the fund

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statements of governmental funds as payment of this liability will not be made with expendable available financial resources. In the government-wide financial statements and proprietary fund statements, the liability for employees with over 20 years of service is recorded as a current liability as these employees are eligible for retirement regardless of their age. The General fund has been the primary funding source for payment of compensated absences to retiring or terminated employees.

**Long-Term Debt**—In the government-wide financial statements, and the fund level proprietary financial statements, long-term debt are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds if material in amount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs as expenditures, during the current period. The face amount of debt issued is recorded as other financing sources. Issuance costs are reported as expenditures in the funds receiving the bond proceeds.

**Implementation of New Accounting Principles**—In fiscal year 2003, the City implemented GASB Statement No. 34 (“GASB 34”), *Basic Financial Statements—Management’s Discussion and Analysis—for State and Local Governments*. GASB 34 creates new basic financial statements for reporting the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type. Non-major funds are presented in one column.

As part of this Statement, there is a new reporting requirement regarding a local government’s infrastructure (streets, bridges, traffic signals, etc.) with required implementation for fiscal years ending after June 15, 2006. The City is in the process of implementing the infrastructure requirements. In FY 2002-03, the City completed an inventory and valuation of Parks and recreation department infrastructure assets which are recorded in the statement of net assets as of September 30, 2004. The City has opted to defer implementing the reporting requirements for the remainder of the infrastructure assets to the following fiscal years.

During FY 2003-04 the City reevaluated the presentation of the Fleet Replacement Fund. This fund which was presented as a Capital Project fund in prior fiscal years has been reported in FY 2003-04 as an Internal Service Fund.

In FY 2003-04, the City sold its’ landfill which was a capital asset that was not reported in previous fiscal years. This resulted in an adjustment to the beginning net assets of the Solid Waste Fund as follows:

	<b>Fleet Replacement Fund</b>	<b>Solid Waste Fund</b>
Fund balance—as originally reported	\$ 1,255,742	\$ 202,738
Fixed assets-net of depreciation	<u>1,445,393</u>	<u>343,235</u>
Net assets— October 1, 2003	<u><u>\$ 2,701,135</u></u>	<u><u>\$ 545,973</u></u>

The value of the investment in joint venture-Regional Dispatch Center at September 30, 2003 was incorrectly reported. This resulted in an adjustment to the beginning net assets of the governmental activities of \$647,790. The value of the investment in Main Station (joint venture) was not reported in FY 2002-03 resulting in a prior-period adjustment of \$163,016 to the net assets of the Component Unit.

Notes to Basic Financial Statements  
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	Governmental activities	Component Unit
Net assets-as originally reported	\$ 23,746,557	\$ 6,165,575
Investment in joint venture adjustment	<u>(647,790)</u>	<u>163,016</u>
Net assets-October 1, 2003	<u>\$ 23,098,767</u>	<u>\$ 6,328,591</u>

**2. DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's and DCEDC's demand deposits were fully collateralized at September 30, 2004, with collateral required by the state statutes. At year-end, the reconciled balance of the City's deposits was (\$414,582) and that of DCEDC was \$942,251. The bank balances of City and DCEDC were \$330,209. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and the remainder by collateral. The collateral is held by the Federal Reserve Bank of Dallas in the City's name under a joint safekeeping agreement with Bank One Texas, N.A.

State statutes, city bond ordinances and city resolutions authorize the City's and DCEDC's investments. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the state of Texas or its agencies, (3) other obligations, the principal on which are unconditionally guaranteed by the state of Texas or the United States or their respective agencies, (4) collateralized certificates of deposit, (5) eligible local government investment pools which are continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service and (6) repurchase agreements, reverse repurchase agreements, bankers acceptances, and commercial paper to the extent that they are contained in the portfolios of approved public funds investment pools in which the City invests. All investments held at September 30, 2004 are categorized in columns 1, 2, 3, as specified by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements* ("GASB No. 3"), which gives an indication of the level of collateral risk assumed by the City at year-end. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Notes to Basic Financial Statements  
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The City's investments at September 30, 2004, are:

<u>Description</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Backed Securities	1	\$ 5,786,199	\$ 5,786,199
Local Government Investment Cooperative ("Logic")	N/A	1,935,567	1,935,567
Money Market Mutual Funds (Federated Investors)	N/A	438,045	438,045
Texpool	N/A	<u>6,263,705</u>	<u>6,263,705</u>
Total Investments		<u>\$ 14,423,516</u>	<u>\$ 14,423,516</u>

As of September 30, 2004, 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	\$ 400,000	\$ 400,000
Local Government Investment Cooperative ("Logic")	N/A	26,537	26,537
Money Market Mutual Funds (Federated Investors)	N/A	62,664	62,664
Texpool	N/A	<u>92,247</u>	<u>92,247</u>
Total Investments		<u>\$ 581,448</u>	<u>\$ 581,448</u>

All investments of the City during the year were in U.S. Treasury Bills, Treasury Notes, agency issues, local government investment pools or money market accounts that are held by the City's agent in the City's name. In accordance with GASB No. 3, the U.S. government securities and agencies have been classified as Category 1 investments according to the aforementioned criteria. Investment pools are organized for public funds investments under state law through the Public Funds Investment Act ("Investment Act") and invest primarily in U.S. government securities, agency issues and repurchase agreements. These pools are required by law to have advisory boards with oversight responsibilities, to be continuously rated by a nationally recognized rating service and to have annual audits by independent auditors. Money market mutual funds are SEC regulated investments with a dollar weighted average stated maturity of 90 days or less that must maintain a \$1 share value. Investment pools and money market mutual funds have not been assigned a risk category since the City is not issued securities, and since they are operated in a manner consistent with the SEC Rule 2a7 of the Investment Company Act of 1940, and the City's positions in the pools are the same as the value of pool shares. The value of investments made by the City with maturities of greater than one year are required to be reported at fair value at year-end in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investments purchased with maturities of one year or less from the date of the purchase are required to be reported at amortized cost. All the City's investments at September 30, 2004 have maturities of less than one year and therefore there is no difference between the carrying amount and fair value.

The Investment Act governs items, such as investment strategies and policies, training for investment officers, reporting requirements and types of investments allowed. The City has adopted an investment policy in compliance with the Investment Act.

Notes to Basic Financial Statements  
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3. AD VALOREM TAXES

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraised value less applicable exemptions authorized by the City Council. Appraised values are established by the Dallas Central Appraisal District at 100% of estimated market value. The assessed value for the tax roll of January 1, 2002, upon which the 2004 fiscal year levy was based, was \$1,581,193,811.

Taxes are due on October 1, immediately following the January 1 lien date and are delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1, and increases each month to 18% on July 1, additional interest accrues at the rate of 1% each month. As of July 1, 20% collection costs may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2004, were 97.9% of the tax levy and total tax collections were 100.3% of the current tax levy.

In Texas, countywide central appraisal districts are required under the Property Tax Code 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 three 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, 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.

The City Charter does not provide for a debt limit; therefore, no computation of legal debt margin can be made. However, at September 30, 2004, the City had a tax margin of \$1.782 for every \$100 of valuation based upon a maximum ad valorem tax rate of \$2.50 for every \$100 of valuation imposed by Texas Constitutional law.

4. RECEIVABLES

Receivables at September 30, 2004 for the government's individual major and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Street Construction	Utility Fund	Solid Waste Fund	Non-Major Funds	Total
Receivables:							
Accounts	\$ 1,599,746	\$ -	\$ -	\$ 1,791,869	\$ 398,824	\$ 129,633	\$ 3,920,072
Ad valorem taxes	602,360	239,434	-	-	-	-	841,794
Other taxes	2,107,579	-	-	-	-	69,875	2,177,454
Assessments	-	-	72,338	-	-	-	72,338
Intergovernmental	44,466	-	-	-	-	8,196	52,662
	<u>4,354,151</u>	<u>239,434</u>	<u>72,338</u>	<u>1,791,869</u>	<u>398,824</u>	<u>207,704</u>	<u>7,064,320</u>
Gross receivables							
Less allowance for uncollectibles	<u>(1,009,174)</u>	<u>(117,019)</u>	<u>-</u>	<u>(439,675)</u>	<u>-</u>	<u>-</u>	<u>(1,565,868)</u>
Net total receivables	<u>\$ 3,344,977</u>	<u>\$ 122,415</u>	<u>\$ 72,338</u>	<u>\$ 1,352,194</u>	<u>\$ 398,824</u>	<u>\$ 207,704</u>	<u>\$ 5,498,452</u>

Notes to Basic Financial Statements  
September 30, 2004

5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2004:

	Beginning Balance, As Originally Reported	Restatement	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>						
Capital assets—not being depreciated:						
Land	\$ 18,920,343	\$ -	\$ 18,920,343	\$ -	\$ -	\$ 18,920,343
Investment in joint venture	1,381,530	(1,381,530)	-	-	-	-
Construction in progress	<u>1,821,712</u>	<u>-</u>	<u>1,821,712</u>	<u>1,142,331</u>	<u>1,297,381</u>	<u>1,666,662</u>
Total capital assets— not being depreciated	<u>22,123,585</u>	<u>(1,381,530)</u>	<u>20,742,055</u>	<u>1,142,331</u>	<u>1,297,381</u>	<u>20,587,005</u>
Capital assets—being depreciated:						
Buildings	6,780,151	-	6,780,151	-	-	6,780,151
Infrastructure	4,408,014	241,231	4,649,245	2,642,752	-	7,291,997
Improvements	2,087,101	-	2,087,101	-	-	2,087,101
Equipment	<u>8,504,496</u>	<u>-</u>	<u>8,504,496</u>	<u>445,882</u>	<u>-</u>	<u>8,950,378</u>
Total capital assets— being depreciated	<u>21,779,762</u>	<u>241,231</u>	<u>22,020,993</u>	<u>3,088,634</u>	<u>-</u>	<u>25,109,627</u>
Less accumulated depreciation for:						
Buildings	1,803,754	-	1,803,754	135,603	-	1,939,357
Infrastructure	896,475	-	896,475	157,094	-	1,053,569
Improvements	634,557	-	634,557	102,274	-	736,831
Equipment	<u>5,138,848</u>	<u>280,212</u>	<u>5,419,060</u>	<u>960,873</u>	<u>-</u>	<u>6,379,933</u>
Total accumulated depreciation	<u>8,473,634</u>	<u>280,212</u>	<u>8,753,846</u>	<u>1,355,843</u>	<u>-</u>	<u>10,109,689</u>
Total capital assets—being depreciated—net	<u>13,306,128</u>	<u>(38,981)</u>	<u>13,267,147</u>	<u>1,732,791</u>	<u>-</u>	<u>14,999,938</u>
<b>Governmental activities capital assets—net</b>	<u>\$ 35,429,713</u>	<u>\$(1,420,511)</u>	<u>\$ 34,009,202</u>	<u>\$ 2,875,122</u>	<u>\$ 1,297,381</u>	<u>\$ 35,586,943</u>

City of Duncanville, Texas

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	Beginning Balance, As Originally Reported	Restatement	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
<b>Business-like activities:</b>						
Capital assets—not being depreciated:						
Land	\$ 89,194	\$ -	\$ 89,194	\$ -	\$ -	\$ 89,194
Construction in progress	190,112	-	190,112	500,854	190,112	500,854
Total capital assets—not being depreciated	<u>279,306</u>	<u>-</u>	<u>279,306</u>	<u>500,854</u>	<u>190,112</u>	<u>590,048</u>
Capital assets—being depreciated:						
Buildings	4,463,728	-	4,463,728	177,243	-	4,640,971
Infrastructure	28,875,711	-	28,875,711	1,140,058	-	30,015,769
Water Rights	4,802,361	-	4,802,361	-	-	4,802,361
Improvements	29,130	-	29,130	-	-	29,130
Equipment	1,339,926	-	1,339,926	-	117,344	1,222,582
Total capital assets—being depreciated	<u>39,510,856</u>	<u>-</u>	<u>39,510,856</u>	<u>1,317,301</u>	<u>117,344</u>	<u>40,710,813</u>
Less accumulated depreciation for:						
Buildings	1,662,219	-	1,662,219	92,381	-	1,754,600
Infrastructure	11,722,627	-	11,722,627	585,460	-	12,308,087
Water Rights	672,330	-	672,330	96,047	-	768,377
Improvements	503	-	503	581	-	1,084
Equipment	845,714	-	845,714	75,450	78,943	842,221
Total accumulated depreciation	<u>14,903,393</u>	<u>-</u>	<u>14,903,393</u>	<u>849,919</u>	<u>78,943</u>	<u>15,674,369</u>
Total capital assets—being depreciated, net	<u>24,607,463</u>	<u>-</u>	<u>24,607,463</u>	<u>467,382</u>	<u>38,401</u>	<u>25,036,444</u>
<b>Business-like activities capital assets—net</b>	<u>\$ 24,886,769</u>	<u>\$ -</u>	<u>\$ 24,886,769</u>	<u>\$ 968,236</u>	<u>\$ 228,513</u>	<u>\$ 25,626,492</u>

Depreciation expense was charged to functions/programs of the City as follows:

City of Duncanville, Texas

Notes to Basic Financial Statements  
September 30, 2004

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Governmental activities:	
General government	\$ 184,032
Finance	1,992
Community services	359,892
Police	24,839
Public works	76,089
Fire	<u>86,995</u>
Total governmental activities	\$ 733,840
Internal Service Activity:	
Fleet Rotation	\$ 543,060
From Utility to Internal service	<u>78,944</u>
Total Internal Service Activity	\$ 622,004
Total governmental & Internal service activities	<u>\$ 1,355,844</u>
Business-like activities:	
Water and sewer	\$ 752,777
Solid waste	1,095
Water rights amortization	<u>96,047</u>
Total business-like activities	<u>\$ 849,919</u>

Notes to Basic Financial Statements  
September 30, 2004

Activity for the DCEDC for the year ended September 30, 2004, was as follows:

	Beginning Balance, As Originally Reported	Restatement	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Capital assets—not being depreciated:						
Land	\$ 2,868,495	\$ -	\$ 2,868,495	\$ -	\$ -	\$ 2,868,495
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>649,960</u>	<u>-</u>	<u>649,960</u>
Total capital assets—not being depreciated	<u>2,868,495</u>	<u>-</u>	<u>2,868,495</u>	<u>649,960</u>	<u>-</u>	<u>3,518,455</u>
Capital assets—being depreciated:						
Buildings	14,028,365	-	14,028,365	-	-	14,028,365
Improvements	642,902	-	642,902	-	-	642,902
Equipment	<u>150,279</u>	<u>-</u>	<u>150,279</u>	<u>49,399</u>	<u>-</u>	<u>199,678</u>
Total capital assets—being depreciated	<u>14,821,546</u>	<u>-</u>	<u>14,821,546</u>	<u>49,399</u>	<u>-</u>	<u>14,870,945</u>
Less accumulated depreciation for:						
Buildings	921,427	-	921,427	280,567	-	1,201,994
Improvements	38,616	-	38,616	12,858	-	51,474
Equipment	<u>19,991</u>	<u>-</u>	<u>19,991</u>	<u>17,476</u>	<u>-</u>	<u>37,467</u>
Total accumulated depreciation	<u>980,034</u>	<u>-</u>	<u>980,034</u>	<u>310,901</u>	<u>-</u>	<u>1,290,935</u>
Total capital assets—being depreciated, net	<u>13,841,512</u>	<u>-</u>	<u>13,841,512</u>	<u>(261,502)</u>	<u>-</u>	<u>13,580,010</u>
<b>Capital assets—net</b>	<u>\$ 16,710,007</u>	<u>\$ -</u>	<u>\$ 16,710,007</u>	<u>\$ 388,458</u>	<u>\$ -</u>	<u>\$ 17,098,465</u>

City of Duncanville, Texas

Notes to Basic Financial Statements  
September 30, 2004

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The City has active construction projects as of September 30, 2004. Total accumulated commitments for ongoing capital projects are composed of the following:

Governmental activities:	
Drainage fees Fund	\$ 44,493
Street Construction Fund	2,208,422
Parks Construction Fund	230,944
Capital Improvements Fund	<u>157,652</u>
Total governmental activities	<u>\$ 2,641,511</u>
Business-type activities:	
Utility Fund	<u>\$ 1,379,483</u>
Total business-type activities	<u>\$ 1,379,483</u>

Notes to Basic Financial Statements  
September 30, 2004

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6. TRANSFERS

Transfers were as follows for the fiscal year ended September 30, 2004:

Fund	Transfers In	Transfers Out
General	\$ 1,027,470	\$ 203,077
Debt service	203,790	-
Non-major governmental funds	47,371	219,786
Utility	-	968,164
Solid Waste Fund	-	137,604
Internal Service Fund-Medical Self Insurance	<u>250,000</u>	<u>-</u>
 Total	 <u>\$ 1,528,631</u>	 <u>\$ 1,528,631</u>

The transfers were for the following purposes:

Transfer from Fund Purpose	Transfer to Fund	Amount
General fund:		
Matching funds for grant	Grant fund	\$ 3,077
Health insurance claims funding	Medical self insurance	200,000
Non-major governmental funds:		
Hotel Tax—indirect cost charge	General	15,996
Drainage Fee fund-General obligation debt allocation	Debt service	203,790
Utility fund:		
Administrative and overhead charge-A	General	695,780
Payments in lieu of taxes	General	222,384
Health insurance claims funding	Medical self insurance	50,000
Solid waste fund:		
Alley repairs funds paid by citizens	Capital Improvements	44,294
Administrative and overhead charge-A	General	<u>93,310</u>
	Total	<u>\$ 1,528,631</u>

A-Estimate comes from study made by Economist.Com in FY 01-02

7. BUDGETARY COMPLIANCE

Budgets are legally adopted at the fund level of control for the General, Debt Service, and certain other non-major special revenue funds on a basis consistent with GAAP on the modified accrual basis of accounting. However, budgetary comparison statements are presented only for the General Fund, which presents actual expenditures on a basis consistent with the legally adopted budget as amended. Capital project funds are budgeted over the life of the projects and not on an annual basis. Transfers out exceeded the amended budget adopted by the City Council by \$3,077 due to matching funds for grant expenditures.

Notes to Basic Financial Statements  
September 30, 2004

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8. LONG-TERM DEBT

Various types of long-term debt have been issued by the City for the acquisition and construction of major capital facilities and equipment as follows:

- General obligation bonds are issued pursuant to voter authorization for infrastructure and facility projects accounted for in a governmental capital project fund. General obligation bonds are also issued to refund prior debt issues. The City intends to retire this debt, plus interest, from ad valorem taxes.
- Certificate of obligation debt is similar to general obligation bonds in their usage and retirement but do not require voter authorization and are not used for refunding debt.

Long-term bonded debt at September 30, 2004, includes the following individual issues:

Governmental Activities	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
General Obligation Bonds:				
Series 1998 refunding and improvements	4.25-5.00	2/15/2013	\$ 8,575,000	\$ 1,080,000
Series 2001 refunding	4.40-4.70	8/15/2011	2,253,006	-
Series 2002 refunding	2.25-2.50	8/15/2006	<u>2,870,000</u>	<u>1,175,000</u>
			<u>13,698,006</u>	<u>2,255,000</u>
Certificate of Obligation Bonds:				
Series 1999 Tax and Waterworks and Sewer System Surplus Revenue	4.00-4.30	2/15/2008	1,450,000	-
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue	4.55-5.00	2/15/2012	<u>4,600,307</u>	<u>-</u>
			<u>6,050,307</u>	<u>-</u>
Total governmental activities long-term bonded debt			<u>\$ 19,748,312</u>	<u>\$ 2,255,000</u>

City of Duncanville, Texas

Notes to Basic Financial Statements  
September 30, 2004

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Business-Like Activities	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
Water and Sewer Revenue Bonds:				
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue refunding bonds				
	3.25-4.55	2/15/2020	\$ 3,985,000	\$ 120,000
Total business-like activities long-term debt			<u>3,985,000</u>	<u>120,000</u>
Net long-term bonded debt			<u>\$ 23,733,312</u>	<u>\$ 2,375,000</u>

DCEDC	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
Sales tax revenue bonds:				
Series 1998				
	4.10-5.00	2/15/2020	\$ 4,075,000	\$ 340,000
Series 2000 Taxable				
	7.50-8.20	8/15/2025	<u>7,550,000</u>	<u>205,000</u>
Total DCEDC			<u>\$ 11,625,000</u>	<u>\$ 545,000</u>

Annual debt service requirements to maturity for long-term bonded debt are as follows:

City of Duncanville, Texas

Notes to Basic Financial Statements  
September 30, 2004

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Year Ending September 30	Governmental Activities		Business-Type Activities		DCEDC	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 2,255,000	\$ 509,260	\$ 120,000	\$ 154,668	\$ 545,000	\$ 805,508
2006	2,320,000	443,071	125,000	150,687	575,000	775,002
2007	2,455,000	342,313	130,000	146,543	610,000	742,678
2008	2,595,000	245,163	235,000	140,611	655,000	707,900
2009	2,311,273	530,315	240,000	132,892	680,000	673,915
2010-2014	6,426,657	2,406,938	1,350,000	523,904	2,770,000	2,821,140
2015-2019	758,589	566,410	1,655,000	218,086	2,030,000	2,065,365
2020-2024	-	-	130,000	2,957	3,005,000	1,087,730
2025	-	-	-	-	755,000	61,910
Total	\$ 19,121,519	\$ 5,043,470	\$ 3,985,000	\$ 1,470,348	\$ 11,625,000	\$ 9,741,148
Accreted Interest	626,793					
Total	\$ 19,748,312					

City of Duncanville, Texas

Notes to Basic Financial Statements  
September 30, 2004

Long-term liability activity for the year ended September 30, 2004, was as follows:

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 15,777,554	\$ 105,452	\$ 2,185,000	\$ 13,698,006	\$ 2,255,000
Certificates of obligation	<u>5,841,668</u>	<u>208,639</u>	<u>-</u>	<u>6,050,307</u>	<u>-</u>
Total bonds payable	21,619,222	314,091	2,185,000	19,748,312	2,255,000
Accrued compensated absences	2,629,051	30,852	-	2,659,903	105,935
Arbitrage rebate liability	<u>35,655</u>	<u>-</u>	<u>27,788</u>	<u>7,867</u>	<u>-</u>
Total governmental activities	<u>24,283,928</u>	<u>344,943</u>	<u>2,212,788</u>	<u>22,416,082</u>	<u>2,360,935</u>
Business-type activities:					
Bonds payable:					
Series 2002 Tax and Waterworks and Sewer system Surplus Revenue refunding bonds	<u>4,100,000</u>	<u>-</u>	<u>115,000</u>	<u>3,985,000</u>	<u>120,000</u>
Total bonds payable	<u>4,100,000</u>	<u>-</u>	<u>115,000</u>	<u>3,985,000</u>	<u>120,000</u>
Accrued compensated absences	<u>44,541</u>	<u>10,725</u>	<u>-</u>	<u>55,266</u>	<u>-</u>
Total business-like activities	<u>4,144,541</u>	<u>10,725</u>	<u>115,000</u>	<u>4,040,266</u>	<u>120,000</u>
Total long-term liabilities	<u>\$ 28,428,469</u>	<u>\$ 355,668</u>	<u>\$ 2,327,788</u>	<u>\$ 26,456,348</u>	<u>\$ 2,480,935</u>
DCEDC:					
Bonds payable:					
Revenue bonds-Sales tax	<u>12,140,000</u>	<u>-</u>	<u>515,000</u>	<u>11,625,000</u>	<u>545,000</u>
Total long-term liabilities	<u>\$ 12,140,000</u>	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ 11,625,000</u>	<u>\$ 545,000</u>

Notes to Basic Financial Statements  
September 30, 2004

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9. RETIREMENT PLAN

**Plan Description**—The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (“TMRS”), one of 794 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing TMRS, P.O. Box 149153, Austin, Texas, 78714-9153 or by calling 800-924-8677.

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 employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee’s accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee’s accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee’s salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee’s accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Plan provisions for the City were as follows:

Deposit rate	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: age 60 or higher with 5 or more years of service and at any age with 20 or more years of service.

**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 the 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/her 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 contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2003, valuation is effective for rates beginning January 2005).

**Annual Pension Cost**—For fiscal year 2004, the City’s annual pension cost of \$1,490,639 was equal to the City’s required and actual contributions. The required contribution was determined as part of the December 31, 2002, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) no projected salary increases, (c) no cost of living adjustment and (d) no inflation rate adjustment. The actuarial value of assets is amortized cost. The City’s unfunded actuarial accrued liability is being amortized over a 25-year open period as a level percentage of payroll.

Notes to Basic Financial Statements  
September 30, 2004

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Three-Year Trend Information for the City of Duncanville

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 1,490,639.00	100 %	\$ -
9/30/2003	1,472,371.00	100 %	-
9/30/2002	1,421,692.00	100 %	-

Required supplementary information for the analysis of funding progress for the past three years is presented immediately following the Notes to the Basic Financial Statements.

10. REGIONAL SYSTEMS FOR WATER SUPPLY AND WASTEWATER TREATMENT

**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 2004 was \$0.3105 per 1,000 gallons plus an annual demand charge of \$136,612 for each million gallons per day as established by the rate of flow controller setting (currently 12.5 million gallons at \$1,707,650 annually).

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

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

**C. 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.

Notes to Basic Financial Statements  
September 30, 2004

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**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.

**11. 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 illness, injury, 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 purchases dental insurance coverage for employees and their covered dependents from a third-party insurance company.

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/\$30,871,912 for real and personal 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 \$149,141 and \$255,674 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 2003 and 2004 were:

Notes to Basic Financial Statements  
September 30, 2004

		Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
Medical Self-Insurance Fund					
2003	\$	125,148	\$ 1,622,420	\$ (1,595,168)	\$ 152,400
2004		152,400	1,821,893	(1,825,152)	149,141
Comprehensive Self-Insurance Fund					
2003	\$	172,356	\$ 131,797	\$ (187,704)	\$ 116,449
2004		116,449	310,957	(171,732)	255,674

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.

**12. POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 9, 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 2004, \$248,142 in claims were paid on retirees covered under the plan.

**13. CONTINGENT LIABILITIES**

*Pending Litigation*—In the opinion of the City’s management, there are no pending litigations at September 30, 2004.

*Arbitrage Rebate Requirement*—The Tax Reform Act of 1986 imposes a rebate requirement with respect to certain 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. Regulations implementing the rebate requirement were released by the Internal Revenue Service on May 12, 1989.

*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.

**14. 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 (“center”). The Center provides police, fire and emergency medical service communications to participating cities. The

**Notes to Basic Financial Statements**  
**September 30, 2004**

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Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. 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 government-wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2004 is \$198,946. The financial statements of the Center can be obtained by contacting: City of DeSoto Finance Department, 211 E. Pleasant Run Rd., DeSoto, TX 75115.

**15. 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. 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 government-wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2004 is \$189,106. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P.O. Box 96, Cedar Hill, TX 75106-0096.

**16. DUNCANVILLE INDEPENDENT SCHOOL DISTRICT TECHNOLOGY CENTER**

The City entered into a seven 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, 2004, the D.I.S.D. has expended \$492,496 on improvements and fixtures, which is recorded in the government-wide statement of net assets. The net outstanding rent credit as of September 30, 2004 of \$281,425 is recorded as deferred revenue in the statement of net assets.

**17. STAR CENTER**

The DCEDC entered into a twenty five year operating lease as lessor with the Dallas Stars Ltd. 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 twelve thousand dollars annually every other year.

End of Notes to Basic Financial Statements.

City of Duncanville, Texas

**Required Supplementary Information**  
**Texas Municipal Retirement System (TMRS) -**  
**Analysis of Funding Progress**  
**Last Three Fiscal Years**

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<b>As of 12/31</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percent of Covered Payroll</b>
2001	\$ 39,784,800	\$ 45,922,967	\$ 6,138,167	86.6 %	\$ 10,638,058	57.7 %
2002	40,096,818	47,065,054	6,968,236	85.2 %	10,989,239	63.4 %
2003	44,012,917	52,574,878	8,561,961	83.7 %	11,492,597	74.5 %

Source: Texas Municipal Retirement System Comprehensive Annual Financial Reports.

NOTES:

Trend data presented is based on the fiscal year of the Texas Municipal Retirement System, which ends December 31.

**COMBINING &  
INDIVIDUAL FUND  
STATEMENTS &  
SCHEDULES**

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE-REVENUES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>PROPERTY TAXES:</b>				
Current taxes	\$ 8,907,924	\$ 8,907,925	\$ 8,885,338	\$ (22,587)
Prior rolls	100,000	161,650	214,725	53,075
Penalties and interest	80,000	89,223	109,642	20,419
Total	<u>9,087,924</u>	<u>9,158,798</u>	<u>9,209,705</u>	<u>50,907</u>
<b>SALES TAXES:</b>				
General	2,724,306	3,256,533	3,244,329	(12,204)
Property tax relief	1,362,153	1,628,266	1,622,164	(6,102)
Total	<u>4,086,459</u>	<u>4,884,799</u>	<u>4,866,493</u>	<u>(18,306)</u>
<b>FRANCHISE TAXES:</b>				
TXU Electric	1,150,000	1,150,000	1,111,107	(38,893)
TXU Gas	202,600	203,741	234,422	30,681
Telephone	368,138	355,513	353,086	(2,427)
Charter Cable Television	183,623	170,776	153,999	(16,777)
Total	<u>1,904,361</u>	<u>1,880,030</u>	<u>1,852,614</u>	<u>(27,416)</u>
Total taxes	<u>15,078,744</u>	<u>15,923,627</u>	<u>15,928,812</u>	<u>5,185</u>
<b>LICENSES, PERMITS AND FEES:</b>				
Building permits	320,439	435,517	464,002	28,485
Zoning and special use permits	9,500	19,131	24,253	5,122
Electrical permits	9,500	9,500	11,628	2,128
Plumbing permits	7,135	8,500	10,627	2,127
Alarm permits	107,940	82,000	77,966	(4,034)
Solicitor licenses	50	50	100	50
9-1-1 service fee	267,091	275,166	265,585	(9,581)
Emergency medical service	406,878	383,132	369,671	(13,461)
Sign permits	12,000	12,000	16,310	4,310
Health food inspection fees	54,242	54,242	61,231	6,989
False alarm fees	3,500	3,500	5,364	1,864
Total	<u>1,198,275</u>	<u>1,282,738</u>	<u>1,306,737</u>	<u>23,999</u>
<b>MUNICIPAL COURT AND LIBRARY:</b>				
Municipal court	655,300	966,825	1,069,153	102,328
Library	14,725	20,590	20,928	338
Total	<u>670,025</u>	<u>987,415</u>	<u>1,090,081</u>	<u>102,666</u>
INTERGOVERNMENTAL	<u>258,057</u>	<u>258,057</u>	<u>298,342</u>	<u>40,285</u>
INTEREST	<u>90,000</u>	<u>84,561</u>	<u>100,691</u>	<u>16,130</u>
<b>RECREATION:</b>				
Recreation fees	198,920	198,920	178,262	(20,658)
Total	<u>198,920</u>	<u>198,920</u>	<u>178,262</u>	<u>(20,658)</u>
<b>OTHER SALES AND SERVICES:</b>				
Sale of fixed assets/ auction proceeds	26,627	27,377	26,768	(609)
DCEDC Cost allocation	73,641	68,634	68,633	(1)
Miscellaneous	112,830	143,367	193,538	50,171
Rentals	91,188	104,831	69,425	(35,406)
Total	<u>304,286</u>	<u>344,209</u>	<u>358,364</u>	<u>14,155</u>
Total revenues	\$ <u>17,798,307</u>	\$ <u>19,079,527</u>	\$ <u>19,261,289</u>	\$ <u>181,762</u>

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE-EXPENDITURES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>	<u>Maintenance</u>
<b>DEPARTMENTS:</b>				
General government-				
Mayor and council	\$ -	\$ 3,790	\$ 189,713	\$ -
City manager	231,884	2,231	5,571	-
City secretary	111,004	6,274	21,026	-
Personnel services	169,157	5,469	39,157	-
Information systems	90,456	31,082	86,416	-
Community information office	75,735	1,315	3,493	-
Total	<u>678,236</u>	<u>50,161</u>	<u>345,376</u>	<u>-</u>
Finance-				
Administration	366,021	15,391	83,233	-
Municipal court	221,629	7,103	153,400	-
Purchasing	81,379	2,865	337	-
Teen court	45,547	2,684	1,169	-
Total	<u>714,576</u>	<u>28,043</u>	<u>238,139</u>	<u>-</u>
Community services -				
Administration	141,033	405	21,212	-
Recreation programming	260,973	14,234	18,385	-
Aquatics	-	-	3,429	-
Athletic programming	91,632	18,792	65,935	29
Park grounds maintenance	355,485	53,332	345,170	45,056
Library services	487,521	9,736	26,780	-
Building services	203,796	25,736	246,071	29,881
Senior center	76,753	2,611	16,452	-
Total	<u>1,617,193</u>	<u>124,846</u>	<u>743,434</u>	<u>74,966</u>
Police-				
Administration	296,694	9,199	88,051	-
Patrol	3,015,057	45,397	137,584	3,199
Criminal investigation	791,796	7,343	45,441	-
Animal control	98,333	1,331	134,137	-
Crime prevention	85,624	4,042	4,263	-
Communication/ Records	133,341	2,336	725,916	-
School Resource officers	402,414	1,891	1,218	-
Special services	295,737	31,589	28,829	851
Total	<u>5,118,996</u>	<u>103,128</u>	<u>1,165,439</u>	<u>4,050</u>

<u>Capital</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ 193,503	\$ 183,479	\$ 176,877	\$ (16,626)
-	239,686	235,407	242,438	2,752
-	138,304	135,206	145,262	6,958
-	213,783	206,219	215,933	2,150
-	207,954	216,823	215,271	7,317
-	80,543	85,334	80,895	352
-	<u>1,073,773</u>	<u>1,062,468</u>	<u>1,076,676</u>	<u>2,903</u>
-	464,645	467,336	478,378	13,733
-	382,132	395,881	385,265	3,133
-	84,581	84,190	85,629	1,048
-	49,400	51,228	51,111	1,711
-	<u>980,758</u>	<u>998,635</u>	<u>1,000,383</u>	<u>19,625</u>
-	162,650	165,882	166,796	4,146
-	293,592	316,864	309,073	15,481
-	3,429	-	2,138	(1,291)
-	176,388	198,843	196,092	19,704
-	799,043	806,970	863,473	64,430
74	524,111	538,444	537,346	13,235
-	505,484	518,745	515,005	9,521
-	95,816	96,679	96,216	400
74	<u>2,560,513</u>	<u>2,642,427</u>	<u>2,686,139</u>	<u>125,626</u>
-	393,944	395,134	397,102	3,158
-	3,201,237	3,346,857	3,339,438	138,201
-	844,580	852,667	873,418	28,838
-	233,801	235,346	240,475	6,674
-	93,929	80,732	95,335	1,406
-	861,593	877,381	865,027	3,434
-	405,523	354,823	401,805	(3,718)
-	357,006	390,253	366,072	9,066
-	<u>6,391,613</u>	<u>6,533,193</u>	<u>6,578,672</u>	<u>187,059</u>

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE-EXPENDITURES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>	<u>Maintenance</u>
DEPARTMENTS (Continued):				
Public works-				
Engineering/ Planning	\$ 219,679	\$ 9,934	\$ 30,143	\$ -
Building inspection	386,105	7,201	215,629	-
Streets	703,020	121,807	684,369	881
Signs and signals	96,499	67,929	103,187	1,286
Equipment services	223,166	158,628	19,836	225,951
Total	<u>1,628,469</u>	<u>365,499</u>	<u>1,053,164</u>	<u>228,118</u>
Fire-				
Administration	318,675	4,056	88,103	47
Prevention	82,815	4,773	15,352	1,729
Suppression	2,657,462	45,404	84,487	3,491
Advanced life support	706,946	65,151	126,987	940
Total	<u>3,765,898</u>	<u>119,384</u>	<u>314,929</u>	<u>6,207</u>
NON-DEPARTMENTAL	<u>8,875</u>	<u>47,358</u>	<u>266,798</u>	<u>-</u>
 Total expenditures	 <u>\$ 13,532,243</u>	 <u>\$ 838,419</u>	 <u>\$ 4,127,279</u>	 <u>\$ 313,341</u>

<u>Capital</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ 259,756	\$ 243,790	\$ 257,192	\$ (2,564)
-	608,935	548,996	620,607	11,672
-	1,510,077	1,540,357	1,585,419	75,342
13,290	282,191	256,245	297,097	14,906
-	627,581	602,578	675,429	47,848
<u>13,290</u>	<u>3,288,540</u>	<u>3,191,966</u>	<u>3,435,744</u>	<u>147,204</u>
16,416	427,297	400,059	442,485	15,188
-	104,669	103,298	104,768	99
-	2,790,844	2,792,207	2,816,389	25,545
-	900,024	956,434	918,318	18,294
<u>16,416</u>	<u>4,222,834</u>	<u>4,251,998</u>	<u>4,281,960</u>	<u>59,126</u>
-	323,031	159,626	350,233	27,202
<u>\$ 29,780</u>	<u>\$ 18,841,062</u>	<u>\$ 18,840,313</u>	<u>\$ 19,409,807</u>	<u>\$ 568,745</u>



**Duncanville**  
*City of Champions*

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special Revenue Funds account for the proceeds of special revenue sources that are legally or administratively 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.

Drainage fees Fund-to account for funds received from user fees for major storm water drainage improvement projects throughout the City. The Drainage fees fund was created to reduce flooding, reduce creek erosion, and comply with EPA mandates regarding storm water management.

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.

CAPITAL PROJECT 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 bonds and certificates of obligation. Individual funds maintained are as follows:

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.

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

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2004

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 651,878	\$ 773,505	\$ 1,425,383
Receivables -			
Taxes	69,875	-	69,875
Trade accounts	129,633	-	129,633
Intergovernmental	8,196	-	8,196
Prepaid items	2,250	-	2,250
Total assets	<u>\$ 861,832</u>	<u>\$ 773,505</u>	<u>\$ 1,635,337</u>
 <u>LIABILITIES AND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 31,563	\$ -	\$ 31,563
Contracts payable	-	974	974
Accrued liabilities	16,491	-	16,491
Deferred revenue	55,173	-	55,173
Total liabilities	<u>103,227</u>	<u>974</u>	<u>104,201</u>
EQUITY:			
Fund balances-			
Reserved for prepaid items	2,250	-	2,250
Unreserved, reported in:			
Special revenue funds	756,355	-	756,355
Capital project funds	-	772,531	772,531
Total Fund balances	<u>758,605</u>	<u>772,531</u>	<u>1,531,136</u>
Total liabilities & Fund balances	<u>\$ 861,832</u>	<u>\$ 773,505</u>	<u>\$ 1,635,337</u>

CITY OF DUNCANVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue	Capital Projects	Total Nonmajor Funds
<b>REVENUES:</b>			
Hotel taxes	\$ 252,608	\$ -	\$ 252,608
Licenses, permits and fees	410,534	-	410,534
Fines and forfeitures	54,978	-	54,978
Recreation fees	103,748	-	103,748
Intergovernmental	233,729	-	233,729
Investment income	4,062	11,691	15,753
Rental and other	97,599	12,965	110,564
Total revenues	<u>1,157,258</u>	<u>24,656</u>	<u>1,181,914</u>
<b>EXPENDITURES:</b>			
Current-			
General government	164,365	-	164,365
Community services	122,714	-	122,714
Police	63,320	-	63,320
Public works	187,332	-	187,332
Fire	37,525	-	37,525
Special purposes - promotional	44,853	-	44,853
Capital outlay	197,500	940,767	1,138,267
Total expenditures	<u>817,609</u>	<u>940,767</u>	<u>1,758,376</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>339,649</u>	<u>(916,111)</u>	<u>(576,462)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	3,077	44,294	47,371
Transfers out	(219,786)	-	(219,786)
Total other financing sources (uses)	<u>(216,709)</u>	<u>44,294</u>	<u>(172,415)</u>
<b>NET CHANGE IN FUND BALANCES</b>	122,940	(871,817)	(748,877)
<b>FUND BALANCES, restated</b>	<u>635,665</u>	<u>1,644,348</u>	<u>2,280,013</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 758,605</u>	<u>\$ 772,531</u>	<u>\$ 1,531,136</u>

CITY OF DUNCANVILLE, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2004

	Hotel Motel Tax	Drainage Fees	Community Services	Grants	Court Technology
<u>ASSETS:</u>					
Cash and investments	\$ 121,895	\$ 182,274	\$ 75,241	\$ 132,197	\$ 48,324
Receivables:					
Taxes	69,875	-	-	-	-
Trade accounts	-	129,425	208	-	-
Intergovernmental	-	-	-	8,196	-
Prepaid items	2,250	-	-	-	-
	<u>194,020</u>	<u>311,699</u>	<u>75,449</u>	<u>140,393</u>	<u>48,324</u>
Total assets	<u>\$ 194,020</u>	<u>\$ 311,699</u>	<u>\$ 75,449</u>	<u>\$ 140,393</u>	<u>\$ 48,324</u>
 <u>LIABILITIES AND FUND BALANCES:</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 8,393	\$ 2,188	\$ 2,143	\$ 18,624	\$ -
Accrued payroll	1,300	1,015	-	534	-
Deferred revenue	-	-	-	55,173	-
	<u>9,693</u>	<u>3,203</u>	<u>2,143</u>	<u>74,331</u>	<u>-</u>
Total liabilities	<u>9,693</u>	<u>3,203</u>	<u>2,143</u>	<u>74,331</u>	<u>-</u>
 <u>FUND BALANCES:</u>					
Reserved for prepaid	2,250	-	-	-	-
Unreserved	182,077	308,496	73,306	66,062	48,324
	<u>184,327</u>	<u>308,496</u>	<u>73,306</u>	<u>66,062</u>	<u>48,324</u>
Total fund balances	<u>184,327</u>	<u>308,496</u>	<u>73,306</u>	<u>66,062</u>	<u>48,324</u>
Total liabilities and fund balances	<u>\$ 194,020</u>	<u>\$ 311,699</u>	<u>\$ 75,449</u>	<u>\$ 140,393</u>	<u>\$ 48,324</u>

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<u>Court Security</u>	<u>Asset Forfeiture</u>	<u>Total</u>
\$ 70,541	\$ 21,406	\$ 651,878
-	-	69,875
-	-	129,633
-	-	8,196
-	-	<u>2,250</u>
\$ <u>70,541</u>	\$ <u>21,406</u>	\$ <u>861,832</u>

\$ -	\$ 215	\$ 31,563
-	13,642	16,491
-	-	<u>55,173</u>
-	<u>13,857</u>	<u>103,227</u>
-	-	2,250
<u>70,541</u>	<u>7,549</u>	<u>756,355</u>
<u>70,541</u>	<u>7,549</u>	<u>758,605</u>
\$ <u>70,541</u>	\$ <u>21,406</u>	\$ <u>861,832</u>

CITY OF DUNCANVILLE, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Hotel Motel Tax	Drainage Fees	Community Services	Grants	Court Technology
REVENUES:					
Hotel and motel taxes	\$ 252,608	\$ -	\$ -	\$ -	\$ -
Drainage fees	-	410,534	-	-	-
Interest	577	982	218	1,310	189
Intergovernmental	-	-	-	233,729	-
Recreation fees	-	-	103,748	-	-
Municipal court	-	-	-	-	31,200
Other	28,553	69,046	-	-	-
	<u>281,738</u>	<u>480,562</u>	<u>103,966</u>	<u>235,039</u>	<u>31,389</u>
Total revenues					
EXPENDITURES:					
General government	118,336	-	-	-	15,710
Community services	-	-	74,303	48,411	-
Police	-	-	-	33,873	-
Public works	-	46,647	-	140,685	-
Fire	-	-	-	37,525	-
Special purposes-promotional	44,853	-	-	-	-
Capital outlay	-	197,500	-	-	-
	<u>163,189</u>	<u>244,147</u>	<u>74,303</u>	<u>260,494</u>	<u>15,710</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	118,549	236,415	29,663	(25,455)	15,679
OTHER FINANANCING SOURCES (USES)					
Transfers in	-	-	-	3,077	-
Transfers out	(15,996)	(203,790)	-	-	-
	<u>(15,996)</u>	<u>(203,790)</u>	<u>-</u>	<u>3,077</u>	<u>-</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCES					
	102,553	32,625	29,663	(22,378)	15,679
FUND BALANCES, beginning					
	<u>81,774</u>	<u>275,871</u>	<u>43,643</u>	<u>88,440</u>	<u>32,645</u>
FUND BALANCES, end					
	<u>\$ 184,327</u>	<u>\$ 308,496</u>	<u>\$ 73,306</u>	<u>\$ 66,062</u>	<u>\$ 48,324</u>

<u>Court Security</u>	<u>Asset Forfeiture</u>	<u>Total</u>
\$ -	\$ -	\$ 252,608
-	-	410,534
786	-	4,062
-	-	233,729
-	-	103,748
23,588	190	54,978
-	-	97,599
<u>24,374</u>	<u>190</u>	<u>1,157,258</u>
30,319	-	164,365
-	-	122,714
-	29,447	63,320
-	-	187,332
-	-	37,525
-	-	44,853
-	-	197,500
<u>30,319</u>	<u>29,447</u>	<u>817,609</u>
(5,945)	(29,257)	339,649
-	-	3,077
-	-	(219,786)
-	-	(216,709)
(5,945)	(29,257)	122,940
<u>76,486</u>	<u>36,806</u>	<u>635,665</u>
<u>\$ 70,541</u>	<u>\$ 7,549</u>	<u>\$ 758,605</u>

CITY OF DUNCANVILLE, TEXAS

HOTEL-MOTEL TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Hotel, motel taxes	\$ 205,000	\$ 227,492	\$ 252,608	\$ 25,116
Interest on investments	600	600	577	(23)
Other	-	-	28,553	28,553
Total revenues	<u>205,600</u>	<u>228,092</u>	<u>281,738</u>	<u>53,646</u>
EXPENDITURES:				
General government	139,469	153,979	118,336	35,643
Special purposes-promotional	57,827	57,827	44,853	12,974
Total expenditures	<u>197,296</u>	<u>211,806</u>	<u>163,189</u>	<u>48,617</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,304	16,286	118,549	102,263
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(14,392)</u>	<u>(15,994)</u>	<u>(15,996)</u>	<u>(2)</u>
Total other financing sources (uses)	<u>(14,392)</u>	<u>(15,994)</u>	<u>(15,996)</u>	<u>(2)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER NET CHANGE IN FUND BALANCE	(6,088)	292	102,553	102,261
FUND BALANCES, beginning of year	<u>81,774</u>	<u>81,774</u>	<u>81,774</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 75,686</u>	<u>\$ 82,066</u>	<u>\$ 184,327</u>	<u>\$ 102,261</u>

CITY OF DUNCANVILLE, TEXAS

DRAINAGE FEES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Drainage fees	\$ 399,325	\$ 418,000	\$ 410,534	\$ (7,466)
Interest on investments	6,000	1,000	982	(18)
Other	-	63,363	69,046	5,683
Total revenues	<u>405,325</u>	<u>482,363</u>	<u>480,562</u>	<u>(1,801)</u>
EXPENDITURES:				
Public works	61,663	61,663	46,647	15,016
Capital outlay	225,000	297,644	197,500	100,144
Total expenditures	<u>286,663</u>	<u>359,307</u>	<u>244,147</u>	<u>115,160</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	118,662	123,056	236,415	113,359
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(203,790)</u>	<u>(203,790)</u>	<u>(203,790)</u>	<u>-</u>
Total other financing sources (uses)	<u>(203,790)</u>	<u>(203,790)</u>	<u>(203,790)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER NET CHANGE IN FUND BALANCE	(85,128)	(80,734)	32,625	113,359
FUND BALANCES, beginning of year	<u>275,871</u>	<u>275,871</u>	<u>275,871</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 190,743</u>	<u>\$ 195,137</u>	<u>\$ 308,496</u>	<u>\$ 113,359</u>

CITY OF DUNCANVILLE, TEXAS

ASSET FORFEITURE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Court awards	\$ -	\$ -	\$ 190	\$ 190
Total revenues	-	-	190	190
EXPENDITURES:				
Police	26,949	26,949	29,447	(2,498)
Total expenditures	26,949	26,949	29,447	(2,498)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,949)	(26,949)	(29,257)	(2,308)
FUND BALANCES, beginning of year	36,806	36,806	36,806	-
FUND BALANCES, end of year	<u>\$ 9,857</u>	<u>\$ 9,857</u>	<u>\$ 7,549</u>	<u>\$ (2,308)</u>



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CITY OF DUNCANVILLE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2004

	<u>Drainage Construction</u>	<u>Park Construction</u>	<u>Capital Improvements</u>
<u>ASSETS:</u>			
Cash and investments	\$ <u>48</u>	\$ <u>371,235</u>	\$ <u>329,893</u>
Total assets	\$ <u><u>48</u></u>	\$ <u><u>371,235</u></u>	\$ <u><u>329,893</u></u>
<u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES:</u>			
Contracts payable	\$ <u>-</u>	\$ <u>974</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>974</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Unreserved	<u>48</u>	<u>370,261</u>	<u>329,893</u>
Total fund balances	<u>48</u>	<u>370,261</u>	<u>329,893</u>
Total liabilities and fund balances	\$ <u><u>48</u></u>	\$ <u><u>371,235</u></u>	\$ <u><u>329,893</u></u>

Library Construction G O Bonds	Senior Center Building Improvements	Total
\$ <u>167</u>	\$ <u>72,162</u>	\$ <u>773,505</u>
\$ <u><u>167</u></u>	\$ <u><u>72,162</u></u>	\$ <u><u>773,505</u></u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>974</u>
<u>-</u>	<u>-</u>	<u>974</u>
<u>167</u>	<u>72,162</u>	<u>772,531</u>
<u>167</u>	<u>72,162</u>	<u>772,531</u>
\$ <u><u>167</u></u>	\$ <u><u>72,162</u></u>	\$ <u><u>773,505</u></u>

CITY OF DUNCANVILLE, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Drainage	Park	Capital
	Construction	Construction	Improvements
REVENUES:			
Investment income	\$ 298	\$ 7,324	\$ 3,428
Other	-	-	-
Total revenues	<u>298</u>	<u>7,324</u>	<u>3,428</u>
EXPENDITURES:			
Capital outlay	<u>60,008</u>	<u>827,398</u>	<u>53,361</u>
Total expenditures	<u>60,008</u>	<u>827,398</u>	<u>53,361</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(59,710)</u>	<u>(820,074)</u>	<u>(49,933)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	<u>44,294</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>44,294</u>
NET CHANGE IN FUND BALANCES	(59,710)	(820,074)	(5,639)
FUND BALANCES, beginning	<u>59,758</u>	<u>1,190,335</u>	<u>335,532</u>
FUND BALANCES, end	<u>\$ 48</u>	<u>\$ 370,261</u>	<u>\$ 329,893</u>

Library Construction G O Bonds	Senior Center Building Improvements	Total
\$ 3	\$ 638	\$ 11,691
<u>-</u>	<u>12,965</u>	<u>12,965</u>
<u>3</u>	<u>13,603</u>	<u>24,656</u>
<u>-</u>	<u>-</u>	<u>940,767</u>
<u>-</u>	<u>-</u>	<u>940,767</u>
<u>3</u>	<u>13,603</u>	<u>(916,111)</u>
<u>-</u>	<u>-</u>	<u>44,294</u>
<u>-</u>	<u>-</u>	<u>44,294</u>
3	13,603	(871,817)
<u>164</u>	<u>58,559</u>	<u>1,644,348</u>
<u>\$ 167</u>	<u>\$ 72,162</u>	<u>\$ 772,531</u>

CITY OF DUNCANVILLE, TEXAS

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Ad Valorem taxes	\$ 2,229,341	\$ 2,229,341	\$ 2,223,693	\$ (5,648)
Delinquent taxes	65,000	65,000	57,873	(7,127)
Penalties and interest	35,000	35,000	29,396	(5,604)
Interest on investments	40,000	20,000	17,394	(2,606)
<b>Total revenues</b>	<b>2,369,341</b>	<b>2,349,341</b>	<b>2,328,356</b>	<b>(18,379)</b>
<b>EXPENDITURES:</b>				
Principal retirement	2,300,000	2,300,000	2,185,000	115,000
Interest on debt	741,617	741,617	583,130	158,487
Paying agent fees	5,000	5,000	2,330	2,670
<b>Total expenditures</b>	<b>3,046,617</b>	<b>3,046,617</b>	<b>2,770,460</b>	<b>273,487</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(677,276)</b>	<b>(697,276)</b>	<b>(442,104)</b>	<b>255,108</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	477,276	477,276	203,790	(273,486)
<b>Total other financing sources (uses)</b>	<b>477,276</b>	<b>477,276</b>	<b>203,790</b>	<b>(273,486)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(200,000)</b>	<b>(220,000)</b>	<b>(238,314)</b>	<b>(18,378)</b>
<b>FUND BALANCES, beginning of year</b>	<b>755,775</b>	<b>755,775</b>	<b>755,775</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 555,775</b>	<b>\$ 535,775</b>	<b>\$ 517,461</b>	<b>\$ (18,378)</b>

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS  
 SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>UTILITY FUND</u>			
WATER:			
Sale of water	\$ 5,104,246	\$ 5,320,305	\$ 216,059
Water taps	32,404	35,003	2,599
Total	<u>5,136,650</u>	<u>5,355,308</u>	<u>218,658</u>
SEWER:			
Sewer charges	4,339,583	4,398,484	58,901
Sewer taps	22,000	23,105	1,105
Sewer pro rata	4,078	1,472	(2,606)
Sewer assessments	-	(1,100)	(1,100)
Total	<u>4,365,661</u>	<u>4,421,961</u>	<u>56,300</u>
PENALTIES	<u>65,072</u>	<u>56,146</u>	<u>(8,926)</u>
OTHER:			
Refund from Trinity River Authority	28,709	28,709	-
Service charges	48,000	53,030	5,030
Collection of bad debts	1,000	-	(1,000)
Miscellaneous	8,750	7,062	(1,688)
Total	<u>86,459</u>	<u>88,801</u>	<u>2,342</u>
INTEREST INCOME	<u>15,000</u>	<u>35,957</u>	<u>20,957</u>
Total revenues Utility Fund	<u>\$ 9,668,842</u>	<u>\$ 9,958,173</u>	<u>\$ 289,331</u>
 <u>SOLID WASTE FUND</u>			
SOLID WASTE CHARGES	\$ 1,822,212	\$ 1,661,116	\$ (161,096)
INTEREST INCOME	<u>500</u>	<u>40,943</u>	<u>40,443</u>
Total revenues Solid Waste Fund	<u>\$ 1,822,712</u>	<u>\$ 1,702,059</u>	<u>\$ (120,653)</u>
Total revenues Enterprise Funds	<u>\$ 11,491,554</u>	<u>\$ 11,660,232</u>	<u>\$ 168,678</u>

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
<u>UTILITY FUND</u>			
WATER SERVICES	\$ 478,958	\$ 88,385	\$ 2,935,277
WASTEWATER TREATMENT	455,136	60,407	2,766,126
ADMINISTRATION AND FISCAL			
Utility administration	178,429	5,292	30,048
Utility accounting	462,619	66,894	78,969
Non-departmental	-	-	18,499
INTEREST AND FISCAL CHARGES	-	-	157,426
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>968,164</u>
Total Utility Fund expenditures	<u>\$ 1,575,142</u>	<u>\$ 220,978</u>	<u>\$ 6,954,509</u>
<u>SOLID WASTE FUND</u>			
SOLID WASTE	\$ 66,442	\$ 227	\$ 1,725,020
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>91,271</u>
Total Solid Waste Fund expenditures	<u>\$ 66,442</u>	<u>\$ 227</u>	<u>\$ 1,816,291</u>
Total Enterprise Fund expenditures	<u>\$ 1,641,584</u>	<u>\$ 221,205</u>	<u>\$ 8,770,800</u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
\$ 58,051	\$ 517,798	\$ 4,078,469	\$ 5,175,257	\$ 1,096,788
21,907	615,449	3,919,025	4,917,238	998,213
-	-	213,769	251,018	37,249
2,313	31,228	642,023	778,145	136,122
-	-	18,499	119,283	100,784
-	-	157,426	-	(157,426)
<u>-</u>	<u>-</u>	<u>968,164</u>	<u>889,162</u>	<u>(79,002)</u>
\$ <u>82,271</u>	\$ <u>1,164,475</u>	\$ <u>9,997,375</u>	\$ <u>12,130,103</u>	\$ <u>2,132,728</u>
\$ 546	\$ -	\$ 1,792,235	\$ 1,730,167	\$ (62,068)
<u>-</u>	<u>-</u>	<u>91,271</u>	<u>133,214</u>	<u>41,943</u>
\$ <u>546</u>	\$ <u>-</u>	\$ <u>1,883,506</u>	\$ <u>1,863,381</u>	\$ <u>(20,125)</u>
\$ <u>82,817</u>	\$ <u>1,164,475</u>	\$ <u>11,880,881</u>	\$ <u>13,993,484</u>	\$ <u>2,112,603</u>



**Duncanville**  
*City of Champions*

CITY OF DUNCANVILLE, TEXAS

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. The Internal Service Funds are members of the proprietary fund category, and as such, are accounted for on the accrual basis of accounting. There are three funds within the Internal Service Funds:

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

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

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

## CITY OF DUNCANVILLE, TEXAS

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004

<u>ASSETS</u>	<u>Fleet Replacement</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
Cash and investments	\$ 1,442,735	\$ 334,126	\$ 307,141	\$ 2,084,002
Accrued interest and other	9,709	-	-	9,709
Total current assets	<u>1,452,444</u>	<u>334,126</u>	<u>307,141</u>	<u>2,093,711</u>
Capital assets-Equipment net of depreciation	367,821	-	-	367,821
Capital assets-Vehicles net of depreciation	833,337	-	-	833,337
Total non-current assets	<u>1,201,158</u>	<u>-</u>	<u>-</u>	<u>1,201,158</u>
Total assets	<u>\$ 2,653,602</u>	<u>\$ 334,126</u>	<u>\$ 307,141</u>	<u>\$ 3,294,869</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 420	\$ 5,601	\$ 6,021
Accrued liabilities	-	149,141	255,674	404,815
Total liabilities	<u>-</u>	<u>149,561</u>	<u>261,275</u>	<u>410,836</u>
 <u>NET ASSETS</u>				
Unrestricted	<u>2,653,602</u>	<u>184,565</u>	<u>45,866</u>	<u>2,884,033</u>
Total net assets	<u>\$ 2,653,602</u>	<u>\$ 184,565</u>	<u>\$ 45,866</u>	<u>\$ 2,884,033</u>

CITY OF DUNCANVILLE, TEXAS

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Fleet Replacement</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
OPERATING REVENUES:				
Premiums and charges for services	\$ 474,125	\$ 1,741,029	\$ 340,888	\$ 2,556,042
Other	<u>1,214</u>	<u>371,203</u>	<u>-</u>	<u>372,417</u>
Total operating revenues	<u>475,339</u>	<u>2,112,232</u>	<u>340,888</u>	<u>2,928,459</u>
OPERATING EXPENSES:				
Claims and provision	-	1,821,893	310,957	2,132,850
Administrative and fiscal	-	389,747	198,882	588,629
Depreciation	<u>543,060</u>	<u>-</u>	<u>-</u>	<u>543,060</u>
Total operating expenses	<u>543,060</u>	<u>2,211,640</u>	<u>509,839</u>	<u>3,264,539</u>
OPERATING INCOME (LOSS)	<u>(67,721)</u>	<u>(99,408)</u>	<u>(168,951)</u>	<u>(336,080)</u>
NON-OPERATING REVENUES:				
Interest income	<u>20,188</u>	<u>2,317</u>	<u>1,100</u>	<u>23,605</u>
Total non-operating revenue	<u>20,188</u>	<u>2,317</u>	<u>1,100</u>	<u>23,605</u>
INCOME (LOSS) BEFORE TRANSFERS	(47,533)	(97,091)	(167,851)	(312,475)
TRANSFERS IN	-	250,000	-	250,000
Total transfers in	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
CHANGE IN NET ASSETS	(47,533)	152,909	(167,851)	(62,475)
TOTAL NET ASSETS BEGINNING	<u>2,701,135</u>	<u>31,656</u>	<u>213,717</u>	<u>2,946,508</u>
TOTAL NET ASSETS-ENDING	<u>\$ 2,653,602</u>	<u>\$ 184,565</u>	<u>\$ 45,866</u>	<u>\$ 2,884,033</u>

CITY OF DUNCANVILLE, TEXAS

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Fleet Replacement</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from insured	\$ 47,111	\$ 542,490	\$ -	\$ 589,601
Internal activity-receipts from other funds	474,125	1,198,539	340,888	2,013,552
Payments to suppliers	(49,664)	(2,218,864)	(387,424)	(2,655,952)
Other receipts	<u>1,214</u>	<u>371,203</u>	<u>-</u>	<u>372,417</u>
Net cash provided by (used in) operating activities	<u>472,786</u>	<u>(106,632)</u>	<u>(46,536)</u>	<u>319,618</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer in from other funds	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net cash provided by investing activities	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of fixed assets	<u>(298,825)</u>	<u>-</u>	<u>-</u>	<u>(298,825)</u>
Net cash provided by investing activities	<u>(298,825)</u>	<u>-</u>	<u>-</u>	<u>(298,825)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	<u>20,188</u>	<u>2,317</u>	<u>1,100</u>	<u>23,605</u>
Net cash provided by investing activities	<u>20,188</u>	<u>2,317</u>	<u>1,100</u>	<u>23,605</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>				
	194,149	145,685	(45,436)	294,398
CASH AND INVESTMENTS, beginning of year	<u>1,248,586</u>	<u>188,441</u>	<u>352,577</u>	<u>1,789,604</u>
CASH AND INVESTMENTS, end of year	<u>\$ 1,442,735</u>	<u>\$ 334,126</u>	<u>\$ 307,141</u>	<u>\$ 2,084,002</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (67,721)	\$ (99,408)	\$ (168,951)	\$ (336,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities-				
Depreciation	543,060	-	-	543,060
Change in assets and liabilities-				
Accounts and other receivables	47,111	-	-	47,111
Accounts and other payables	<u>(49,664)</u>	<u>(7,224)</u>	<u>122,415</u>	<u>65,527</u>
Total adjustments	<u>540,507</u>	<u>(7,224)</u>	<u>122,415</u>	<u>655,698</u>
Net cash provided by (used in) operating activities	<u>\$ 472,786</u>	<u>\$ (106,632)</u>	<u>\$ (46,536)</u>	<u>\$ 319,618</u>

CITY OF DUNCANVILLE, TEXAS

COMPONENT UNIT COMBINING FINANCIAL STATEMENTS

Component unit of the City consists of the Duncanville Community and Economic Development Corporation (DCEDC). On January 21, 1995, a special election was held and voters approved two separate sales tax provisions, one of which was the adoption of an additional sales and use tax at the rate of ½% to be used for 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 a result, the City created the DCEDC to administer these funds. 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 member Board of Directors appointed by the City Council. Each of the directors should be a resident of the City. No more than four 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.

CITY OF DUNCANVILLE, TEXAS

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION  
COMBINING BALANCE SHEET- FUND LEVEL  
SEPTEMBER 30, 2004

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and investments	\$ 903,689	\$ 10	\$ 903,699
Trade accounts	286,424	-	286,424
Accrued interest and other receivable	3,295	-	3,295
Prepaid items	7,348	-	7,348
Restricted cash and investments	-	620,000	620,000
Total assets	<u>\$ 1,200,756</u>	<u>\$ 620,010</u>	<u>\$ 1,820,766</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 4,268	\$ -	\$ 4,268
Accrued liabilities	1,055	-	1,055
Customer performance and escrow deposits	-	620,000	620,000
Total liabilities	<u>5,323</u>	<u>620,000</u>	<u>625,323</u>
FUND BALANCE			
Reserved for economic development	<u>1,195,433</u>	<u>10</u>	<u>1,195,443</u>
Total fund balance	<u>1,195,433</u>	<u>10</u>	<u>1,195,443</u>
Total liabilities and fund balance	<u>\$ 1,200,756</u>	<u>\$ 620,010</u>	<u>\$ 1,820,766</u>

CITY OF DUNCANVILLE, TEXAS

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue	Capital Projects	Total
REVENUES:			
Sales taxes	\$ 1,626,164	\$ -	\$ 1,626,164
Interest	17,288	7	17,295
Rental and other	<u>804,400</u>	<u>-</u>	<u>804,400</u>
Total revenues	<u>2,447,852</u>	<u>7</u>	<u>2,447,859</u>
EXPENDITURES:			
General government	1,181,320	-	1,181,320
Special purposes - promotional	76,937	-	76,937
Debt service-			
Principal retirement	515,000	-	515,000
Interest and fiscal charges	834,969	-	834,969
Capital outlay	<u>342,177</u>	<u>-</u>	<u>342,177</u>
Total expenditures	<u>2,950,403</u>	<u>-</u>	<u>2,950,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(502,551)</u>	<u>7</u>	<u>(502,544)</u>
FUND BALANCE, beginning of year	<u>1,697,984</u>	<u>3</u>	<u>1,697,987</u>
FUND BALANCE, end of year	<u>\$ 1,195,433</u>	<u>\$ 10</u>	<u>\$ 1,195,443</u>



**Duncanville**  
*City of Champions*

**STATISTICAL  
SECTION**

**(UNAUDITED)**

## **STATISTICAL SECTION**

(Unaudited)

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

Beginning in FY 2002-03, the Statistical Section included for the first time statistical tables which present government-wide expenses by function and government-wide revenues.

**CITY OF DUNCANVILLE, TEXAS**

**GOVERNMENT-WIDE REVENUES BY FUNCTION  
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUE	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings
2003	\$ 14,934,694	\$ 234,511	\$ 441,462	\$ 18,022,967	\$ 213,641
2004	\$ 15,291,785	\$ 233,729	\$ 1,581,929	\$ 18,448,252	\$ 266,979

Source: Current year government-wide financials

Note: The City of Duncanville first applied GASB Statement No. 34 in the fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

**GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	General Government	Finance	Community Services	Police	Public Works
2003	\$ 1,852,710	\$ 974,191	\$ 3,236,439	\$ 6,113,841	\$ 3,595,016
2004	\$ 1,815,776	\$ 1,017,176	\$ 3,122,149	\$ 6,958,226	\$ 3,749,228

Source: Current year government-wide financials

Note: The City of Duncanville first applied GASB Statement No. 34 in the fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Table 1

<u>Miscellaneous</u>	<u>Total</u>
\$ 787,772	\$ 34,635,047
\$ 938,256	\$ 36,760,930

Table 2

<u>Fire</u>	<u>Interest &amp; Fiscal Charges</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 4,664,195	\$ 1,086,274	\$ 4,993,910	\$ 4,321,343	\$ 1,725,261	\$ 32,563,177
\$ 4,501,238	\$ 883,919	\$ 4,656,225	\$ 4,255,396	\$ 1,793,330	\$ 32,752,663

**CITY OF DUNCANVILLE, TEXAS**

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

---

Fiscal Year	General Government	Finance	Community Services	Police
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
2003	\$ 1,139,841	\$ 947,288	\$ 2,776,118	\$ 6,216,588
2004	\$ 1,073,770	\$ 980,758	\$ 2,560,514	\$ 6,391,615

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

(2) Allocated expenditures have been shown as transfers.

Table includes General Fund only.

Table 3

Public Works	Fire	Non-Departmental	Allocation Expenditures	Total
\$ 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
\$ 3,307,461	\$ 4,161,790	\$ 444,438	(2)	\$ 18,993,524
\$ 3,288,540	\$ 4,222,834	\$ 323,031	(2)	\$ 18,841,062

**CITY OF DUNCANVILLE, TEXAS**

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

---

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses, Permits and Fees</u>	<u>Fines</u>	<u>Interest Income</u>
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
2003	\$ 15,602,328	\$ 1,069,501	\$ 698,657	\$ 95,350
2004	\$ 15,928,812	\$ 1,306,737	\$ 1,090,081	\$ 100,691

Table includes General Fund only.

Table 4

<u>Intergovernmental</u>	<u>Miscellaneous Sales and Services</u>	<u>Total</u>
\$ 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
\$ 308,467	\$ 703,989	\$ 18,478,292
\$ 298,342	\$ 536,626	\$ 19,261,289

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>
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
2003	\$ 10,968,827	\$ 10,698,211	97.5%	\$ 219,914
2004	\$ 11,352,972	\$ 11,109,031	97.9%	\$ 272,597

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

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

Table 5

<u>Total Tax Collection</u>	<u>Percentage of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquents Taxes to Tax Levy</u>
\$ 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%
\$ 10,918,125	99.5%	\$ 889,991 (2)	8.1%
\$ 11,381,628	100.3%	\$ 841,793 (2)	7.4%

**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	
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
2003	\$ 1,430,533,899	\$ 138,014,389	\$ 1,568,548,288	\$ 1,568,548,288
2004	\$ 1,476,429,334	\$ 155,447,364	\$ 1,631,876,698	\$ 1,631,876,698

**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 6

Ratio of Total Assessed to Total Estimated Actual Value	Tax Levy	Tax Rate
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
100	\$ 10,968,827	0.7180
100	\$ 11,352,972	0.7180

**CITY OF DUNCANVILLE, TEXAS**

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

---

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed value</u>	<u>Gross General Bonded Debt (1)</u>	<u>Less Interest and Sinking Funds</u>
1995	35,550	\$ 1,143,908,112	\$ 25,380,914	\$ 1,041,373
1996	35,100	\$ 1,159,252,731	\$ 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	36,081	\$ 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
2003	36,402	\$ 1,568,548,288	\$ 25,719,222	\$ 755,775
2004	36,050	\$ 1,631,876,698	\$ 23,106,519	\$ 517,460

(1) Includes Enterprise Fund debt since it is also payable from ad valorem tax levy

Table 7

<u>Net Bonded Debt</u>	<u>Percentage Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 24,339,541	2.13%	\$ 685
\$ 22,558,006	1.95%	\$ 643
\$ 20,506,335	1.77%	\$ 570
\$ 23,792,203	1.98%	\$ 661
\$ 21,600,376	1.75%	\$ 600
\$ 19,104,172	1.47%	\$ 529
\$ 17,578,842	1.30%	\$ 486
\$ 16,614,978	1.16%	\$ 458
\$ 24,963,447	1.59%	\$ 686
\$ 22,589,059	1.38%	\$ 627

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

Fiscal Year	City of Duncanville	Duncanville I.S.D.	Dallas County	Dallas County Hospital	Dallas County Community College
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	1.6800	0.203174	0.179900	0.05000
2000	0.7180	1.6400	0.201699	0.196000	0.05000
2001	0.7180	1.6800	0.201667	0.254000	0.05000
2002	0.7180	1.6700	0.201525	0.254000	0.06000
2003	0.7180	1.7500	0.201500	0.254000	0.06000
2004	0.7180	1.8550	0.020936	0.254000	0.07780

(1) Rates are based per \$100 valuation.

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

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)

September 30, 2004

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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.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)  
September 30, 2004

	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to City of Duncanville</u>	<u>Amount Applicable to City of Duncanville</u>
City of Duncanville (1)	\$ 23,106,519	100.00%	\$ 23,106,519
Other Entities:			
Duncanville ISD (2)	204,749,153	56.92%	116,543,218
Dallas County (2)	314,192,395	1.23%	3,864,566
Total Other Entities	<u>518,941,548</u>		<u>120,407,784</u>
Total net direct and overlapping debt	<u>\$ 542,048,067</u>		<u>\$ 143,514,303</u>

(1) Includes Enterprise Fund debt since it is also payable from an ad valorem tax levy.

(2) Source: First Southwest Company

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percentage of Debt Service to General Fund Expenditures
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%
2003	\$ 2,135,000	\$ 684,555	\$ 2,819,555	\$ 18,993,524	14.8%
2004	\$ 2,185,000	\$ 585,460	\$ 2,770,460	\$ 18,841,062	14.7%

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	
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	\$ -	\$ -	\$ -	-
2003	\$ 9,959,492	\$ 8,426,529	\$ 1,532,963	\$ 115,000	\$ 158,486	\$ 273,486	5.61
2004	\$ 9,936,624	\$ 7,947,841	\$ 1,988,783	\$ 120,000	\$ 154,668	\$ 274,668	7.24

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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Fiscal Year	Commercial Construction (1)		Residential Construction(1)	
	Number of Permits	Value	Number of Permits	Value
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
2003	69	\$ 50,189,529	220	\$ 4,119,221
2004	97	\$ 64,092,174	252	\$ 10,108,573

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

PRINCIPAL TAXPAYERS (UNAUDITED)  
September 30, 2004

Taxpayer	Type of Business	2003-2004 Assessed Valuation	Percentage of Total Assessed Valuation
Southwestern Bell Telephone	Telephone Utility	\$ 16,006,750	1.12 %
Texwood Industries	Wholesale Cabinetry	14,533,910	1.02 %
Frankel Family Trust	Retail Estate	13,380,800	0.94 %
CH Guenther & Sons	Wholesale Food Products	12,440,410	0.87 %
Texas Utilities Electric Company	Utility	12,393,580	0.87 %
Wal-Mart Corp.	Retail	11,213,830	0.79 %
Apple Reit LTD PS	Apartments	8,875,000	0.62 %
TT Duncanville LTD	Retail	8,582,070	0.60 %
Center Ridge Apts LTD	Apartments	5,400,000	0.38 %
Heartland Duncanville LP	Apartments	5,050,000	0.35 %
Total		\$ 107,876,350	7.56 %

## MISCELLANEOUS STATISTICAL FACTS (UNAUDITED)

September 30, 2004

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Date of Incorporation	August 2, 1947
Date of Adoption of City Charter	May 5, 1962
Form of Government	Council-Manager
City Area, Square Miles	11.2
Miles of Streets and Alleys:	
Streets, paved	156.0
Sidewalks	113.0
Alleys, paved	40.1
Miles of Sanitary Sewers	152.5
Miles of Water Mains	187.0
Number of Fire Hydrants	1,247
Number of Manholes	1,712
Building Permits:	
Permits Issued FY 03-04	349
Estimated Cost FY 03-04	\$ 74,200,747
Fire Protection:	
Number of Stations	2
Number of Employees	50
Police Protection:	
Number of Stations	1
Number of Employees	61
Parks:	
Number of Acres	227
Number of Playgrounds	11



**Duncanville**  
*City of Champions*