

# *The City of Duncanville, Texas*



# 2005 - 2006

*Comprehensive Annual Financial Report*

## DUNCANVILLE

The perfect blend of family, community and business.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF DUNCANVILLE, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2006

PREPARED BY:

CITY OF DUNCANVILLE

FINANCE DEPARTMENT

CITY OF DUNCANVILLE, TEXAS

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006  
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# INTRODUCTORY SECTION



# City of Duncanville

**Kent Cagle**  
*City Manager*

December 22, 2006

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, 2006.

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 2006 population is 37,800.

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



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 5.7 million residents in the U.S. Census 2005 American Community Survey, making it the largest metropolitan area in Texas, the fourth largest metro in the country and larger than 35 U.S. states. (U.S. Census Bureau, U.S. Census Bureau: American Community Survey)
- DFW added just fewer than 1.2 million residents, more than 325 persons each day, between 1990 and 2000, fueling a growth rate of 29 percent. This marked the second consecutive decade in which growth bordered on 1 million or more new residents for the Metroplex. (U.S. Census Bureau)
- DFW claims 26 percent of the state's population, 27 percent of the labor force, 28 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 reached \$285.850 billion in 2005. If DFW were a nation, its Gross Domestic Product would place it among small European countries. (United States Conference of Mayors, Global Insight, & Perryman Group)
- DFW has one of the most diverse economies in the nation, reporting between 3 and 22 percent of the workforce in each of the major industrial sectors. (U.S. Bureau of Labor Statistics)
- 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, 2.9 million residents in DFW hold school diplomas and more than one million have completed at least four of college. (U.S. Census Bureau, American Community Survey 2005)
- Trade, Transportation and Utilities is the largest employment sector in the Dallas/Fort Worth regional economy, accounting for approximately 21.7 percent of all jobs. (U.S. Bureau of Labor Statistics)
- DFW's direct trade with North America Free Trade Agreement (NAFTA) countries was \$1.4 billion in 2005. (U.S.A. Trade Online)

- Dallas is home to five major league sport teams including NFL Cowboys football, NBA Mavericks basketball, MLB Rangers baseball, NHL Stars hockey, NSL FC Dallas soccer. (Dallas Convention and Visitors Bureau)
- In the Dallas metro area, cultural arts contribute over \$57.6 billion to the local economy which is 30.3 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 will always struggle with the challenge of providing first class services that are funded by a tax base that is 75% residential. However, 2007 promises to be one of the best in Duncanville's history for commercial construction. Costco opened one of its warehouse stores in Duncanville on August 2006. There will be associated restaurant and retail development on the site. Across Main Street from the Costco site, Carbon Development break ground in 2006 on a unique mixed use development that includes apartments, restaurants, retail and banking facilities constructed around a creek and linear park.

Southwest Dallas County is experiencing explosive residential growth and while Duncanville has limited residential land left there were four new subdivisions under construction in 2006. This local and area residential growth coupled with the successful beer and wine election in 2003 has created renewed interest in Duncanville as a retail and restaurant location.

Duncanville is still home to a diversified group of manufacturing and distribution firms and continues to be the choice 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, frozen foods, and cosmetics. One major industrial park thrives in the City, the Duncanville Industrial Corporation, and two other large industrial parks are adjacent to the City; Redbird Industrial Park and Mountain Creek Business Park.

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 well and continues to bring people near and far into the community.
- In 2003, **Holiday Inn** opened a new hotel in Duncanville and **The Hilton Garden Inn** opened September 1, 2005 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 provides 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.
- In October of 2006, **The Best Western**, broke ground. It is expected to open in June of 2007, with 70 rooms for occupancy.
- 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.
- Texwood Industries, one of the leading cabinet and door manufacturers in the nation recently completed an eleven million dollar expansion that added 365 jobs.
- DeFord is engaged in a manufacturing and distribution business involving the high-speed assembly line manufacture of doors; and employees 147.
- Pioneer Foods, located at 627 Big Stone Gap, is a subsidiary of C.H. Guenther & Son Inc., and manufactures frozen dough products. They currently have 161 employees.

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 \$62,269 comparing favorably to \$36,403 for Dallas, \$40,663 Fort Worth and \$42,102 for Texas. (ESRI-BUS, U.S. Census Bureau)

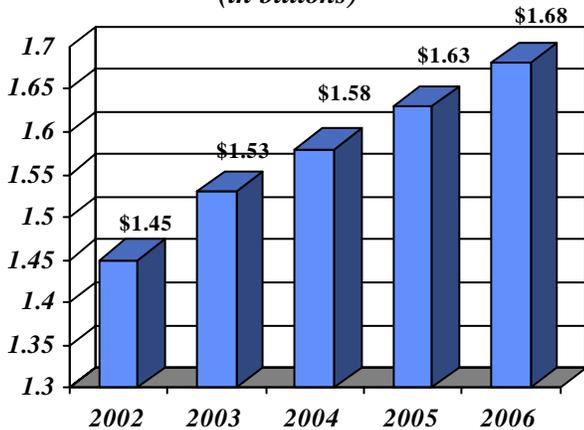
The long-range economic outlook for Duncanville is very promising. The City continues to grow with economic development initiatives targeting quality businesses that will bring unique products and services to this ever-growing community. The City’s citizens and business community are committed to managed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

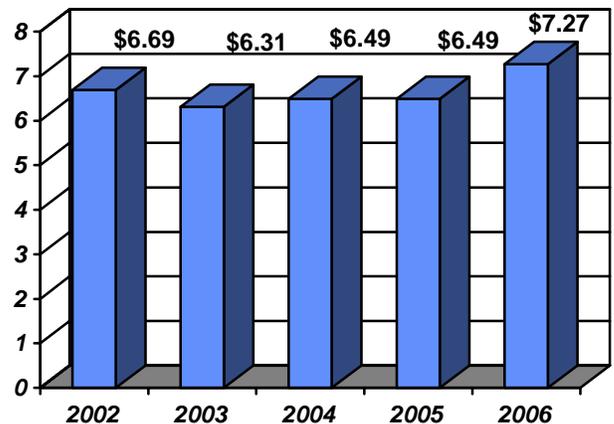
- Begin design of the remainder of the service roads along I-20 from the east to west city limits.
- Continuing aggressive Code Enforcement, resolving violations.
- Pushing a more aggressive program of delinquent tax foreclosures when necessary.
- Promoting another year of aggressive apartment inspection 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 a 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 one year. The current depository contract with JP Morgan Chase, N.A. expires January 31, 2008.

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 \$505,115 for FY 2005-06, compared to \$323,667 for FY 2004-05.

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 (CAFR) for the fiscal year ended September 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

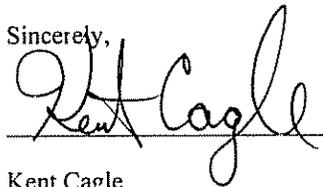
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

### *Acknowledgments*

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

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

Sincerely,



Kent Cagle  
City Manager



Frank Trando  
Finance Director

# 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, 2005

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



President

Executive Director



# Duncanville

*City of Champions*

"The Perfect Blend of Family,  
Community and Business"

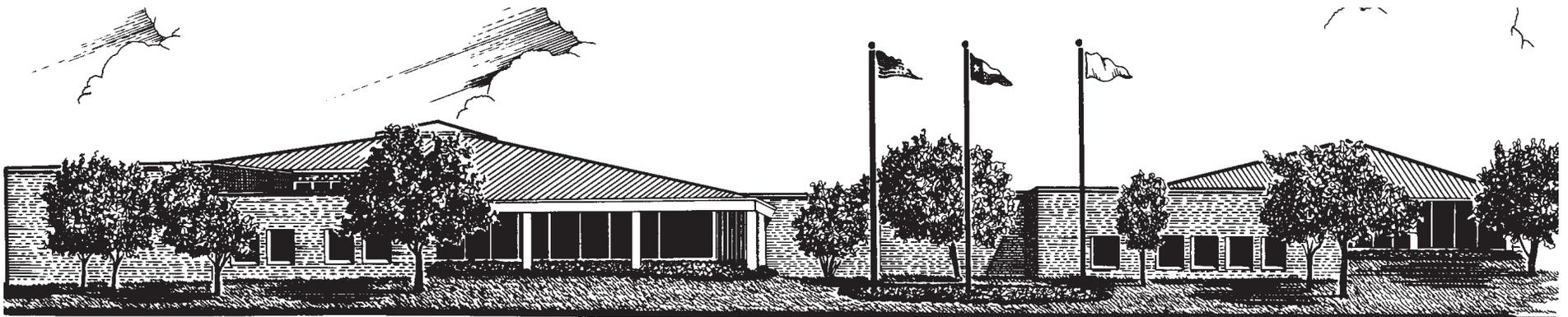
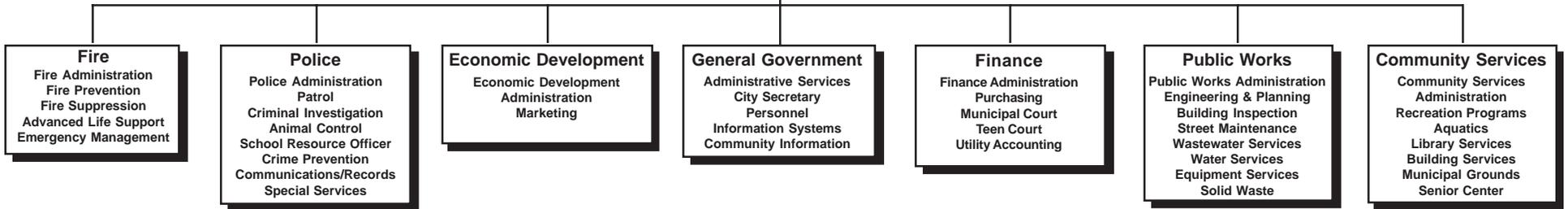
Citizens of Duncanville

Mayor & City Council  
(Elected)

Office of the City  
Manager

# City of Duncanville

## Organizational Chart September 30, 2006



**CITY OF DUNCANVILLE  
CITY COUNCIL**

David Green, Mayor

Ken Weaver, Mayor Pro Tem

Dorothy Burton, Council Member at large

Anthony Skinner, Council Member

Johnette Jameson, Council Member

Deborah Hodge, Council Member

Scott Cannon, Council Member



**ADMINISTRATIVE OFFICIALS**

Kent Cagle, City Manager

Jeanne Fralicks, Assistant City Manager

Frank Trando, Finance Director

Gregg Weaver, Personnel Administrator





**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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Duncanville, Texas, as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Duncanville, Texas, as of September 30, 2006, and the respective changes in financial position and, where applicable, cash flows, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2006, on our consideration of the City of Duncanville's internal control over financial reporting and on our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information on pages 3 through 9 and 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 opinions on the financial statements that collectively comprise the City of Duncanville's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on them.

*Pattillo, Brown & Hill, LLP*

December 22, 2006

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

## CITY OF DUNCANVILLE, TEXAS

### Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2006

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, 2006. 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 \$80 million (net assets). Of this amount, \$10.8 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by over \$19 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 \$7.4 million, a decrease less than \$1 million from the prior year. Of this amount, \$6.5 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 \$3.9 million. This represents over 29% 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 decreased by \$347,471 which was \$457,780 less than budgeted due to higher than anticipated revenues and expenditure savings.
- The City's net bonded debt decreased by over \$2 million during this current fiscal year. The key factor in this decrease was the repayment of bonded debt during FY05-06 and that there were no additional bonds issued in FY 05-06.

#### 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 three categories: governmental funds, and proprietary funds and fiduciary 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 City'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 17 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 14 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/Motel Tax, Drainage Fees, and Traffic Improvement and Safety 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.

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.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

***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 \$80 million as of September 30, 2006.

	Governmental		Business-type		Totals	
	Activities		Activities			
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
Current and other assets	\$ 18,228,334	\$ 13,916,993	\$ 10,140,069	\$ 5,577,027	\$ 28,368,403	\$ 19,494,020
Capital assets	58,582,317	42,306,086	26,473,478	26,475,103	85,055,795	68,781,189
Total assets	<u>76,810,651</u>	<u>56,223,079</u>	<u>36,613,547</u>	<u>32,052,130</u>	<u>113,424,198</u>	<u>88,275,209</u>
Long-term liabilities	1,859,323	1,666,013	1,318,822	1,096,423	3,178,145	2,762,436
Other liabilities	18,739,921	20,569,025	3,780,699	3,925,135	22,520,620	24,494,160
Total liabilities	<u>20,599,244</u>	<u>22,235,038</u>	<u>5,099,521</u>	<u>5,021,558</u>	<u>25,698,765</u>	<u>27,256,596</u>
Net assets:						
Invested in capital assets,						
net of related debt	42,888,768	27,722,646	24,896,859	23,903,050	67,785,627	51,625,696
Restricted	2,135,390	240,324	-	-	2,135,390	240,324
Unrestricted	<u>6,736,230</u>	<u>6,025,071</u>	<u>4,125,250</u>	<u>3,127,522</u>	<u>10,861,480</u>	<u>9,152,593</u>
Total net assets	<u>\$ 51,760,388</u>	<u>\$ 33,988,041</u>	<u>\$ 29,022,109</u>	<u>\$ 27,030,572</u>	<u>\$ 80,782,497</u>	<u>\$ 61,018,613</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 \$10.8 million may be used to meet the City'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, 2006.

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

	Governmental Activities		Business-type Activities		Totals	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
Revenues:						
Program revenues:						
Charges for services	\$ 4,209,652	\$ 3,060,042	\$ 14,349,658	\$ 12,576,478	\$ 18,559,310	\$ 15,636,520
Operating grants and contributions	905,197	245,357	-	-	905,197	245,357
Capital grants and contributions	96,354	1,559,812	118,264	999,429	214,618	2,559,241
General revenues:						
Ad valorem taxes	12,209,904	11,746,407	-	-	12,209,904	11,746,407
Gross receipts taxes	2,129,943	1,938,736	-	-	2,129,943	1,938,736
Sales taxes	5,451,335	4,868,004	-	-	5,451,335	4,868,004
Hotel taxes	531,711	252,500	-	-	531,711	252,500
Investment income	603,243	372,513	259,132	53,575	862,375	426,088
Miscellaneous	-	755,889	-	-	-	755,889
Total revenues	<u>26,137,339</u>	<u>24,799,260</u>	<u>14,727,054</u>	<u>13,629,482</u>	<u>40,864,393</u>	<u>38,428,742</u>
Expenses:						
General government	2,887,854	1,843,301	-	-	2,887,854	1,843,301
Finance	1,204,589	1,013,884	-	-	1,204,589	1,013,884
Community services	4,703,438	3,688,927	-	-	4,703,438	3,688,927
Police	7,119,106	6,646,338	-	-	7,119,106	6,646,338
Public works	4,881,669	4,748,203	-	-	4,881,669	4,748,203
Fire	4,872,692	4,801,545	-	-	4,872,692	4,801,545
Interest and fiscal charges	759,939	817,745	-	-	759,939	817,745
Water and sewer	-	-	9,820,498	9,392,200	9,820,498	9,392,200
Solid waste	-	-	1,811,672	1,802,136	1,811,672	1,802,136
Total expenses	<u>26,429,287</u>	<u>23,559,943</u>	<u>11,632,170</u>	<u>11,194,336</u>	<u>38,061,457</u>	<u>34,754,279</u>
Increases in net assets						
before transfers	(291,948)	1,239,317	3,094,884	2,435,146	2,802,936	3,674,463
Transfers	<u>1,082,850</u>	<u>892,061</u>	<u>(1,082,850)</u>	<u>(892,061)</u>	<u>-</u>	<u>-</u>
Change in net assets	790,902	2,131,378	2,012,034	1,543,085	2,802,936	3,674,463
Net assets-beginning	33,988,041	31,856,663	27,030,572	25,487,487	61,018,613	57,344,150
Prior period adjustment	<u>16,981,445</u>	<u>-</u>	<u>(20,497)</u>	<u>-</u>	<u>16,960,948</u>	<u>-</u>
Net assets, ending	<u>\$ 51,760,388</u>	<u>\$ 33,988,041</u>	<u>\$ 29,022,109</u>	<u>\$ 27,030,572</u>	<u>\$ 80,782,497</u>	<u>\$ 61,018,613</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 \$7.4 million. Approximately 88% 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 expenditures of \$25,792, debt service of \$202,702 and loans receivable of \$690,000. The fund balance for all governmental funds decreased by less than \$1 million from the previous fiscal year.

In the General Fund, the original budget projected a \$ 533,000 decrease in fund balance this fiscal year. This was changed to a decrease of \$ 742,000 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, and other revenue sources, as well as personnel service savings in nearly all expenditure functions, fund balance decreased in the General Fund by \$347,471, a positive variance with the final amended budget of \$457,780.

The Debt Service fund had a decrease in fund balance of \$93,923 for the fiscal year ended September 30, 2006, which was as planned in order to take advantage of the beginning fund balance of \$296,625. The Street Construction capital project fund had a decrease in fund balance of \$639,648, 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 \$2,045,751 increase in net assets and the Solid Waste fund net assets increased by \$33,717 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 \$118,264 because of donated water and wastewater lines accounted for a portion of the increase in net assets in the Utility fund.

### 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, the City had capitalized Bridges and Signals infrastructure assets. In FY 05-06, Alleys, Streets and Storm Sewer infrastructure has been capitalized. We have met all requirements of GASB34.

At the end of fiscal year 2006, the City had over \$85 million invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, and water and sewer lines.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Land	\$ 19,781	\$ 18,920	\$ 89	\$ 89	\$ 19,870	\$ 19,009
Construction in progress	839	375	631	328	1,470	703
Buildings	5,317	5,658	2,698	2,792	8,015	8,450
Infrastructure	28,679	13,061	18,883	18,985	47,562	32,046
Improvements	1,130	1,248	27	28	1,157	1,276
Equipment	2,836	3,044	303	315	3,139	3,359
Water rights	-	-	3,842	3,938	3,842	3,938
Totals	<u>\$ 58,582</u>	<u>\$ 42,306</u>	<u>\$ 26,473</u>	<u>\$ 26,475</u>	<u>\$ 85,055</u>	<u>\$ 68,781</u>

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

- Nearly \$229,190 in alley projects were completed and an additional \$ 839,148 in construction-in-progress.
- Current year outlays for the water and sewer system were \$411,570 with additional \$621,289 of construction-in-progress.
- Drainage projects were completed for \$61,224.
- Vehicle replacements during the year were \$385,352 including one new special needs bus, a new ambulance, two new motorcycles, a trailer mounted cleaning machine and several new trucks and sedans.
- Additional books costing \$61,256 were added to the library.

More detailed information about the City's capital assets is found in Note 5 to the financial statements.

**Debt Administration**

At year-end, the City had \$19.5 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)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
GO & CO	\$ 15,779	\$ 17,792	\$ -	\$ -	\$ 15,779	\$ 17,792
Tax and Water/Wastewater Surplus Revenue bonds	-	-	3,703	3,865	3,703	3,865
Totals	<u>\$ 15,779</u>	<u>\$ 17,792</u>	<u>\$ 3,703</u>	<u>\$ 3,865</u>	<u>\$ 19,482</u>	<u>\$ 21,657</u>

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 Note 8 to the 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.

In the 2006-07 budget, General Fund revenues are projected to increase by \$2,263,153 or 11%, even with a 2.2 cent decrease in the property tax rate. The property tax base is demonstrating robust growth with 5.2% increase over last year. 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 5.2% over the preceding year while the City tax rate was reset at the same rate for the ninth year in a row, \$.7180 per \$100 of assessed valuation. This is the fourteenth year in a row without a property tax rate increase and the fourth decrease in the past 15 years.

This budget maintains current service levels and adds back the personnel cuts or service level reductions that were cut in previous years. Pay plan adjustments include the market adjustments recommended in the Water's Consulting Report and up to a 3% merit increase for non-civil service employees. In addition to the recommendations of the Water's report we have given a 2% increase for all police officers and firefighters that are at the top of their pay range and an additional 1% increase for police sergeants and fire equipment operators at the bottom of the range. The total cost of the compensation enhancement plan is \$690,216. TMRS rate only increased 1.8% and for the first time in many years there was no increase in the cost of health insurance. Despite these employee benefit related costs, we were still able to produce a budget that has been reduced to \$.696 tax rate.

After many years of anticipation, Costco opened its doors in FY05-06 and our sales tax revenue appears 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 continue to occur and new construction is at a ten year high. Approximately \$25 million in new construction was added to the tax roll this year. It is expected to be even greater next year based on the new construction already in progress. The \$25 million in new construction is the largest in 10 years. However, each new completed project brings the city closer to complete buildout and we will not be able to count on new construction to bolster our tax rolls in many more years.

Our red light camera enforcement program has begun and we have been able to create a new Transportation Improvement and Safety fund to manage the revenues and expenditures for this important program. We will be able to fund improvements to our signals and make needed street improvements without issuing more debt.

## **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, at City of Duncanville, Attn: Frank Trando Finance Director P. O. Box 380280, Duncanville, Texas 75138-0280, call (972)780-5005 or e-mail at [frando@ci.duncanville.tx.us](mailto:frando@ci.duncanville.tx.us).



**Duncanville**  
*City of Champions*

# BASIC FINANCIAL STATEMENTS

CITY OF DUNCANVILLE, TEXAS

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Cash and investments	\$ 7,716,521	\$ 2,617,302	\$ 10,333,823	\$ 6,110,548
Receivables (net of allowance for uncollectibles)	4,451,019	2,491,917	6,942,936	338,727
Accrued interest	120,586	16,663	137,249	36,033
Prepaid items	25,792	18,712	44,504	-
Loan receivable	690,000	-	690,000	-
Deferred charges	85,981	67,179	153,160	118,038
Restricted cash and investments	-	2,592,089	2,592,089	620,000
Internal balances	155,710	(155,710)	-	-
Investment in joint ventures	531,706	-	531,706	175,240
Capital assets:				
Land and construction in progress	20,620,115	720,483	21,340,598	2,744,879
Other capital assets (net of depreciation)	37,962,202	25,752,995	63,715,197	13,091,677
<b>Total assets</b>	<b>72,359,632</b>	<b>34,121,630</b>	<b>106,481,262</b>	<b>23,235,142</b>
<b>LIABILITIES:</b>				
Accounts payable	811,580	722,528	1,534,108	320,207
Contracts payable	179,937	-	179,937	-
Accrued liabilities	626,888	45,429	672,317	1,304
Accrued interest payable	48,247	18,327	66,574	106,527
Unearned revenue	108,397	-	108,397	-
Customer performance and escrow deposits	84,274	532,538	616,812	620,000
Long-term liabilities:				
Due within one year:				
Bonds and certificates of obligation payable	2,455,000	127,181	2,582,181	610,000
Compensated absences	98,464	-	98,464	-
Due in more than one year:				
Loan payable	-	-	-	500,000
Bonds and certificates of obligation payable	13,324,530	3,576,168	16,900,698	14,320,000
Compensated absences	2,861,927	77,350	2,939,277	-
<b>Total liabilities</b>	<b>20,599,244</b>	<b>5,099,521</b>	<b>25,698,765</b>	<b>16,478,038</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	42,888,768	24,896,859	67,785,627	1,024,594
Restricted for:				
Debt service	313,581	-	313,581	-
Economic development	-	-	-	5,732,510
Capital projects	1,821,809	-	1,821,809	-
Unrestricted	6,736,230	4,125,250	10,861,480	-
<b>Total net assets</b>	<b>\$ 51,760,388</b>	<b>\$ 29,022,109</b>	<b>\$ 80,782,497</b>	<b>\$ 6,757,104</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, 2006

PROGRAM ACTIVITIES	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 2,887,854	\$ 227,600	\$ 758,326	\$ -
Finance	1,204,589	-	-	-
Community services	4,703,438	674,835	565	-
Police	7,119,106	1,607,537	5,171	-
Public works	4,881,669	942,787	129,785	96,354
Fire	4,872,692	756,893	11,350	-
Interest and fiscal charges	759,939	-	-	-
Total governmental activities	<u>26,429,287</u>	<u>4,209,652</u>	<u>905,197</u>	<u>96,354</u>
<b>Business-type activities:</b>				
Water	5,525,280	7,606,143	-	118,264
Sewer	4,295,218	4,829,746	-	-
Solid waste	<u>1,811,672</u>	<u>1,913,769</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>11,632,170</u>	<u>14,349,658</u>	<u>-</u>	<u>118,264</u>
Total government	<u>\$ 38,061,457</u>	<u>\$ 18,559,310</u>	<u>\$ 905,197</u>	<u>\$ 214,618</u>
<b>Component unit:</b>				
DCEDC	<u>\$ 2,333,504</u>	<u>\$ 791,876</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Taxes:  
    Ad valorem  
    Sales  
    Franchise  
    Hotel occupancy  
Earnings on investments  
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
\$ (1,901,928)	\$ -	\$ (1,901,928)	
(1,204,589)	-	(1,204,589)	
(4,028,038)	-	(4,028,038)	
(5,506,398)	-	(5,506,398)	
(3,712,743)	-	(3,712,743)	
(4,104,449)	-	(4,104,449)	
<u>(759,939)</u>	<u>-</u>	<u>(759,939)</u>	
<u>(21,218,084)</u>	<u>-</u>	<u>(21,218,084)</u>	
-	2,199,127	2,199,127	
-	534,528	534,528	
<u>-</u>	<u>102,097</u>	<u>102,097</u>	
-	2,835,752	2,835,752	
<u>(21,218,084)</u>	<u>2,835,752</u>	<u>(18,382,332)</u>	
-	-	-	\$ <u>(1,541,628)</u>
12,209,904	-	12,209,904	-
5,451,335	-	5,451,335	1,817,112
2,129,943	-	2,129,943	-
531,711	-	531,711	-
603,243	259,132	862,375	149,485
1,082,850	(1,082,850)	-	-
<u>22,008,986</u>	<u>(823,718)</u>	<u>21,185,268</u>	<u>1,966,597</u>
790,902	2,012,034	2,802,936	424,969
33,988,041	27,030,572	61,018,613	6,332,135
16,981,445	(20,497)	16,960,948	-
<u>50,969,486</u>	<u>27,010,075</u>	<u>77,979,561</u>	<u>6,332,135</u>
<u>\$ 51,760,388</u>	<u>\$ 29,022,109</u>	<u>\$ 80,782,497</u>	<u>\$ 6,757,104</u>

CITY OF DUNCANVILLE, TEXAS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006**

	General	Debt Service	Street Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and investments	\$ 2,552,993	\$ 184,721	\$ 1,485,843	\$ 938,861	\$ 5,162,418
Receivables -					
Property taxes (net of allowance of \$413,386)	261,209	122,415	-	-	383,624
Trade accounts (net of allowance of \$899,571)	2,311,557	-	-	185,843	2,497,400
Other taxes	1,317,260	-	-	63,499	1,380,759
Assessments	-	-	61,671	-	61,671
Intergovernmental	54,808	-	-	72,757	127,565
Accrued interest and other	65,588	6,445	15,513	-	87,546
Prepaid items	24,077	-	-	1,715	25,792
Due from other funds	-	-	-	53,349	53,349
Loans receivable	690,000	-	-	-	690,000
<b>Total assets</b>	<b>\$ 7,277,492</b>	<b>\$ 313,581</b>	<b>\$ 1,563,027</b>	<b>\$ 1,316,024</b>	<b>\$ 10,470,124</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 717,803	\$ -	\$ -	\$ 68,900	\$ 786,703
Customer performance and escrow deposits	84,274	-	-	-	84,274
Contracts payable	-	-	179,439	498	179,937
Accrued liabilities	372,554	-	-	3,828	376,382
Due to other funds	-	-	-	53,349	53,349
Deferred revenue	1,411,360	110,879	61,671	7,482	1,591,392
<b>Total liabilities</b>	<b>2,585,991</b>	<b>110,879</b>	<b>241,110</b>	<b>134,057</b>	<b>3,072,037</b>
<b>Fund balances:</b>					
Reserved for prepaid items	24,077	-	-	1,715	25,792
Reserved for loans receivable	690,000	-	-	-	690,000
Reserved for debt service	-	202,702	-	-	202,702
Unreserved, reported in:					
General fund	3,977,424	-	-	-	3,977,424
Special revenue funds	-	-	-	680,360	680,360
Capital project funds	-	-	1,321,917	499,892	1,821,809
<b>Total fund balances</b>	<b>4,691,501</b>	<b>202,702</b>	<b>1,321,917</b>	<b>1,181,967</b>	<b>7,398,087</b>
<b>Total liabilities and fund balance</b>	<b>\$ 7,277,492</b>	<b>\$ 313,581</b>	<b>\$ 1,563,027</b>	<b>\$ 1,316,024</b>	<b>\$ 10,470,124</b>

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, 2006**

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Total fund balance - total governmental funds	\$	7,398,087
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		57,309,731
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,482,995
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(48,247)
Internal Service Funds are used by management to charge the cost of certain activities, such as health, liability and workers' compensation 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 \$155,710).		3,740,611
Investments in joint ventures that do not represent a financial asset are not reported in governmental funds.		531,706
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	(9,334,723)	
Certificates of obligation	(6,444,807)	
Less issuance costs (to be amortized as interest expense)	85,981	
Compensated absences	(2,960,391)	
Arbitrage rebate	(555)	(18,654,495)
Net assets of governmental activities	\$	<u>51,760,388</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, 2006

	General	Debt Service	Street Construction	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes-					
Ad valorem	\$ 9,792,934	\$ 2,418,548	\$ -	\$ -	\$ 12,211,482
Sales	5,451,335	-	-	-	5,451,335
Franchise	2,129,943	-	-	-	2,129,943
Mixed beverage	54,927	-	-	-	54,927
Hotel	-	-	-	476,784	476,784
Licenses, permits and fees	1,369,753	-	-	488,082	1,857,835
Fines and forfeitures	866,911	-	-	72,326	939,237
Recreation fees	196,331	-	-	90,436	286,767
Intergovernmental	327,266	-	96,354	905,197	1,328,817
Investment income	347,765	52,792	78,132	26,426	505,115
Rental and other	482,677	-	6,834	64,747	554,258
Total revenues	<u>21,019,842</u>	<u>2,471,340</u>	<u>181,320</u>	<u>2,123,998</u>	<u>25,796,500</u>
EXPENDITURES:					
Current-					
General government	1,232,627	-	-	954,405	2,187,032
Finance	1,208,512	-	-	-	1,208,512
Community services	4,084,852	-	-	100,952	4,185,804
Police	7,027,492	-	-	60,529	7,088,021
Public works	3,813,795	-	-	174,596	3,988,391
Fire	4,783,232	-	-	11,350	4,794,582
Non-departmental	235,654	-	-	-	235,654
Special purposes - promotional	-	-	-	330,032	330,032
Debt service-					
Principal retirement	-	2,320,000	-	-	2,320,000
Interest and fiscal charges	-	452,239	-	-	452,239
Capital outlay	-	-	820,968	98,478	919,446
Total expenditures	<u>22,386,164</u>	<u>2,772,239</u>	<u>820,968</u>	<u>1,730,342</u>	<u>27,709,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,366,322)</u>	<u>(300,899)</u>	<u>(639,648)</u>	<u>393,656</u>	<u>(1,913,213)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,082,103	206,976	-	44,433	1,333,512
Transfers out	-	-	-	(250,662)	(250,662)
Total other financing sources (uses)	<u>1,082,103</u>	<u>206,976</u>	<u>-</u>	<u>(206,229)</u>	<u>1,082,850</u>
NET CHANGE IN FUND BALANCES	(284,219)	(93,923)	(639,648)	187,427	(830,363)
FUND BALANCES, beginning of year	<u>5,038,972</u>	<u>296,625</u>	<u>1,961,565</u>	<u>994,540</u>	<u>8,291,702</u>
PRIOR PERIOD ADJUSTMENTS	(63,252)	-	-	-	(63,252)
FUND BALANCES, beginning of year, restated	<u>4,975,720</u>	<u>296,625</u>	<u>1,961,565</u>	<u>994,540</u>	<u>8,228,450</u>
FUND BALANCES, end of year	<u>\$ 4,691,501</u>	<u>\$ 202,702</u>	<u>\$ 1,321,917</u>	<u>\$ 1,181,967</u>	<u>\$ 7,398,087</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, 2006**

---

Net change in fund balances - total governmental funds \$ (830,363)

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 the cost of those assets is allocated over their estimated useful lives in net assets, as depreciation expense. This is the amount of capital outlay recorded in the current period. 2,408,353

The net effect of various transactions involving capital assets (ie., sales, trade-ins, and contributions) is to decrease net assets. (877,957)

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 expenditures in governmental funds. (2,270,452)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas those 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	2,320,000	
Other long-term debt transactions	<u>(8,387)</u>	2,311,613

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 291,996

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (232,814)

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. (299,313)

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. 289,839

Change in net assets of governmental activities \$ 790,902

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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes-				
Ad valorem	\$ 9,770,436	\$ 9,807,904	\$ 9,792,934	\$ (14,970)
Sales	4,813,966	5,520,023	5,451,335	(68,688)
Franchise	1,946,380	2,175,961	2,129,943	(46,018)
Other	55,519	55,519	54,927	(592)
Licenses, permits and fees	1,377,670	1,417,295	1,369,753	(47,542)
Fines and forfeitures	938,695	908,955	866,911	(42,044)
Recreation fees	202,244	179,000	196,331	17,331
Intergovernmental	285,000	285,468	327,266	41,798
Investment income	160,000	279,000	347,765	68,765
Rental and other	272,154	435,435	482,677	47,242
Total revenues	<u>19,822,064</u>	<u>21,064,560</u>	<u>21,019,842</u>	<u>(44,718)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,181,061	1,284,298	1,232,627	51,671
Finance	1,238,363	1,219,875	1,208,512	11,363
Community services	3,189,343	4,221,424	4,084,852	136,572
Police	7,065,879	7,002,735	7,027,492	(24,757)
Public works	3,669,499	3,901,436	3,813,795	87,641
Fire	4,614,802	4,601,860	4,783,232	(181,372)
Non-departmental	438,937	673,238	235,654	437,584
Total expenditures	<u>21,397,884</u>	<u>22,904,866</u>	<u>22,386,164</u>	<u>518,702</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,575,820)</u>	<u>(1,840,306)</u>	<u>(1,366,322)</u>	<u>473,984</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,042,619</u>	<u>1,098,307</u>	<u>1,082,103</u>	<u>(16,204)</u>
TOTAL OTHER FINANCING SOURCES	<u>1,042,619</u>	<u>1,098,307</u>	<u>1,082,103</u>	<u>(16,204)</u>
NET CHANGE IN FUND BALANCE	<u>(533,201)</u>	<u>(741,999)</u>	<u>(284,219)</u>	<u>457,780</u>
FUND BALANCE AT BEGINNING OF YEAR			5,038,972	
PRIOR PERIOD ADJUSTMENTS			<u>(63,252)</u>	
FUND BALANCE AT BEGINNING OF YEAR AS RESTATED			<u>4,975,720</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 4,691,501</u>	

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2006

<u>ASSETS:</u>	<u>Utility</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
Current assets:				
Cash and investments	\$ 2,617,302	\$ -	\$ 2,617,302	\$ 2,554,103
Receivables-				
Customers (net of allowance of \$439,675)	569,485	557,189	1,126,674	-
Unbilled	1,229,080	136,163	1,365,243	-
Due from other funds	272,709	-	272,709	-
Accrued interest and other	16,663	-	16,663	33,040
Prepaid items	18,712	-	18,712	-
Total current assets	<u>4,723,951</u>	<u>693,352</u>	<u>5,417,303</u>	<u>2,587,143</u>
Noncurrent assets:				
Restricted assets-				
Customer deposits	532,538	-	532,538	-
Cash and investments for construction	2,059,551	-	2,059,551	-
Capital assets-				
Land and construction-in-progress	720,483	-	720,483	-
Water rights, net	3,841,890	-	3,841,890	-
Buildings and improvements, net	2,725,012	-	2,725,012	-
Distribution lines and equipment, net	19,186,093	-	19,186,093	1,272,586
Bond issue costs	67,179	-	67,179	-
Total noncurrent assets	<u>29,132,746</u>	<u>-</u>	<u>29,132,746</u>	<u>1,272,586</u>
Total assets	<u>33,856,697</u>	<u>693,352</u>	<u>34,550,049</u>	<u>3,859,729</u>
<u>LIABILITIES:</u>				
Current liabilities				
Accounts payable	596,528	126,000	722,528	24,877
Accrued liabilities	43,349	2,080	45,429	249,951
Due to other funds	-	272,709	272,709	-
Accrued interest payable	18,327	-	18,327	-
Bonds payable	127,181	-	127,181	-
Total current liabilities	<u>785,385</u>	<u>400,789</u>	<u>1,186,174</u>	<u>274,828</u>
Noncurrent liabilities				
Payable from restricted assets				
Customer deposits	532,538	-	532,538	-
Accrued compensated absences	75,414	1,936	77,350	-
Bonds payable	3,576,168	-	3,576,168	-
Total noncurrent liabilities	<u>4,184,120</u>	<u>1,936</u>	<u>4,186,056</u>	<u>-</u>
Total liabilities	<u>5,096,686</u>	<u>402,725</u>	<u>5,499,411</u>	<u>274,828</u>
<u>NET ASSETS:</u>				
Invested in capital assets, net of related debt	24,896,859	-	24,896,859	1,272,586
Unrestricted	3,990,333	290,627	4,280,960	2,312,315
Total net assets	<u>\$ 28,887,192</u>	<u>\$ 290,627</u>	<u>29,177,819</u>	<u>\$ 3,584,901</u>
Reconciliation to government-wide statement of net assets:				
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			(155,710)	
Net assets of business-type activities			<u>\$ 29,022,109</u>	

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, 2006

	Utility	Solid Waste	Total	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES</b>				
Water	\$ 7,238,922	\$ -	\$ 7,238,922	\$ -
Sewer	4,594,966	-	4,594,966	-
Solid waste	-	1,913,769	1,913,769	-
Penalties	79,425	-	79,425	-
Premiums, charges for services and other	338,018	-	338,018	2,930,792
Total operating revenues	<u>12,251,331</u>	<u>1,913,769</u>	<u>14,165,100</u>	<u>2,930,792</u>
<b>OPERATING EXPENSES</b>				
Water services	4,274,280	-	4,274,280	-
Sewer	3,387,754	-	3,387,754	-
Solid waste	-	1,810,668	1,810,668	-
Claims and provision	-	-	-	1,719,088
Administrative and fiscal	1,122,114	-	1,122,114	680,847
Depreciation & amortization	877,855	1,004	878,859	352,736
Total operating expenses	<u>9,662,003</u>	<u>1,811,672</u>	<u>11,473,675</u>	<u>2,752,671</u>
OPERATING INCOME	<u>2,589,328</u>	<u>102,097</u>	<u>2,691,425</u>	<u>178,121</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	258,964	168	259,132	98,128
Interest and fiscal charges	(158,495)	-	(158,495)	-
Other	184,558	-	184,558	13,590
Total non-operating revenues (expenses)	<u>285,027</u>	<u>168</u>	<u>285,195</u>	<u>111,718</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,874,355	102,265	2,976,620	289,839
Capital contributions	118,264	-	118,264	-
Transfers out	(946,868)	(135,982)	(1,082,850)	-
CHANGE IN NET ASSETS	2,045,751	(33,717)	2,012,034	289,839
TOTAL NET ASSETS -BEGINNING	26,861,938	324,344	1,047,448	3,295,062
PRIOR PERIOD ADJUSTMENTS	(20,497)	-	1,976,632	-
TOTAL NET ASSETS-BEGINNING AS RESTATED	<u>26,841,441</u>	<u>324,344</u>	<u>5,036,114</u>	<u>3,295,062</u>
TOTAL NET ASSETS-ENDING	<u>\$ 28,887,192</u>	<u>\$ 290,627</u>	<u>\$ 8,060,194</u>	<u>\$ 3,584,901</u>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Utility	Solid Waste	Total	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 11,740,591	\$ 1,780,280	\$ 13,520,871	\$ 550,041
Payments to suppliers	(6,900,212)	(1,566,024)	(8,466,236)	(2,390,592)
Payments to employees	(1,632,227)	(78,441)	(1,710,668)	-
Internal activity-receipts from other funds	-	-	-	2,328,423
Other receipts	338,018	-	338,018	40,977
Net cash provided by operating activities	<u>3,546,170</u>	<u>135,815</u>	<u>3,681,985</u>	<u>528,849</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	(946,868)	(135,982)	(1,082,850)	-
Net cash used in noncapital financing activities	<u>(946,868)</u>	<u>(135,982)</u>	<u>(1,082,850)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(1,128,272)	-	(1,128,272)	(348,031)
Sale of capital assets	348,806	-	348,806	37,295
Principal paid on bond maturities	(125,000)	-	(125,000)	-
Interest paid on bond obligations and fiscal charges	(158,996)	-	(158,996)	-
Bond issuance costs paid	7,986	-	7,986	-
Net cash used in capital and related financing activities	<u>(1,055,476)</u>	<u>-</u>	<u>(1,063,462)</u>	<u>(310,736)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	255,881	167	256,048	98,128
Other	184,558	-	184,558	-
Net cash provided by investing activities	<u>440,439</u>	<u>167</u>	<u>440,606</u>	<u>98,128</u>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	1,984,265	-	1,984,265	316,241
<b>CASH AND INVESTMENTS, beginning of year</b>	<u>3,225,126</u>	<u>-</u>	<u>3,225,126</u>	<u>2,237,862</u>
<b>CASH AND INVESTMENTS, end of year</b>	<u>\$ 5,209,391</u>	<u>\$ -</u>	<u>\$ 5,209,391</u>	<u>\$ 2,554,103</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income	\$ 2,589,328	\$ 102,097	\$ 2,691,425	\$ 178,121
Adjustments to reconcile operating income to net cash provided by (used in) operating activities-				
Depreciation	781,808	1,004	782,812	352,736
Amortization of water rights	96,047	-	96,047	-
Change in assets and liabilities:				
Accounts receivable	(154,491)	(133,489)	(287,980)	(11,351)
Accrued compensated absences	16,867	348	17,215	-
Prepaid items	(4,419)	-	(4,419)	-
Accounts payable and accrued liabilities	239,261	165,855	405,116	9,343
Customer deposits	(18,231)	-	(18,231)	-
Total adjustments	<u>956,842</u>	<u>33,718</u>	<u>990,560</u>	<u>350,728</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 3,546,170</u>	<u>\$ 135,815</u>	<u>\$ 3,681,985</u>	<u>\$ 528,849</u>
<b>NONCASH CAPITAL ACTIVITIES</b>				
Contribution of capital assets from developers	\$ 118,264	\$ -	\$ 118,264	\$ -
Total noncash capital activities	<u>\$ 118,264</u>	<u>\$ -</u>	<u>\$ 118,264</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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	<u>Dallas Water Line Agency Fund</u>
<u>ASSETS:</u>	
Cash and investments	\$ <u>985,900</u>
Total assets	<u>985,900</u>
<u>LIABILITIES</u>	
Accounts payable	398,502
Contracts payable	271,122
Due to other governments	<u>316,276</u>
Total liabilities	\$ <u><u>985,900</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF DUNCANVILLE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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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. The City has the ability to impose its will on DCEDC. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 (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 sixteen 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.

Agency Funds are used to account for assets held by the City in a custodial capacity on behalf of other governments. Agency Funds are custodial in nature and do not include measurements of results of operations.

**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 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 throughout 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

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 SEPTEMBER 30, 2006

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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.

**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, 2006, 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, 2005, 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

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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 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, 2007. In FY 2005-06, the City completed an inventory and valuation of the bridges and signals which are recorded in the statement of net assets as of September 30, 2006.

Infrastructure assets (mainly alleys and streets) were restated resulting in a prior period adjustment of \$17,044,697 to the beginning net assets at October 1, 2006.

Governmental activities net assets beginning as originally reported	\$33,988,041
Infrastructure assets-net of depreciation	17,044,697
Correction of accounts payable	(63,252)
Governmental activities net assets as restated October 1, 2006	\$50,969,486

**2. DEPOSITS AND INVESTMENTS**

**DEPOSITS:** 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 insured by the FDIC or fully collateralized as per the Public funds Collateral Act. The City holds collateral limited to U. S. government obligations or obligations of the state of Texas and its agencies that have a market value of not less than 102% of the principal amount of the deposits. The City’s and DCEDC’s demand deposits were fully collateralized at September 30, 2006, in full compliance with state statute and City policy. At year-end, the reconciled balance of the City’s deposits was (\$988,204) and that of DCEDC was \$1,426,005. The bank balances of City and DCEDC were \$1,103,198. Of the bank balance, \$112,037 was covered by Federal Depository Insurance and the remainder by collateral in the amount of \$991,161. The collateral is held by the Federal Reserve Bank of Dallas in the City's name under a joint safekeeping agreement with JPMorgan Chase Bank, N.A.

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**INVESTMENTS:** The City's investments at September 30, 2006 are,

<u>Description</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 3 Years</u>	<u>Weighted Average Maturity (Years)</u>
U. S. Government Backed Securities	\$ 5,645,477	\$ 5,645,477	\$ -	\$ -	0.47
Local Government Investment Cooperative					
("Logic") (AAA/MR1+, 2a-7 like pool)	3,691,493	3,691,493	-	-	0.11
Money Market Mutual Funds (Federated Investors)	310,208	310,208	-	-	0.08
Texpool (AAAm, 2a-7 like pool)	5,229,086	5,229,086	-	-	0.08
Total Investments	<u>\$ 14,876,264</u>	<u>\$ 14,876,264</u>	<u>\$ -</u>	<u>\$ -</u>	
Portfolio weighted average maturity					0.24

As of September 30, 2006, the DCEDC's investments are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 3 Years</u>	<u>Weighted Average Maturity (Years)</u>
U. S. Government Backed Securities	\$ 2,135,552	\$ 2,135,552	\$ -	\$ -	0.02
Local Government Investment Cooperative					
("Logic") (AAA/MR1+, 2a-7 like pool)	1,145,954	1,145,954	-	-	0.11
Money Market Mutual Funds (Federated Investors)	224,208	224,208	-	-	0.08
Texpool (AAAm, 2a-7 like pool)	1,798,829	1,798,829	-	-	0.08
Total Investments	<u>\$ 5,304,543</u>	<u>\$ 5,304,543</u>	<u>\$ -</u>	<u>\$ -</u>	
Portfolio weighted average maturity					0.07

All the City's investments at September 30, 2006, have maturities of less than one year and therefore there is no difference between the carrying amount and fair value.

**INTEREST RATE RISK:** The strategy of the City is to maintain sufficient liquidity in its portfolio so that it does not need to sell a security prior to maturity. Should it become necessary to sell a security prior to maturity, the prior written consent of the City Manager must be obtained.

**CREDIT RISK:** The Public Funds 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.

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.

**CONCENTRATION OF CREDIT RISK:** The city investment policy does not allow for an investment in any one issuer in excess of the following guidelines for each type of instrument:

	<b>Percentage of Portfolio (Maximum)</b>
U.S. Treasury Obligations	85%
U.S. Government Agency Securities and Instrumentalities	75%
Authorized Local Government Investment Pool (per Pool)	75%
Fully Collateralized Certificates of Deposit	50%
Fully Collateralized Repurchase Agreements	50%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	50%

**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, 2005, upon which the 2006 fiscal year levy was based, was \$1,685,077,028.

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, 2006, were 97.4% of the tax levy and total tax collections were 98.1% 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.

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

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**4. RECEIVABLES**

Receivables at September 30, 2006, for the government's individual major, non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Street Construction	Nonmajor Governmental	Utility Fund	Solid Waste	Total
Receivables:							
Accounts	\$ 3,211,128	\$ -	\$ -	\$ 185,843	\$ 2,238,240	\$ 693,352	\$ 6,328,563
Ad valorem taxes	674,595	201,141	-	63,499	-	-	939,235
Other taxes	1,317,260	-	-	-	-	-	1,317,260
Assessments	-	-	61,671	-	-	-	61,671
Intergovernmental	<u>54,808</u>	<u>-</u>	<u>-</u>	<u>72,757</u>	<u>-</u>	<u>-</u>	<u>127,565</u>
Gross receivables	5,257,791	201,141	61,671	322,099	2,238,240	693,352	8,774,294
Less allowance for uncollectibles	<u>(1,312,957)</u>	<u>(78,726)</u>	<u>-</u>	<u>-</u>	<u>(439,675)</u>	<u>-</u>	<u>(1,831,358)</u>
Net total receivables	<u>\$ 3,944,834</u>	<u>\$ 122,415</u>	<u>\$ 61,671</u>	<u>\$ 322,099</u>	<u>\$ 1,798,565</u>	<u>\$ 693,352</u>	<u>\$ 6,942,936</u>

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

## 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2006:

	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	\$ 860,624	\$ -	\$ 19,780,967
Construction in progress	375,159	-	375,159	839,148	375,159	839,148
Total capital assets - not being depreciated	<u>19,295,502</u>	<u>-</u>	<u>19,295,502</u>	<u>1,699,772</u>	<u>375,159</u>	<u>20,620,115</u>
Capital assets - being depreciated:						
Buildings	7,732,355	-	7,732,355	-	247,903	7,484,452
Infrastructure	19,315,955	32,132,403	51,448,358	927,461	634,842	51,740,977
Improvements	2,087,101	-	2,087,101	35,925	59,749	2,063,277
Equipment	9,898,826	-	9,898,826	477,130	614,450	9,761,506
Total capital assets - being depreciated	<u>39,034,237</u>	<u>32,132,403</u>	<u>71,166,640</u>	<u>1,440,516</u>	<u>1,556,944</u>	<u>71,050,212</u>
Less accumulated depreciation for:						
Buildings	2,074,960	-	2,074,960	149,689	57,018	2,167,631
Infrastructure	6,254,922	15,087,706	21,342,628	1,719,435	-	23,062,063
Improvements	839,104	-	839,104	101,670	7,523	933,251
Equipment	6,854,667	-	6,854,667	652,394	581,996	6,925,065
Total accumulated depreciation	<u>16,023,653</u>	<u>15,087,706</u>	<u>31,111,359</u>	<u>2,623,188</u>	<u>646,537</u>	<u>33,088,010</u>
Total capital assets - being depreciated - net	<u>23,010,584</u>	<u>17,044,697</u>	<u>40,055,281</u>	<u>(1,182,672)</u>	<u>910,407</u>	<u>37,962,202</u>
<b>Governmental activities capital assets - net</b>	<u>\$ 42,306,086</u>	<u>\$ 17,044,697</u>	<u>\$ 59,350,783</u>	<u>\$ 517,100</u>	<u>\$ 1,285,566</u>	<u>\$ 58,582,317</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Land	\$ 89,194	\$ -	\$ -	\$ 89,194
Construction in progress	328,373	631,289	328,373	631,289
	<u>417,567</u>	<u>631,289</u>	<u>328,373</u>	<u>720,483</u>
Total capital assets - not being depreciated				
	<u>417,567</u>	<u>631,289</u>	<u>328,373</u>	<u>720,483</u>
Capital assets - being depreciated:				
Buildings	4,640,971	-	-	4,640,971
Infrastructure	31,906,777	529,834	3,635	32,432,976
Water rights	4,802,361	-	-	4,802,361
Improvements	29,130	-	-	29,130
Equipment	1,107,464	44,480	45,592	1,106,352
	<u>42,486,703</u>	<u>574,314</u>	<u>49,227</u>	<u>43,011,790</u>
Total capital assets - being depreciated				
	<u>42,486,703</u>	<u>574,314</u>	<u>49,227</u>	<u>43,011,790</u>
Less accumulated depreciation for:				
Buildings	1,848,753	94,152	-	1,942,905
Infrastructure	12,921,662	631,595	3,453	13,549,804
Water rights	864,424	96,047	-	960,471
Improvements	1,602	582	-	2,184
Equipment	792,726	56,297	45,592	803,431
	<u>16,429,167</u>	<u>878,673</u>	<u>49,045</u>	<u>17,258,795</u>
Total accumulated depreciation				
	<u>16,429,167</u>	<u>878,673</u>	<u>49,045</u>	<u>17,258,795</u>
Total capital assets - being depreciated - net				
	<u>26,057,536</u>	<u>(304,359)</u>	<u>182</u>	<u>25,752,995</u>
<b>Business-type activities capital assets - net</b>				
	<u>\$ 26,475,103</u>	<u>\$ 326,930</u>	<u>\$ 328,555</u>	<u>\$ 26,473,478</u>

CITY OF DUNCANVILLE, TEXAS

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

Governmental activities:	
General government	\$ 129,875
Finance	1,992
Community services	329,863
Police	17,596
Public works	1,738,500
Fire	<u>52,626</u>
Total governmental activities	\$ 2,270,452
Internal service activity:	
Fleet rotation	<u>\$ 352,736</u>
Total governmental & internal service activities	<u>\$ 2,623,188</u>
Business-type activities:	
Water and sewer	\$ 781,622
Solid waste	1,004
Water rights amortization	<u>96,047</u>
Total business-type activities	<u>\$ 878,673</u>

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**Discretely presented component unit**

Activity for the DCEDC year ended September 30, 2006, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets - not being depreciated:				
Land	\$ 2,868,495	\$ -	\$ 123,616	\$ 2,744,879
Total capital assets - not being depreciated	<u>2,868,495</u>	<u>-</u>	<u>123,616</u>	<u>2,744,879</u>
Capital assets - being depreciated:				
Buildings	14,028,365	-	-	14,028,365
Improvements	642,902	70,782	-	713,684
Equipment	199,678	74,867	-	274,545
Total capital assets - being depreciated	<u>14,870,945</u>	<u>145,649</u>	<u>-</u>	<u>15,016,594</u>
Less accumulated depreciation for:				
Buildings	1,482,561	280,567	-	1,763,128
Improvements	64,332	16,397	-	80,729
Equipment	57,392	23,668	-	81,060
Total accumulated depreciation	<u>1,604,285</u>	<u>320,632</u>	<u>-</u>	<u>1,924,917</u>
Total capital assets - being depreciated - net	<u>13,266,660</u>	<u>(174,983)</u>	<u>-</u>	<u>13,091,677</u>
<b>Capital assets - net</b>	<u>\$ 16,135,155</u>	<u>\$ (174,983)</u>	<u>\$ 123,616</u>	<u>\$ 15,836,556</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

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The City has active construction projects as of September 30, 2006. Total accumulated commitments for ongoing capital projects are composed of the following:

Governmental activities:	
Drainage Fees Fund	\$ 239,579
Street Construction Fund	1,093,435
Parks Construction Fund	9,710
Capital Improvements Fund	<u>62,297</u>
Total governmental activities	<u>\$ 1,405,021</u>
Business-type activities:	
Utility Fund	<u>\$ 977,525</u>
Total business-type activities	<u>\$ 977,525</u>

**6. TRANSFERS**

Transfers were as follows for the fiscal year ended September 30, 2006:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 1,082,103	\$ -
Debt service	206,976	-
Non-major governmental funds	44,433	250,662
Utility	-	946,868
Solid waste	<u>-</u>	<u>135,982</u>
Total	<u>\$ 1,333,512</u>	<u>\$ 1,333,512</u>

The transfers were for the following purposes:

- Matching funds for grants
- Payments in lieu of taxes
- Administrative and overhead charges

## **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. Budgetary comparison statements are presented for the General Fund, Debt Service Fund, Hotel Tax Special Revenue Fund and Drainage Fees Special Revenue 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. For the year ended September 30, 2006, expenditures exceeded appropriations in the Police and Fire departments (the legal level of budgetary control) of the General Fund by \$24,757 and \$181,372, respectively, in the public works department of the Drainage Fees Special Revenue Fund by \$63,708 and by \$2,790 and \$628 in the police and contractual services department of the Traffic Improvement and Safety Special Revenue Fund. These overexpenditures were funded by greater than anticipated revenues in the case of the General Fund and Traffic Improvement and Safety Special Revenue Fund and by available fund balance in the Drainage Fees Special Revenue Fund.

## **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.

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

Long-term bonded debt at September 30, 2006, includes the following individual issues:

<b>Governmental Activities</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>	<b>Due Within One Year</b>
General Obligation Bonds:				
Series 1998 refunding and improvements	4.25-5.00	2/15/2013	\$ 6,870,000	\$ 2,155,000
Series 2001 refunding	4.40-4.70	8/15/2011	<u>2,464,723</u>	<u>-</u>
Total general obligation bonds			<u>9,334,723</u>	<u>2,155,000</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	300,000
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue	4.55-5.00	2/15/2012	<u>4,994,807</u>	<u>-</u>
Total certificate of obligation bonds			<u>6,444,807</u>	<u>300,000</u>
Total governmental activities long-term bonded debt			<u>\$ 15,779,530</u>	<u>\$ 2,455,000</u>
<b>Business-type Activities</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>	<b>Due Within One Year</b>
Water and Sewer Revenue Bonds:				
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue Revenue Refunding Bonds	3.25-4.55	2/15/2020	\$ 3,740,000	\$ 130,000
Discount on bonds			<u>(36,650)</u>	<u>(2,819)</u>
Total business-type activities long-term debt			<u>3,703,350</u>	<u>127,181</u>
Net long-term bonded debt			<u>\$ 19,482,879</u>	<u>\$ 2,582,181</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

DCEDC	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
Sales tax revenue bonds:				
Series 1998	4.10-5.00	2/15/2020	\$ 3,375,000	\$ 385,000
Series 2000 Taxable	7.50-8.20	8/15/2025	7,130,000	225,000
C.O. Series 2006 Tax & WW/SS Rev	4-4.125	2/15/2021	<u>4,425,000</u>	<u>-</u>
Total DCEDC			<u>\$ 14,930,000</u>	<u>\$ 610,000</u>

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

Year Ending September 30	Governmental Activities		Business-type Activities		DCEDC	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,455,000	\$ 342,313	\$ 130,000	\$ 146,543	\$ 610,000	\$ 920,783
2008	2,595,000	245,163	235,000	140,611	655,000	886,005
2009	2,311,273	530,314	240,000	132,892	680,000	852,020
2010	2,325,872	514,822	250,000	124,617	705,000	816,280
2011	1,170,145	433,381	260,000	115,432	1,005,000	773,335
2012-2016	3,689,230	2,025,146	1,460,000	413,446	3,885,000	3,166,795
2017-2021	-	58,402	1,165,000	91,453	4,690,000	1,963,443
2022-2026	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,700,000</u>	<u>574,820</u>
Total	\$ 14,546,520	\$ 4,149,541	\$ 3,740,000	\$ 1,164,994	\$ 14,930,000	\$ 9,953,481
Accreted interest	<u>1,233,010</u>	Bond Discount	<u>(36,650)</u>			
Total	<u>\$ 15,779,530</u>		<u>\$ 3,703,350</u>			

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

Long-term liability activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 11,548,627	\$ 106,096	\$ 2,320,000	\$ 9,334,723	\$ 2,155,000
Certificates of obligation	<u>6,243,536</u>	<u>201,271</u>	<u>-</u>	<u>6,444,807</u>	<u>300,000</u>
Total bonds payable	17,792,163	307,367	2,320,000	15,779,530	2,455,000
Accrued compensated absences	2,776,862	183,529	-	2,960,391	98,464
Arbitrage rebate liability	<u>1,524</u>	<u>-</u>	<u>969</u>	<u>555</u>	<u>-</u>
Total governmental activities	<u>20,570,549</u>	<u>490,896</u>	<u>2,320,969</u>	<u>18,740,476</u>	<u>2,553,464</u>
Business-type activities:					
Bonds payable:					
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds	3,865,000	-	125,000	3,740,000	130,000
Discount on bond issuance	<u>(39,470)</u>	<u>-</u>	<u>(2,819)</u>	<u>(36,651)</u>	<u>(2,819)</u>
Total bonds payable	3,825,530	-	122,181	3,703,349	127,181
Accrued compensated absences	<u>55,266</u>	<u>27,734</u>	<u>5,650</u>	<u>77,350</u>	<u>-</u>
Total business-type activities	<u>3,880,796</u>	<u>27,734</u>	<u>127,831</u>	<u>3,780,699</u>	<u>127,181</u>
Total long-term liabilities	<u>\$ 24,451,345</u>	<u>\$ 518,630</u>	<u>\$ 2,448,800</u>	<u>\$ 22,521,175</u>	<u>\$ 2,680,645</u>
DCEDC:					
Bonds payable:					
Revenue bonds - sales tax	\$ 11,080,000	\$ -	\$ 575,000	\$ 10,505,000	\$ 610,000
Certificates of obligation	<u>-</u>	<u>4,425,000</u>	<u>-</u>	<u>4,425,000</u>	<u>-</u>
Total DCEDC	<u>11,080,000</u>	<u>4,425,000</u>	<u>575,000</u>	<u>14,930,000</u>	<u>610,000</u>
Total long-term liabilities	<u>\$ 11,080,000</u>	<u>\$ 4,425,000</u>	<u>\$ 575,000</u>	<u>\$ 14,930,000</u>	<u>\$ 610,000</u>

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 811 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.

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

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, 2005, valuation is effective for rates beginning January 2007).

**Annual Pension Cost**—For fiscal year 2006, the City’s annual pension cost of \$1,746,777 was equal to the City’s required and actual contributions. The required contribution was determined as part of the December 31, 2005, actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), (b) no projected salary increases, (c) no cost of living adjustment and (d) 3.5% 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.

**Three-Year Trend Information for the City of Duncanville**

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2006	\$ 1,746,777	100%	\$ -
9/30/2005	1,653,619	100%	-
9/30/2004	1,490,639	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

***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 2006 was \$0.3015 per 1,000 gallons plus an annual demand charge of \$148,434 for each million gallons per day as established by the rate of flow controller setting (currently 12.5 million gallons at \$1,855,425 annually).

***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.

***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.

***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.

***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 \$127,909 and \$122,542 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 2005 and 2006 were:

		<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year-end</b>
<b>Medical Self-Insurance Fund</b>					
	2005	\$ 149,141	\$ 1,440,809	\$(1,449,951)	\$ 139,999
	2006	139,999	2,038,561	(2,051,151)	127,409
<b>Comprehensive Self-Insurance Fund</b>					
	2005	\$ 255,674	\$ 19,278	\$ (170,814)	\$ 104,138
	2006	104,138	357,845	(339,441)	122,542

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 2006, \$283,820 in claims was 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, 2005.

*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 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, 2006, is \$372,285. 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, 2006, is \$159,421. 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, 2006, 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, 2006, of \$127,068 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 was seven hundred and ninety two thousand dollars (\$792,000), which increases by twelve thousand dollars annually every other year.

**18. LOAN TO DUNCANVILLE COMMUNITY AND ECONOMIC DEVELOPMENT CORPORATION (DCEDC)**

The City and DCEDC entered into a loan agreement on January 18, 2005, whereby the City loaned the DCEDC \$500,000. This loan is at 3% annual interest rate and will be repaid on an annual basis payment of the Economic Development Sales Tax over the next five years. The first payment will be October 1, 2007, and the remaining payments are due October 1 of the succeeding years. Proceeds from the loan will be used for infrastructure improvements for a planned development at the southeast corner of S. Main Street and E. Highway 67 by Paramount Investment Corporation.

**19. COMMITMENTS**

Duncanville Community and Economic Development Corporation (DCEDC) Incentive Agreement with DeFord Lumber Co. Ltd.:

DCEDC agreed to provide DeFord Lumber Co. Ltd. with an economic development grant from lawful available funds payable as provided an amount equal to twenty percent (20%) of the difference between the actual sales tax and the base annual sales tax (\$628,000). The DCEDC grant shall in no event exceed the total amount \$562,000. The grant will be paid for a period not to exceed eight (8) years, commencement date January 1, 2004, or until the total sum of all grants reaches \$562,000, whichever occurs earliest.

Duncanville Community and Economic Development Corporation (DCEDC) Incentive Agreement with Pappas Restaurants, Inc.:

DCEDC agreed to provide Pappas Restaurants, Inc. with an economic development grant from lawful available funds payable as provided an amount equal to forty percent (40%) of the allotment of the state sales tax received by the City (which allotment shall not exceed two percent (2%) of the sales generated at the restaurant, attributable to sales at the restaurant during first sixty (60) months of operation beginning on January 1, 2004 and ending on December 31, 2008.

Duncanville Community and Economic Development Corporation (DCEDC) Incentive Agreement with Costco Wholesale Corporation:

DCEDC agreed to provide Costco Wholesale Corporation with an economic development infrastructure grant from lawful available funds in an amount not to exceed \$1,100,000. The DCEDC agrees to pay the infrastructure grant to Costco within thirty (30) days after the later to occur of (1) completion of construction; (2) acquisition of the Costco Parcel by Costco; and (3) receipt by the DCEDC of the Cost Documentation.

DCEDC agreed to provide Costco Wholesale Corporation with an economic development sales tax rebate grant from lawful available funds in an amount equal to the sales tax receipts (1/2 of one percent (1%) sales and use tax imposed by the City) generated by the Costco Facility for ten (10) years, commencing upon the date the Costco Facility was opened for business (August 2006).

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

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Duncanville Community and Economic Development Corporation (DCEDC) Incentive Agreement with Second Century Investments (“SCI”):

DCEDC agreed to provide an economic development grant to SCI, from lawfully available funds, annually for ten (10) years beginning with the tax year in which completion of the hotel occurs and ending on the tenth anniversary of completion. DCEDC shall reimburse SCI for eighty percent (80%) of the City and County (but not school district) ad valorem taxes assessed to and paid by SCI with respect to the Hotel and Hotel Site.

Duncanville Community and Economic Development Corporation (DCEDC) Incentive Agreement with Texwood Industries:

DCEDC agreed to provide an economic development grant to Texwood Industries, from lawfully available funds, annually for five (5) years beginning with the tax year in which completion of the Corporate Office located on Big Stone Gap occurs and ending on the fifth anniversary of completion. DCEDC shall reimburse Texwood Industries for one hundred percent (100%) of the real estate and business personal property (on the Corporate Office only) ad valorem taxes assessed to and paid by Texwood Industries with respect to the Corporate Office.

City of Duncanville (City) function space license agreement with Second Century Investments (“SCI”):

City shall pay SCI license fees in an amount equal to one hundred percent (100%) of the Hotel Occupancy Tax paid by the Hotel to City from the Hotel / Motel fund. The term of this agreement shall be for a period of ten (10) years commencing upon the opening of the hotel for business (September 2005).

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>
2003	\$ 44,012,917	\$ 52,574,878	\$ 8,561,961	83.7%	\$ 11,492,597	74.5%
2004	44,456,019	53,317,211	8,861,192	83.4%	11,225,031	78.9%
2005	44,625,852	54,659,964	10,034,112	81.6%	11,836,449	84.8%

Source: Texas Municipal Retirement System Comprehensive Annual Financial Reports.

NOTE:

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



**Duncanville**  
*City of Champions*

COMBINING &  
INDIVIDUAL FUND  
STATEMENTS &  
SCHEDULES

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE-REVENUES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>PROPERTY TAXES:</b>				
Current taxes	\$ 9,519,904	\$ 9,519,904	\$ 9,450,828	\$ (69,076)
Prior rolls	145,000	175,000	180,970	5,970
Penalties and interest	105,532	113,000	161,136	48,136
Total	<u>9,770,436</u>	<u>9,807,904</u>	<u>9,792,934</u>	<u>(14,970)</u>
<b>SALES TAXES:</b>				
General	3,209,311	3,680,015	3,634,223	(45,792)
Property tax relief	1,604,655	1,840,008	1,817,112	(22,896)
Total	<u>4,813,966</u>	<u>5,520,023</u>	<u>5,451,335</u>	<u>(68,688)</u>
<b>FRANCHISE TAXES:</b>				
TXU Electric	1,150,000	1,250,000	1,184,074	(65,926)
Atmos Energy	234,000	320,281	293,524	(26,757)
Telephone	355,513	332,000	325,007	(6,993)
Charter Cable Television	137,025	136,000	139,658	3,658
Utility court settlement	69,842	137,680	137,680	-
Right-of-way water projects	-	-	50,000	50,000
Total	<u>1,946,380</u>	<u>2,175,961</u>	<u>2,129,943</u>	<u>(46,018)</u>
<b>MIXED BEVERAGE TAXES</b>				
	55,519	55,519	54,927	(592)
Total taxes	<u>16,586,301</u>	<u>17,559,407</u>	<u>17,429,139</u>	<u>(130,268)</u>
<b>LICENSES, PERMITS AND FEES:</b>				
Building permits	462,770	373,733	354,801	(18,932)
Zoning and special use permits	10,000	20,000	17,241	(2,759)
Electrical permits	9,500	9,500	9,923	423
Plumbing permits	9,000	20,000	24,537	4,537
Alarm permits	78,000	50,000	37,627	(12,373)
Solicitor licenses	50	200	200	-
9-1-1 service fee	275,000	275,000	283,481	8,481
Emergency medical service	458,668	577,165	547,319	(29,846)
Sign permits	12,000	19,215	17,108	(2,107)
Health food inspection fees	58,482	58,482	60,504	2,022
False alarm fees	4,200	14,000	17,012	3,012
Total	<u>1,377,670</u>	<u>1,417,295</u>	<u>1,369,753</u>	<u>(47,542)</u>
<b>MUNICIPAL COURT AND LIBRARY</b>				
Municipal court	918,105	888,365	842,866	(45,499)
Library	20,590	20,590	24,045	3,455
Total	<u>938,695</u>	<u>908,955</u>	<u>866,911</u>	<u>(42,044)</u>
<b>INTERGOVERNMENTAL</b>				
	285,000	285,468	327,266	41,798
<b>INTEREST</b>				
	160,000	279,000	347,765	68,765
<b>RECREATION:</b>				
Recreation fees	202,244	179,000	196,331	17,331
Total	<u>202,244</u>	<u>179,000</u>	<u>196,331</u>	<u>17,331</u>
<b>OTHER SALES AND SERVICES:</b>				
Sale of capital assets/ auction proceeds	26,627	72,560	124,862	52,302
DCEDC cost allocation	66,256	66,256	66,736	480
Miscellaneous	112,847	222,807	225,695	2,888
Rentals	66,424	73,812	65,384	(8,428)
Total	<u>272,154</u>	<u>435,435</u>	<u>482,677</u>	<u>47,242</u>
Total revenues	<u>\$ 19,822,064</u>	<u>\$ 21,064,560</u>	<u>\$ 21,019,842</u>	<u>\$ (44,718)</u>

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE-EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>	<u>Maintenance</u>
DEPARTMENTS:				
General government-				
Mayor and council	\$ -	\$ 3,945	\$ 187,650	\$ -
City manager	260,068	101	9,595	-
City secretary	120,810	6,221	21,971	-
Personnel services	180,829	2,335	106,646	-
Information systems	97,854	40,653	101,141	-
Community information office	82,827	8,075	1,906	-
Total	<u>742,388</u>	<u>61,330</u>	<u>428,909</u>	<u>-</u>
Finance-				
Administration	405,595	10,106	147,824	-
Municipal court	226,086	3,516	164,607	-
Purchasing	87,989	1,114	452	-
Teen court	49,486	2,313	1,526	-
City Marshall	93,552	6,332	6,660	-
Total	<u>862,708</u>	<u>23,381</u>	<u>321,069</u>	<u>-</u>
Community services -				
Administration	153,848	6,166	21,079	-
Recreation programming	274,844	15,410	20,186	-
Athletic programming	91,952	20,216	94,575	-
Park grounds maintenance	276,475	83,295	485,708	28,184
Library services	523,230	21,410	26,616	-
Building services	217,999	27,300	1,172,365	28,198
Senior center	86,060	2,823	26,719	-
Horticulture	114,014	82,798	38,921	22,366
Total	<u>1,738,422</u>	<u>259,418</u>	<u>1,886,169</u>	<u>78,748</u>
Police-				
Administration	424,455	32,024	81,508	-
Patrol	3,194,546	74,700	182,465	2,552
Criminal investigation	806,535	6,514	43,246	-
Animal control	79,394	4,561	145,254	-
Crime prevention	110,974	6,953	2,775	-
Communication/ Records	140,050	2,717	845,678	203
School Resource officers	431,776	740	1,372	-
Special services	303,483	33,314	61,010	975
Total	<u>5,491,213</u>	<u>161,523</u>	<u>1,363,308</u>	<u>3,730</u>

<u>Capital</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ 191,595	\$ 186,724	\$ 201,141	\$ 9,546
-	269,764	272,818	281,859	12,095
-	149,002	148,363	148,831	(171)
-	289,810	238,347	311,776	21,966
-	239,648	243,514	246,557	6,909
-	92,808	91,295	94,134	1,326
-	<u>1,232,627</u>	<u>1,181,061</u>	<u>1,284,298</u>	<u>51,671</u>
-	563,525	547,402	548,047	(15,478)
-	394,209	385,470	394,820	611
-	89,555	89,804	89,761	206
-	53,325	55,237	54,893	1,568
1,354	<u>107,898</u>	<u>160,450</u>	<u>132,354</u>	<u>2,675</u>
<u>1,354</u>	<u>1,208,512</u>	<u>1,238,363</u>	<u>1,219,875</u>	<u>11,363</u>
-	181,093	186,065	181,516	423
-	310,440	338,571	312,407	1,967
-	206,743	209,778	218,466	11,723
-	873,662	803,871	941,485	67,823
61,437	632,693	648,014	656,111	23,418
60,658	1,506,520	610,690	1,515,578	9,058
-	115,602	110,246	112,803	(2,799)
-	258,099	282,108	283,058	24,959
<u>122,095</u>	<u>4,084,852</u>	<u>3,189,343</u>	<u>4,221,424</u>	<u>136,572</u>
-	537,987	462,873	488,292	(49,695)
7,718	3,461,981	3,687,958	3,554,615	92,634
-	856,295	846,016	850,820	(5,475)
-	229,209	229,243	231,337	2,128
-	120,702	103,698	112,078	(8,624)
-	988,648	974,596	977,306	(11,342)
-	433,888	378,809	409,764	(24,124)
-	398,782	382,686	378,523	(20,259)
<u>7,718</u>	<u>7,027,492</u>	<u>7,065,879</u>	<u>7,002,735</u>	<u>(24,757)</u>

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE-EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

(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	\$ 226,713	\$ 1,088	\$ 34,538	\$ -
Building inspection	371,495	10,665	184,014	-
Streets	704,358	149,307	811,419	425
Signs and signals	159,566	140,936	172,965	3,185
Equipment services	<u>226,985</u>	<u>251,870</u>	<u>55,755</u>	<u>253,951</u>
Total	<u>1,689,117</u>	<u>553,866</u>	<u>1,258,691</u>	<u>257,561</u>
Fire-				
Administration	285,447	5,771	104,474	5,518
Prevention	92,922	5,131	12,640	-
Suppression	2,991,640	54,132	162,423	9,457
Advanced life support	867,476	59,889	124,763	1,549
Total	4,237,485	124,923	404,300	16,524
NON-DEPARTMENTAL	<u>8,847</u>	<u>60,495</u>	<u>166,312</u>	<u>-</u>
 Total expenditures	 <u>\$ 14,770,180</u>	 <u>\$ 1,244,936</u>	 <u>\$ 5,828,758</u>	 <u>\$ 356,563</u>

<u>Capital</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ 262,339	\$ 276,123	\$ 267,757	\$ 5,418
-	566,174	587,191	616,244	50,070
30,250	1,695,759	1,648,225	1,688,502	(7,257)
24,310	500,962	416,458	507,249	6,287
-	788,561	741,502	821,684	33,123
<u>54,560</u>	<u>3,813,795</u>	<u>3,669,499</u>	<u>3,901,436</u>	<u>87,641</u>
-	401,210	424,318	392,384	(8,826)
-	110,693	109,103	111,544	851
-	3,217,652	3,056,910	3,077,498	(140,154)
-	1,053,677	1,024,471	1,020,434	(33,243)
-	4,783,232	4,614,802	4,601,860	(181,372)
-	235,654	438,937	673,238	437,584
<u>\$ 185,727</u>	<u>\$ 22,386,164</u>	<u>\$ 21,397,884</u>	<u>\$ 22,904,866</u>	<u>\$ 518,702</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 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.

Traffic I & S Fund – to account for funds received from automated traffic signal enforcement “traffic light infractions” to be used for improvement to City streets.

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.

Juvenile Case Manager Fund – to account for funds received from municipal court fines to be used only to finance the salary and benefits of a juvenile case manager.

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 – is used to account for improvements to the City’s storm sewers and drainage system.

Park Construction 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  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2006

	Special Revenue	Capital Projects	Total Nonmajor Funds
<u>ASSETS:</u>			
Cash and investments	\$ 438,471	\$ 500,390	\$ 938,861
Receivables -			
Taxes	63,499	-	63,499
Trade accounts	185,843	-	185,843
Intergovernmental	72,757	-	72,757
Due from other funds	53,349	-	53,349
Prepaid items	1,715	-	1,715
	<u>815,634</u>	<u>500,390</u>	<u>1,316,024</u>
Total assets	<u>\$ 815,634</u>	<u>\$ 500,390</u>	<u>\$ 1,316,024</u>
 <u>LIABILITIES AND EQUITY:</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 68,900	\$ -	\$ 68,900
Contracts payable	-	498	498
Accrued liabilities	3,828	-	3,828
Due to other funds	53,349	-	53,349
Deferred revenue	7,482	-	7,482
	<u>133,559</u>	<u>498</u>	<u>134,057</u>
Total liabilities	<u>133,559</u>	<u>498</u>	<u>134,057</u>
 <u>EQUITY:</u>			
Fund balances-			
Reserved for prepaid items	1,715		1,715
Unreserved, reported in:			
Special revenue funds	680,360	-	680,360
Capital project funds	-	499,892	499,892
	<u>682,075</u>	<u>499,892</u>	<u>1,181,967</u>
Total fund balances	<u>682,075</u>	<u>499,892</u>	<u>1,181,967</u>
	<u>\$ 815,634</u>	<u>\$ 500,390</u>	<u>\$ 1,316,024</u>
Total liabilities & fund balances	<u>\$ 815,634</u>	<u>\$ 500,390</u>	<u>\$ 1,316,024</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, 2006

	Special Revenue	Capital Projects	Total Nonmajor Funds
REVENUES:			
Hotel taxes	\$ 476,784	\$ -	\$ 476,784
Licenses, permits and fees	488,082	-	488,082
Fines and forfeitures	72,326	-	72,326
Recreation fees	90,436	-	90,436
Intergovernmental	826,858	78,339	905,197
Investment income	11,829	14,597	26,426
Rental and other	64,701	46	64,747
Total revenues	<u>2,031,016</u>	<u>92,982</u>	<u>2,123,998</u>
EXPENDITURES:			
Current-			
General government	954,405	-	954,405
Community services	100,952	-	100,952
Police	60,529	-	60,529
Public works	174,596	-	174,596
Fire	11,350	-	11,350
Special purposes - promotional	330,032	-	330,032
Capital outlay	61,224	37,254	98,478
Total expenditures	<u>1,693,088</u>	<u>37,254</u>	<u>1,730,342</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>337,928</u>	<u>55,728</u>	<u>393,656</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	44,433	44,433
Transfers out	(250,355)	(307)	(250,662)
Total other financing sources (uses)	<u>(250,355)</u>	<u>44,126</u>	<u>(206,229)</u>
NET CHANGE IN FUND BALANCES	87,573	99,854	187,427
FUND BALANCES, beginning of year	<u>594,502</u>	<u>400,038</u>	<u>994,540</u>
FUND BALANCES, end of year	<u>\$ 682,075</u>	<u>\$ 499,892</u>	<u>\$ 1,181,967</u>

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2006

	Hotel Motel Tax	Drainage Fees	Community Services	Grants
<u>ASSETS:</u>				
Cash and investments	\$ 144,002	\$ 141,831	\$ 32,019	\$ -
Receivables:				
Taxes	63,499	-	-	-
Trade accounts	-	146,135	-	-
Intergovernmental	-	-	-	72,757
Due from other funds	-	-	53,349	-
Prepaid items	286	-	522	-
	<u>207,787</u>	<u>287,966</u>	<u>85,890</u>	<u>72,757</u>
Total assets	\$ <u>207,787</u>	\$ <u>287,966</u>	\$ <u>85,890</u>	\$ <u>72,757</u>
 <u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 23,633	\$ 349	\$ 24,581	\$ 857
Accrued payroll	1,627	1,175	-	1,026
Due to other funds	-	-	-	53,349
Deferred revenue	-	-	-	4,727
	<u>25,260</u>	<u>1,524</u>	<u>24,581</u>	<u>59,959</u>
Total liabilities	<u>25,260</u>	<u>1,524</u>	<u>24,581</u>	<u>59,959</u>
 <u>FUND BALANCES:</u>				
Reserved for prepaid items	286	-	522	-
Unreserved	182,241	286,442	60,787	12,798
	<u>182,527</u>	<u>286,442</u>	<u>61,309</u>	<u>12,798</u>
Total fund balances	<u>182,527</u>	<u>286,442</u>	<u>61,309</u>	<u>12,798</u>
Total liabilities and fund balances	\$ <u>207,787</u>	\$ <u>287,966</u>	\$ <u>85,890</u>	\$ <u>72,757</u>

<u>Traffic I &amp; S</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>Juvenile Case Manager</u>	<u>Asset Forfeiture</u>	<u>Total</u>
\$ 3,698	\$ 3,010	\$ 77,895	\$ 13,969	\$ 22,047	\$ 438,471
-	-	-	-	-	63,499
39,708	-	-	-	-	185,843
-	-	-	-	-	72,757
-	-	-	-	-	53,349
-	907	-	-	-	1,715
<u>\$ 43,406</u>	<u>\$ 3,917</u>	<u>\$ 77,895</u>	<u>\$ 13,969</u>	<u>\$ 22,047</u>	<u>\$ 815,634</u>
\$ 19,480	\$ -	\$ -	\$ -	\$ -	\$ 68,900
-	-	-	-	-	3,828
-	-	-	-	-	53,349
-	-	-	-	2,755	7,482
<u>19,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,755</u>	<u>133,559</u>
-	907	-	-	-	1,715
<u>23,926</u>	<u>3,010</u>	<u>77,895</u>	<u>13,969</u>	<u>19,292</u>	<u>680,360</u>
<u>23,926</u>	<u>3,917</u>	<u>77,895</u>	<u>13,969</u>	<u>19,292</u>	<u>682,075</u>
<u>\$ 43,406</u>	<u>\$ 3,917</u>	<u>\$ 77,895</u>	<u>\$ 13,969</u>	<u>\$ 22,047</u>	<u>\$ 815,634</u>

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Hotel Motel Tax	Drainage Fees	Community Services	Grants
REVENUES:				
Hotel taxes	\$ 476,784	\$ -	\$ -	\$ -
Licenses, permits and fees	-	412,038	-	-
Investment income	4,807	1,241	2,515	334
Intergovernmental	-	-	-	826,858
Recreation fees	-	-	90,436	-
Fines and forfeitures	-	-	-	-
Rental and other	12,850	39,801	200	11,850
Total revenues	<u>494,441</u>	<u>453,080</u>	<u>93,151</u>	<u>839,042</u>
EXPENDITURES:				
General government	200,385	-	-	724,181
Community services	-	-	100,189	763
Police	-	-	-	5,171
Public works	-	123,150	-	51,446
Fire	-	-	-	11,350
Special purposes-promotional	307,780	-	-	22,252
Capital outlay	-	61,224	-	-
Total expenditures	<u>508,165</u>	<u>184,374</u>	<u>100,189</u>	<u>815,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,724)	268,706	(7,038)	23,879
OTHER FINANCING USES				
Transfers out	<u>(18,200)</u>	<u>(206,854)</u>	<u>-</u>	<u>(25,301)</u>
Total other financing uses	<u>(18,200)</u>	<u>(206,854)</u>	<u>-</u>	<u>(25,301)</u>
NET CHANGE IN FUND BALANCES	(31,924)	61,852	(7,038)	(1,422)
FUND BALANCES, beginning	<u>214,451</u>	<u>224,590</u>	<u>68,347</u>	<u>14,220</u>
FUND BALANCES, ending	<u>\$ 182,527</u>	<u>\$ 286,442</u>	<u>\$ 61,309</u>	<u>\$ 12,798</u>

Traffic I & S	Court Technology	Court Security	Juvenile Case Manager	Asset Forfeiture	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,784
76,044	-	-	-	-	488,082
-	139	2,305	-	488	11,829
-	-	-	-	-	826,858
-	-	-	-	-	90,436
-	23,540	17,752	13,969	17,065	72,326
-	-	-	-	-	64,701
<u>76,044</u>	<u>23,679</u>	<u>20,057</u>	<u>13,969</u>	<u>17,553</u>	<u>2,031,016</u>
-	26,209	3,630	-	-	954,405
-	-	-	-	-	100,952
52,118	-	-	-	3,240	60,529
-	-	-	-	-	174,596
-	-	-	-	-	11,350
-	-	-	-	-	330,032
-	-	-	-	-	61,224
<u>52,118</u>	<u>26,209</u>	<u>3,630</u>	<u>-</u>	<u>3,240</u>	<u>1,693,088</u>
23,926	(2,530)	16,427	13,969	14,313	337,928
-	-	-	-	-	(250,355)
-	-	-	-	-	(250,355)
23,926	(2,530)	16,427	13,969	14,313	87,573
-	6,447	61,468	-	4,979	594,502
<u>\$ 23,926</u>	<u>\$ 3,917</u>	<u>\$ 77,895</u>	<u>\$ 13,969</u>	<u>\$ 19,292</u>	<u>\$ 682,075</u>



**Duncanville**  
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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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Hotel, motel taxes	\$ 447,000	\$ 483,000	\$ 476,784	\$ (6,216)
Interest on investments	600	3,000	4,807	1,807
Other	-	10,000	12,850	2,850
Total revenues	<u>447,600</u>	<u>496,000</u>	<u>494,441</u>	<u>(1,559)</u>
<b>EXPENDITURES:</b>				
General government	216,181	232,101	200,385	31,716
Special purposes-promotional	<u>241,589</u>	<u>309,320</u>	<u>307,780</u>	<u>1,540</u>
Total expenditures	<u>457,770</u>	<u>541,421</u>	<u>508,165</u>	<u>33,256</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,170)	(45,421)	(13,724)	31,697
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(17,332)</u>	<u>(18,200)</u>	<u>(18,200)</u>	<u>-</u>
Total other financing uses	<u>(17,332)</u>	<u>(18,200)</u>	<u>(18,200)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(27,502)	(63,621)	(31,924)	31,697
<b>FUND BALANCES, beginning of year</b>	<u>195,591</u>	<u>214,451</u>	<u>214,451</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 169,089</u>	<u>\$ 150,830</u>	<u>\$ 182,527</u>	<u>\$ 31,697</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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Drainage fees	\$ 411,514	\$ 411,786	\$ 412,038	\$ 252
Interest on investments	1,500	1,500	1,241	(259)
City services reimbursement	-	24,494	39,801	15,307
Total revenues	<u>413,014</u>	<u>437,780</u>	<u>453,080</u>	<u>15,300</u>
<b>EXPENDITURES:</b>				
Public works	58,893	59,442	123,150	(63,708)
Capital outlay	<u>215,000</u>	<u>130,966</u>	<u>61,224</u>	<u>69,742</u>
Total expenditures	<u>273,893</u>	<u>190,408</u>	<u>184,374</u>	<u>6,034</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	139,121	247,372	268,706	21,334
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(206,854)</u>	<u>(206,854)</u>	<u>(206,854)</u>	<u>-</u>
Total other financing uses	<u>(206,854)</u>	<u>(206,854)</u>	<u>(206,854)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(67,733)	40,518	61,852	21,334
<b>FUND BALANCES, beginning of year</b>	<u>76,312</u>	<u>224,590</u>	<u>224,590</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 8,579</u>	<u>\$ 265,108</u>	<u>\$ 286,442</u>	<u>\$ 21,334</u>

CITY OF DUNCANVILLE, TEXAS

**TRAFFIC IMPROVEMENT & SAFETY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES:				
Traffic enforcement fees	\$ -	\$ 129,568	\$ 76,044	\$ (53,524)
Total revenues	<u>-</u>	<u>129,568</u>	<u>76,044</u>	<u>(53,524)</u>
EXPENDITURES:				
Police	-	-	2,790	(2,790)
Contractual services	-	48,700	49,328	(628)
Total expenditures	<u>-</u>	<u>48,700</u>	<u>52,118</u>	<u>(3,418)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	80,868	23,926	(56,942)
NET CHANGE IN FUND BALANCE	-	80,868	23,926	(56,942)
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 80,868</u>	<u>\$ 23,926</u>	<u>\$ (56,942)</u>

**CITY OF DUNCANVILLE, TEXAS**

**NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2006**

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	<u>Drainage Construction</u>	<u>Park Construction</u>	<u>Capital Improvements</u>
<b><u>ASSETS:</u></b>			
Cash and investments	\$ <u>          -</u>	\$ <u>      205,456</u>	\$ <u>      274,830</u>
Total assets	\$ <u>          -</u>	\$ <u>      205,456</u>	\$ <u>      274,830</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b>LIABILITIES:</b>			
Contracts payable	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
Total liabilities	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>FUND BALANCES:</b>			
Unreserved	<u>          -</u>	<u>      205,456</u>	<u>      274,830</u>
Total fund balances	<u>          -</u>	<u>      205,456</u>	<u>      274,830</u>
Total liabilities and fund balances	\$ <u>          -</u>	\$ <u>      205,456</u>	\$ <u>      274,830</u>

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Library Construction G O Bonds	Senior Center Building Improvements	Total
\$ <u>          -</u>	\$ <u>          20,104</u>	\$ <u>          500,390</u>
\$ <u>          -</u>	\$ <u>          20,104</u>	\$ <u>          500,390</u>
\$ <u>          -</u>	\$ <u>          498</u>	\$ <u>          498</u>
<u>          -</u>	<u>          498</u>	<u>          498</u>
<u>          -</u>	<u>          19,606</u>	<u>          499,892</u>
<u>          -</u>	<u>          19,606</u>	<u>          499,892</u>
\$ <u>          -</u>	\$ <u>          20,104</u>	\$ <u>          500,390</u>

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR CAPITAL PROJECTS FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Drainage Construction	Park Construction	Capital Improvements
REVENUES:			
Investment income	\$ 47	\$ 7,150	\$ 6,066
Intergovernmental	-	-	78,339
Other	-	46	-
Total revenues	<u>47</u>	<u>7,196</u>	<u>84,405</u>
EXPENDITURES:			
Capital outlay	-	-	20,212
Total expenditures	<u>-</u>	<u>-</u>	<u>20,212</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>47</u>	<u>7,196</u>	<u>64,193</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	185	44,248
Transfers out	(122)	-	-
Total other financing sources (uses)	<u>(122)</u>	<u>185</u>	<u>44,248</u>
NET CHANGE IN FUND BALANCES	(75)	7,381	108,441
FUND BALANCES, beginning	<u>75</u>	<u>198,075</u>	<u>166,389</u>
FUND BALANCES, end	<u>\$ -</u>	<u>\$ 205,456</u>	<u>\$ 274,830</u>

Library Construction G O Bonds	Senior Center Building Improvements	Total
\$ 9	\$ 1,325	\$ 14,597
-	-	78,339
-	-	46
<u>9</u>	<u>1,325</u>	<u>92,982</u>
-	17,042	37,254
-	17,042	37,254
<u>9</u>	<u>(15,717)</u>	<u>55,728</u>
-	-	44,433
<u>(185)</u>	<u>-</u>	<u>(307)</u>
<u>(185)</u>	<u>-</u>	<u>44,126</u>
(176)	(15,717)	99,854
<u>176</u>	<u>35,323</u>	<u>400,038</u>
<u>\$ -</u>	<u>\$ 19,606</u>	<u>\$ 499,892</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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Ad Valorem taxes	\$ 2,341,218	\$ 2,341,218	\$ 2,324,229	\$ (16,989)
Delinquent taxes	65,000	50,000	48,197	(1,803)
Penalties and interest	35,000	35,000	46,122	11,122
Interest on investments	20,000	45,500	52,792	7,292
<b>Total revenues</b>	<u>2,461,218</u>	<u>2,471,718</u>	<u>2,471,340</u>	<u>(378)</u>
<b>EXPENDITURES:</b>				
Principal retirement	2,320,000	2,320,000	2,320,000	-
Interest on debt	443,072	443,072	443,072	-
Paying agent fee	5,000	5,000	9,167	(4,167)
<b>Total expenditures</b>	<u>2,768,072</u>	<u>2,768,072</u>	<u>2,772,239</u>	<u>(4,167)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(306,854)</b>	<b>(296,354)</b>	<b>(300,899)</b>	<b>(4,545)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	206,854	206,854	206,976	122
<b>Total other financing sources</b>	<u>206,854</u>	<u>206,854</u>	<u>206,976</u>	<u>122</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(100,000)</b>	<b>(89,500)</b>	<b>(93,923)</b>	<b>(4,423)</b>
FUND BALANCE, beginning of year	<u>342,461</u>	<u>296,625</u>	<u>296,625</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ 242,461</u></u>	<u><u>\$ 207,125</u></u>	<u><u>\$ 202,702</u></u>	<u><u>\$ (4,423)</u></u>

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS  
 SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budget	Actual	Variance Positive (Negative)
<u>UTILITY FUND</u>			
WATER:			
Sale of water	\$ 6,952,859	\$ 7,198,944	\$ 246,085
Water taps	41,500	39,978	(1,522)
Total	<u>6,994,359</u>	<u>7,238,922</u>	<u>244,563</u>
SEWER:			
Sewer charges	4,576,208	4,571,446	(4,762)
Sewer taps	22,441	23,520	1,079
Total	<u>4,598,649</u>	<u>4,594,966</u>	<u>(3,683)</u>
PENALTIES	<u>65,000</u>	<u>79,425</u>	<u>14,425</u>
OTHER:			
Refund from Trinity River Authority	186,465	186,465	-
Service charges	135,500	130,205	(5,295)
City services reimbursement	50,636	50,000	(636)
Collection of bad debts	50	-	(50)
Miscellaneous	19,056	155,906	136,850
Total	<u>391,707</u>	<u>522,576</u>	<u>130,869</u>
INTEREST INCOME	<u>125,002</u>	<u>258,964</u>	<u>133,962</u>
Total revenues Utility Fund	<u>\$ 12,174,717</u>	<u>\$ 12,694,853</u>	<u>\$ 520,136</u>
<u>SOLID WASTE FUND</u>			
SOLID WASTE CHARGES	\$ 1,913,408	\$ 1,913,769	\$ 361
INTEREST INCOME	<u>500</u>	<u>168</u>	<u>(332)</u>
Total revenues Solid Waste Fund	<u>\$ 1,913,908</u>	<u>\$ 1,913,937</u>	<u>\$ 29</u>
Total revenues Enterprise Funds	<u>\$ 14,088,625</u>	<u>\$ 14,608,790</u>	<u>\$ 520,165</u>

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
<u>UTILITY FUND</u>			
WATER SERVICES	\$ 507,918	\$ 182,430	\$ 3,504,925
WASTEWATER TREATMENT	426,928	59,309	2,878,776
ADMINISTRATION AND FISCAL			
Utility administration	272,576	8,609	56,711
Utility accounting	523,717	119,267	137,873
INTEREST AND FISCAL CHARGES	-	-	158,495
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>946,868</u>
Total Utility Fund expenditures	\$ <u><u>1,731,139</u></u>	\$ <u><u>369,615</u></u>	\$ <u><u>7,683,648</u></u>
<u>SOLID WASTE FUND</u>			
SOLID WASTE	\$ 78,848	\$ 238	\$ 1,731,582
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>135,982</u>
Total Solid Waste Fund expenditures	\$ <u><u>78,848</u></u>	\$ <u><u>238</u></u>	\$ <u><u>1,867,564</u></u>
Total Enterprise Fund expenditures	\$ <u><u>1,809,987</u></u>	\$ <u><u>369,853</u></u>	\$ <u><u>9,551,212</u></u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
\$ 79,008	\$ 226,695	\$ 4,500,976	\$ 5,573,762	\$ 1,072,786
22,742	420,145	3,807,900	3,961,319	153,419
-	-	337,896	360,115	22,219
3,359	-	784,216	757,969	(26,247)
-	-	158,495	155,268	(3,227)
<u>-</u>	<u>-</u>	<u>946,868</u>	<u>974,913</u>	<u>28,045</u>
\$ <u>105,109</u>	\$ <u>646,840</u>	\$ <u>10,536,351</u>	\$ <u>11,783,346</u>	\$ <u>1,246,995</u>
\$ -	\$ -	\$ 1,810,668	\$ 1,801,702	\$ (8,966)
<u>-</u>	<u>-</u>	<u>135,982</u>	<u>136,402</u>	<u>420</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,946,650</u>	\$ <u>1,938,104</u>	\$ <u>(8,546)</u>
\$ <u>105,109</u>	\$ <u>646,840</u>	\$ <u>12,483,001</u>	\$ <u>13,721,450</u>	\$ <u>1,238,449</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, 2006**

	<u>Fleet Replacement</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and investments	\$ 1,736,858	\$ 462,275	\$ 354,970	\$ 2,554,103
Accrued interest and other	29,830	3,210	-	33,040
Total current assets	<u>1,766,688</u>	<u>465,485</u>	<u>354,970</u>	<u>2,587,143</u>
Capital assets-equipment net of depreciation	425,473	-	-	425,473
Capital assets-vehicles net of depreciation	847,113	-	-	847,113
Total non-current assets	<u>1,272,586</u>	<u>-</u>	<u>-</u>	<u>1,272,586</u>
Total assets	<u>\$ 3,039,274</u>	<u>\$ 465,485</u>	<u>\$ 354,970</u>	<u>\$ 3,859,729</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 24,877	\$ 24,877
Accrued liabilities	<u>-</u>	<u>127,409</u>	<u>122,542</u>	<u>249,951</u>
Total liabilities	<u>-</u>	<u>127,409</u>	<u>147,419</u>	<u>274,828</u>
<b>NET ASSETS:</b>				
Invested in capital assets	1,272,586	-	-	1,272,586
Unrestricted	<u>1,766,688</u>	<u>338,076</u>	<u>207,551</u>	<u>2,312,315</u>
Total net assets	<u>\$ 3,039,274</u>	<u>\$ 338,076</u>	<u>\$ 207,551</u>	<u>\$ 3,584,901</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, 2006

	<u>Fleet Replacement</u>	<u>Medical Self-Insurance</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
OPERATING REVENUES:				
Premiums and charges for services	\$ 527,160	\$ 1,982,837	\$ 379,818	\$ 2,889,815
Other	<u>-</u>	<u>24,881</u>	<u>16,096</u>	<u>40,977</u>
Total operating revenues	<u>527,160</u>	<u>2,007,718</u>	<u>395,914</u>	<u>2,930,792</u>
OPERATING EXPENSES:				
Claims and provision	-	1,546,636	172,452	1,719,088
Administrative and fiscal	-	498,051	182,796	680,847
Depreciation	<u>352,736</u>	<u>-</u>	<u>-</u>	<u>352,736</u>
Total operating expenses	<u>352,736</u>	<u>2,044,687</u>	<u>355,248</u>	<u>2,752,671</u>
OPERATING INCOME (LOSS)	<u>174,424</u>	<u>(36,969)</u>	<u>40,666</u>	<u>178,121</u>
NON-OPERATING REVENUES:				
Gain/Loss on sale of fixed assets	13,590	-	-	13,590
Interest income	<u>69,739</u>	<u>21,450</u>	<u>6,939</u>	<u>98,128</u>
Total non-operating revenue	<u>83,329</u>	<u>21,450</u>	<u>6,939</u>	<u>111,718</u>
CHANGE IN NET ASSETS	257,753	(15,519)	47,605	289,839
TOTAL NET ASSETS BEGINNING	<u>2,781,521</u>	<u>353,595</u>	<u>159,946</u>	<u>3,295,062</u>
TOTAL NET ASSETS-ENDING	<u>\$ 3,039,274</u>	<u>\$ 338,076</u>	<u>\$ 207,551</u>	<u>\$ 3,584,901</u>

CITY OF DUNCANVILLE, TEXAS

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Fleet Replacement	Medical Self-Insurance	Comprehensive Self-Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from insured	\$ -	\$ 558,231	\$ -	\$ 558,231
Internal activity-receipts from other funds	518,970	1,421,445	379,818	2,320,233
Payments to suppliers	-	(2,051,151)	(339,441)	(2,390,592)
Other receipts	-	24,881	16,096	40,977
Net cash provided by (used in) operating activities	<u>518,970</u>	<u>(46,594)</u>	<u>56,473</u>	<u>528,849</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(348,031)	-	-	(348,031)
Sale of capital assets	<u>37,295</u>	<u>-</u>	<u>-</u>	<u>37,295</u>
Net cash used in investing activities	<u>(310,736)</u>	<u>-</u>	<u>-</u>	<u>(310,736)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	<u>69,739</u>	<u>21,450</u>	<u>6,939</u>	<u>98,128</u>
Net cash provided by investing activities	<u>69,739</u>	<u>21,450</u>	<u>6,939</u>	<u>98,128</u>
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>				
	277,973	(25,144)	63,412	316,241
CASH AND INVESTMENTS, beginning of year	<u>1,458,885</u>	<u>487,419</u>	<u>291,558</u>	<u>2,237,862</u>
CASH AND INVESTMENTS, end of year	<u>\$ 1,736,858</u>	<u>\$ 462,275</u>	<u>\$ 354,970</u>	<u>\$ 2,554,103</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 174,424	\$ (36,969)	\$ 40,666	\$ 178,121
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities-				
Depreciation	352,736	-	-	352,736
Change in assets and liabilities-				
Accounts and other receivables	(8,190)	(3,161)	-	(11,351)
Accounts and other payables	<u>-</u>	<u>(6,464)</u>	<u>15,807</u>	<u>9,343</u>
Total adjustments	<u>344,546</u>	<u>(9,625)</u>	<u>15,807</u>	<u>350,728</u>
Net cash provided by (used in) operating activities	<u>\$ 518,970</u>	<u>\$ (46,594)</u>	<u>\$ 56,473</u>	<u>\$ 528,849</u>

CITY OF DUNCANVILLE, TEXAS

AGENCY FUNDS

Agency Funds are used to report assets held in an agency capacity for others. Agency funds are members of the fiduciary fund category. They are accounted for on the accrual basis of accounting and have no measurement focus. The City utilizes one agency fund.

Dallas Water Line – to account for assets held in an agency capacity for other local governments.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
DALLAS WATER LINE AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>ASSETS:</u></b>				
Cash and investments	\$ -	\$ 17,340,805	\$ 16,354,905	\$ 985,900
Total assets	<u>-</u>	<u>17,340,805</u>	<u>16,354,905</u>	<u>985,900</u>
<b><u>LIABILITIES:</u></b>				
Accounts payable	-	5,151,314	4,752,812	398,502
Contracts payable	-	271,122	-	271,122
Due to other governments	<u>-</u>	<u>11,918,369</u>	<u>11,602,093</u>	<u>316,276</u>
Total liabilities	<u>\$ -</u>	<u>\$ 17,340,805</u>	<u>\$ 16,354,905</u>	<u>\$ 985,900</u>

CITY OF DUNCANVILLE, TEXAS

COMPONENT UNIT COMBINING FINANCIAL STATEMENTS

The only component unit of the City is 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, 2006

<u>ASSETS:</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and investments	\$ 1,774,492	\$ 4,336,056	\$ 6,110,548
Trade accounts	338,727	-	338,727
Accrued interest and other receivables	5,196	30,837	36,033
Restricted cash and investments	<u>-</u>	<u>620,000</u>	<u>620,000</u>
Total assets	<u>\$ 2,118,415</u>	<u>\$ 4,986,893</u>	<u>\$ 7,105,308</u>
 <u>LIABILITIES AND FUND BALANCES:</u>			
LIABILITIES			
Accounts payable	\$ 320,207	\$ -	\$ 320,207
Accrued liabilities	1,304	-	1,304
Customer performance and escrow deposits	<u>-</u>	<u>620,000</u>	<u>620,000</u>
Total liabilities	<u>321,511</u>	<u>620,000</u>	<u>941,511</u>
 FUND BALANCES			
Reserved for economic development	<u>1,796,904</u>	<u>4,366,893</u>	<u>6,163,797</u>
Total fund balances	<u>1,796,904</u>	<u>4,366,893</u>	<u>6,163,797</u>
Total liabilities and fund balances	<u>\$ 2,118,415</u>	<u>\$ 4,986,893</u>	<u>\$ 7,105,308</u>

CITY OF DUNCANVILLE, TEXAS

DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue	Capital Projects	Total
REVENUES:			
Sales taxes	\$ 1,817,112	\$ -	\$ 1,817,112
Interest	67,777	81,708	149,485
Rental and other	936,120	-	936,120
Total revenues	<u>2,821,009</u>	<u>81,708</u>	<u>2,902,717</u>
EXPENDITURES:			
General government	358,331	-	358,331
Special purposes - promotional	813,626	-	813,626
Debt service-			
Principal retirement	575,000	-	575,000
Interest and fiscal charges	822,285	118,038	940,323
Capital outlay	145,649	-	145,649
Total expenditures	<u>2,714,891</u>	<u>118,038</u>	<u>2,832,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>106,118</u>	<u>(36,330)</u>	<u>69,788</u>
OTHER FINANCING SOURCES (USES)			
Certificate of obligations issued	-	4,425,000	4,425,000
Original issue discount	-	(4,053)	(4,053)
Transfer in	17,752	-	17,752
Transfer out	-	(17,752)	(17,752)
Total other financing sources (uses)	<u>17,752</u>	<u>4,403,195</u>	<u>4,420,947</u>
NET CHANGE IN FUND BALANCES	123,870	4,366,865	4,490,735
FUND BALANCES, beginning of year	<u>1,673,034</u>	<u>28</u>	<u>1,673,062</u>
FUND BALANCES, end of year	<u>\$ 1,796,904</u>	<u>\$ 4,366,893</u>	<u>\$ 6,163,797</u>



**Duncanville**  
*City of Champions*

STATISTICAL  
SECTION

(UNAUDITED)

## STATISTICAL SECTION

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City of Duncanville.

	<u>Page</u>
<b><u>Financial Trends</u></b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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<b><u>Revenue Capacity</u></b> - These schedules contain information to help the reader assess the City' most significant local revenue source, the property tax	
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<b><u>Debt Capacity</u></b> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
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<b><u>Demographic and Economic Information</u></b> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
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<b><u>Operating Information</u></b> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services to City provides and the activities it performs.	
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**Sources:** Unless otherwise note, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 for the year ending September 30, 2003. Schedules presenting government-wide information include information beginning in that year.



**Duncanville**  
*City of Champions*

**NET ASSETS BY COMPONENT  
LAST FOUR FISCAL YEARS  
(accrual basis of accounting)  
(Unaudited)**

	<b>Fiscal Year</b>			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 17,756,803	\$ 15,722,124	\$ 24,133,362	\$ 42,888,768
Restricted	692,896	451,812	350,885	2,135,390
Unrestricted	5,296,858	10,568,601	9,503,794	6,736,230
Total governmental activities net assets	<u>\$ 23,746,557</u>	<u>\$ 26,742,537</u>	<u>\$ 33,988,041</u>	<u>\$ 51,760,388</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 22,428,266	\$ 23,352,304	\$ 23,903,050	\$ 24,896,859
Unrestricted	2,070,357	1,918,169	3,127,522	4,125,250
Total business-type activities net assets	<u>\$ 24,498,623</u>	<u>\$ 25,270,473</u>	<u>\$ 27,030,572</u>	<u>\$ 29,022,109</u>
Primary government				
Invested in capital assets, net of related debt	\$ 40,185,069	\$ 39,074,428	\$ 48,036,412	\$ 67,785,627
Restricted	692,896	451,812	350,885	2,135,390
Unrestricted	7,367,215	12,486,770	12,631,316	10,861,480
Total primary government net assets	<u>\$ 48,245,180</u>	<u>\$ 52,013,010</u>	<u>\$ 61,018,613</u>	<u>\$ 80,782,497</u>

**CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(accrual basis of accounting)  
(Unaudited)**

	<b>Fiscal Year</b>			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities				
General government	\$ 1,805,370	\$ 1,815,776	\$ 1,843,301	\$ 2,887,854
Finance	942,631	1,017,176	1,013,884	1,204,589
Community services	3,236,439	3,122,149	3,688,927	4,703,438
Police	6,113,841	6,958,226	6,646,338	7,119,106
Public works	3,595,016	3,749,228	4,748,203	4,881,669
Fire	4,664,195	4,501,238	4,801,545	4,872,692
Interest and fiscal charges	873,138	883,919	817,745	759,939
Total governmental activities expenses	<u>21,230,630</u>	<u>22,047,712</u>	<u>23,559,943</u>	<u>26,429,287</u>
Business-type activities				
Water	4,993,910	4,656,225	4,850,211	5,525,280
Wastewater	4,321,343	4,255,396	4,541,989	4,295,218
Solid waste	1,725,261	1,793,330	1,802,136	1,811,672
Interest and fiscal charges	213,136	-	-	-
Total business-type activities expenses	<u>11,253,650</u>	<u>10,704,951</u>	<u>11,194,336</u>	<u>11,632,170</u>
Total primary government expenses	<u>\$ 32,484,280</u>	<u>\$ 32,752,663</u>	<u>\$ 34,754,279</u>	<u>\$ 38,061,457</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services	\$ 3,159,686	\$ 3,708,453	\$ 3,060,042	\$ 4,209,652
Operating grants and contributions	234,511	233,729	245,357	905,197
Capital grants and contributions	335,000	1,066,945	1,559,812	96,354
Total governmental activities program revenues	<u>3,729,197</u>	<u>5,009,127</u>	<u>4,865,211</u>	<u>5,211,203</u>
Business-type activities				
Charges for services				
Water	5,490,481	5,434,700	6,229,115	7,606,143
Wastewater	4,469,011	4,487,516	4,400,626	4,829,746
Solid waste	1,815,516	1,661,116	1,946,737	1,913,769
Capital grants and contributions	106,462	514,984	999,429	118,264
Total business-type activities program revenues	<u>11,881,470</u>	<u>12,098,316</u>	<u>13,575,907</u>	<u>14,467,922</u>
Total primary government program revenues	<u>\$ 15,610,667</u>	<u>\$ 17,107,443</u>	<u>\$ 18,441,118</u>	<u>\$ 19,679,125</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$(17,501,433)	\$(17,038,585)	\$(18,694,732)	\$(21,218,084)
Business-type activities	627,820	1,393,365	2,381,571	2,835,752
Total primary government net expense	<u>\$(16,873,613)</u>	<u>\$(15,645,220)</u>	<u>\$(16,313,161)</u>	<u>\$(18,382,332)</u>

**CHANGES IN NET ASSETS**  
**LAST FOUR FISCAL YEARS**  
**(accrual basis of accounting)**  
**(Unaudited)**

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes				
Ad valorem	\$ 11,055,022	\$ 11,476,537	\$ 11,746,407	\$ 12,209,904
Sales	4,749,336	4,866,493	4,868,004	5,451,335
Franchise	2,056,464	1,852,614	1,938,736	2,129,943
Hotel occupancy	162,145	252,608	252,500	531,711
Earnings on investments	213,641	190,079	372,513	603,243
Rentals and miscellaneous	708,872	938,256	755,889	-
Transfers	935,228	1,105,768	892,061	1,082,850
Total governmental activities	<u>19,880,708</u>	<u>20,682,355</u>	<u>20,826,110</u>	<u>22,008,986</u>
Business-type activities				
Earnings on investments	66,781	76,900	53,575	259,132
Rentals and miscellaneous	15,810	-	-	-
Transfers	(935,228)	(1,105,768)	(892,061)	(1,082,850)
Total business-type activities	<u>(852,637)</u>	<u>(1,028,868)</u>	<u>(838,486)</u>	<u>(823,718)</u>
Total primary government	<u>\$ 19,028,071</u>	<u>\$ 19,653,487</u>	<u>\$ 19,987,624</u>	<u>\$ 21,185,268</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 2,379,275	\$ 3,643,770	\$ 2,131,378	\$ 790,902
Business-type activities	(224,817)	364,497	1,543,085	2,012,034
Total primary government	<u>\$ 2,154,458</u>	<u>\$ 4,008,267</u>	<u>\$ 3,674,463</u>	<u>\$ 2,802,936</u>

CITY OF DUNCANVILLE, TEXAS

FUND BALANCES, GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(Unaudited)

	<b>Fiscal Year</b>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund					
Reserved *	\$ 120,592	\$ 97,109	\$ 1,535	\$ 39,127	\$ 33,879
Unreserved	<u>3,911,611</u>	<u>3,065,860</u>	<u>3,088,913</u>	<u>3,377,193</u>	<u>3,730,873</u>
Total General Fund	<u><u>4,032,203</u></u>	<u><u>3,162,969</u></u>	<u><u>3,090,448</u></u>	<u><u>3,416,320</u></u>	<u><u>3,764,752</u></u>
All Other Governmental Funds					
Reserved *					
Debt service	\$ 919,579	\$ 1,158,711	\$ 985,538	\$ 1,698,607	\$ 1,395,465
Other Governmental Funds	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	3,006,678	463,013	347,687	364,774	374,572
Capital projects funds	<u>2,861,756</u>	<u>7,590,929</u>	<u>7,462,059</u>	<u>4,280,721</u>	<u>3,993,114</u>
Total all other governmental funds	<u><u>\$ 6,788,013</u></u>	<u><u>\$ 9,212,653</u></u>	<u><u>\$ 8,795,284</u></u>	<u><u>\$ 6,344,102</u></u>	<u><u>\$ 5,763,151</u></u>

\* Includes prepaid items

SCHEDULE 3

<hr/>				
		<b><u>Fiscal Year</u></b>		
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 49,213	\$ 38,001	\$ 24,719	\$ 520,895	\$ 714,077
<u>4,342,900</u>	<u>4,650,654</u>	<u>5,908,556</u>	<u>4,518,077</u>	<u>3,977,424</u>
<u><u>4,392,113</u></u>	<u><u>4,688,655</u></u>	<u><u>5,933,275</u></u>	<u><u>5,038,972</u></u>	<u><u>4,691,501</u></u>
\$ 1,030,644	\$ 755,775	\$ 517,460	\$ 296,625	\$ 202,702
-	-	-	-	1,715
348,005	635,665	758,605	594,502	680,360
<u>2,797,032</u>	<u>5,481,502</u>	<u>3,074,606</u>	<u>2,361,603</u>	<u>1,821,809</u>
<u><u>\$ 4,175,681</u></u>	<u><u>\$ 6,872,942</u></u>	<u><u>\$ 4,350,671</u></u>	<u><u>\$ 3,252,730</u></u>	<u><u>\$ 2,706,586</u></u>

CITY OF DUNCANVILLE, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (Unaudited)

	<u>Fiscal Year</u>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues					
Taxes -					
Ad valorem	\$ 8,415,780	\$ 8,620,851	\$ 8,908,037	\$ 9,340,345	\$ 9,922,053
Sales	4,684,479	4,874,144	5,050,304	5,210,094	4,944,933
Franchise	1,702,787	1,832,025	1,749,148	1,867,850	2,226,952
Mixed beverage	29,892	25,546	24,403	29,374	30,965
Hotel	169,693	149,279	159,271	169,482	135,393
Licenses, permits and fees	615,415	709,132	769,740	856,888	896,729
Fines and forfeitures	675,279	647,370	660,744	877,643	897,295
Recreation Fees	113,879	126,364	117,097	152,779	217,535
Intergovernmental	224,658	190,678	306,070	867,683	1,496,503
Investment income	620,214	660,667	715,829	722,494	567,427
Rental and other	281,678	783,142	789,540	653,100	553,982
Total revenues	<u>\$ 17,533,754</u>	<u>\$ 18,619,198</u>	<u>\$ 19,250,183</u>	<u>\$ 20,747,732</u>	<u>\$ 21,889,767</u>
Expenditures					
General government	\$ 2,581,405	\$ 2,379,201	\$ 2,152,977	\$ 2,155,449	\$ 2,603,533
Police	4,584,986	4,896,707	5,241,079	5,430,645	5,725,059
Fire	3,646,134	3,326,521	3,402,879	3,784,295	3,897,142
Public works	1,914,442	2,478,808	2,901,481	2,969,607	3,197,037
Parks and recreation	1,804,191	1,720,554	1,699,600	2,010,585	2,281,989
Library	402,008	471,934	429,836	594,662	556,562
Special purposes - promotional	70,167	88,635	61,388	37,409	78,487
Capital outlay	705,844	2,688,415	3,094,087	3,427,621	1,451,353
Debt service					
Principal retirement	2,035,000	2,110,000	2,365,000	1,783,135	1,829,509
Interest and fiscal charges	1,290,216	1,267,769	1,227,961	1,767,225	1,587,130
Total expenditures	<u>\$ 19,034,393</u>	<u>\$ 21,428,544</u>	<u>\$ 22,576,288</u>	<u>\$ 23,960,633</u>	<u>\$ 23,207,801</u>
Excess of revenues over (under) expenditures	(1,500,639)	(2,809,346)	(3,326,105)	(3,212,901)	(1,318,034)
Other Financing Sources (Uses)					
Bonds issued	-	5,305,500	1,450,000	-	-
Refunding bonds issued	-	6,484,500	-	-	-
Payments to escrow agent	-	(6,384,728)	-	-	-
Transfers in	1,383,504	1,881,052	1,698,499	2,618,288	1,358,489
Transfers out	(565,809)	(1,019,919)	(312,284)	(1,544,470)	(272,974)
Total other financing sources (uses)	<u>817,695</u>	<u>6,266,405</u>	<u>2,836,215</u>	<u>1,073,818</u>	<u>1,085,515</u>
Net change in fund balances	<u>\$ (682,944)</u>	<u>\$ 3,457,059</u>	<u>\$ (489,890)</u>	<u>\$ (2,139,083)</u>	<u>\$ (232,519)</u>
Debt service as a percentage of noncapital expenditures	18.1%	18.0%	18.4%	17.3%	15.7%

SCHEDULE 4

<u>Fiscal Year</u>				
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 10,488,959	\$ 11,055,022	\$ 11,520,666	\$ 11,757,053	\$ 12,211,482
5,027,906	4,749,336	4,866,493	4,868,004	5,451,335
1,874,107	2,056,464	1,852,614	1,938,736	2,129,943
35,351	33,341	27,710	67,848	54,927
148,549	162,145	252,608	252,500	476,784
887,082	1,480,182	1,717,271	1,656,445	1,857,835
633,678	740,930	1,145,059	744,985	939,237
202,331	-	282,010	265,436	286,767
1,695,035	994,658	532,071	534,844	1,328,817
236,196	209,238	166,474	323,667	505,115
673,194	879,812	444,182	402,080	554,258
<u>\$ 21,902,388</u>	<u>\$ 22,361,128</u>	<u>\$ 22,807,158</u>	<u>\$ 22,811,598</u>	<u>\$ 25,796,500</u>
\$ 2,714,652	\$ 2,664,197	\$ 2,541,927	\$ 2,636,846	\$ 3,631,198
6,025,292	6,327,454	6,454,933	6,796,628	7,088,021
4,255,258	4,225,807	4,260,359	4,573,261	4,794,582
3,212,504	3,337,296	3,475,872	4,009,839	3,988,391
2,319,692	2,324,759	2,159,116	3,251,930	3,553,111
571,641	581,378	524,111	643,502	632,693
29,826	34,671	44,853	53,398	330,032
1,948,368	2,536,449	1,453,204	950,666	919,446
1,433,270	2,135,000	2,185,000	2,255,000	2,320,000
1,482,613	822,227	585,460	524,833	452,239
<u>\$ 23,993,116</u>	<u>\$ 24,989,238</u>	<u>\$ 23,684,835</u>	<u>\$ 25,695,903</u>	<u>\$ 27,709,713</u>
(2,090,728)	(2,628,110)	(877,677)	(2,884,305)	(1,913,213)
-	4,246,915	-	-	-
1,979,605	5,435,000	-	-	-
(1,897,313)	(5,392,718)	-	-	-
1,175,797	1,171,765	1,278,631	1,408,528	1,333,512
(127,470)	(336,537)	(422,863)	(516,467)	(250,662)
<u>1,130,619</u>	<u>5,124,425</u>	<u>855,768</u>	<u>892,061</u>	<u>1,082,850</u>
<u>\$ (960,109)</u>	<u>\$ 2,496,315</u>	<u>\$ (21,909)</u>	<u>\$ (1,992,244)</u>	<u>\$ (830,363)</u>
13.2%	13.2%	12.5%	11.2%	10.3%

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

<b>Fiscal Year Ended Sept. 30,</b>	<b>Assessed and Actual Value of Property (1)</b>			<b>Total Assessed Value</b>	<b>Less: Tax-Exempt Property (2)</b>	<b>Total Taxable Assessed Value</b>	<b>Total City Tax Rate (3)</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Business Personal Property</b>				
1997	\$ 841,722,230	\$ 266,347,520	\$ 142,785,180	1,250,854,930	\$ 91,602,199	\$ 1,159,252,731	\$ 0.720
1998	860,855,100	284,450,330	149,152,610	1,294,458,040	94,253,130	1,200,204,910	0.718
1999	889,660,515	298,450,935	146,887,810	1,334,999,260	102,084,416	1,232,914,844	0.718
2000	949,092,630	308,130,510	151,816,570	1,409,039,710	110,142,448	1,298,897,262	0.718
2001	988,918,110	312,874,940	160,478,150	1,462,271,200	110,923,536	1,351,347,664	0.718
2002	1,082,538,660	316,912,810	156,228,640	1,555,680,110	129,417,253	1,426,262,857	0.718
2003	1,129,318,320	317,426,850	161,340,850	1,608,086,020	130,645,084	1,477,440,936	0.718
2004	1,205,659,780	356,727,300	138,564,990	1,700,952,070	132,403,782	1,568,548,288	0.718
2005	1,246,517,740	362,005,770	155,985,770	1,764,509,280	132,632,582	1,631,876,698	0.718
2006	1,277,126,120	392,678,460	157,676,550	1,827,481,130	145,089,624	1,682,391,506	0.718

Source: Dallas Central Appraisal District

Notes:

- (1) Assessed value is 100% of estimated actual value for all years as determined by the Dallas Central Appraisal District. Values are as of January 1 of the calendar year prior to the fiscal year-end date.
- (2) Exemptions are granted by the City within the constraints of Texas Constitutional law **SC 5**
- (3) Tax Rate is per \$100 assessed valuation.

**PROPERTY TAX RATES -  
DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$100 Assessed Valuation)  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended Sept. 30,	City of Duncanville			Overlapping Rates				
	General	Debt Service	Total	Duncanville I.S.D.	Dallas County	Dallas County School Equalization	Dallas County Hospital	Dallas County Community College
1997	0.458700	0.261300	0.720000	1.606800	0.210000	0.006400	0.194092	0.052060
1998	0.459900	0.258100	0.718000	1.640000	0.201000	0.006300	0.185710	0.050000
1999	0.474786	0.243214	0.718000	1.680000	0.197200	0.005974	0.179900	0.050000
2000	0.502945	0.215055	0.718000	1.640000	0.196000	0.005699	0.196000	0.050000
2001	0.530150	0.187850	0.718000	1.680000	0.196000	0.005667	0.254000	0.050000
2002	0.569000	0.149000	0.718000	1.670000	0.196000	0.005525	0.254000	0.060000
2003	0.572000	0.146000	0.718000	1.750000	0.196000	0.005500	0.254000	0.060000
2004	0.574278	0.143722	0.718000	1.855000	0.203900	0.005460	0.254000	0.077800
2005	0.576474	0.141526	0.718000	1.836000	0.203900	0.005460	0.254000	0.080300
2006	0.576277	0.141723	0.718000	1.866000	0.213900	0.005300	0.254000	0.081600

Source: Dallas Central Appraisal District

Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the city.
- (2) Tax rates are per \$100 of assessed value.

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer / Company Name	2006			1997		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation (a)	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation (a)
Texwood Industries Inc. Quality Cabinets Division	\$ 39,745,580	1	2.36%	\$ 15,347,460	1	1.32%
C H Guenther & Son Pioneer Frozen Foods	21,416,920	2	1.27%	8,939,530	5	0.77%
Southwestern Bell/Cingular SBC Communications Inc.	14,041,510	3	0.83%	15,093,600	2	1.30%
Frankel Family Trust Wimberly Park Apartments	12,936,840	4	0.77%	9,500,000	4	0.82%
Texas Utilities TXU Business Services	10,527,250	5	0.63%	9,869,540	3	0.85%
WR Senior Living Champions Cove Living Center	8,435,000	6	0.50%	-	-	-
Apple Reit Limited PS Main Park Apartments	8,111,600	7	0.48%	6,244,090	7	0.54%
Deford Lumber LTD Deford's Lumber & Hardware	7,695,220	8	0.46%	-	-	-
TT Duncanville LTD Village Shopping Center	6,374,880	9	0.38%	6,051,720	8	0.52%
Center Ridge Apts LTD Cedar Ridge Apartments	4,988,710	10	0.30%	-	-	-
Wal-Mart Corporation Wal-Mart Store	-	-	-	6,598,000	6	0.57%
WLM Retail Partnership Cockrell Hill Crossing	-	-	-	5,636,430	9	0.49%
The Kroger Company Kroger Food Store	-	-	-	5,379,850	10	0.46%
<b>Total</b>	<b>\$ 134,273,510</b>		<b>7.98%</b>	<b>\$ 88,660,220</b>		<b>7.65%</b>

Source: Dallas Central Appraisal District

Note:

(1) Total Taxable Value as of October 1      \$ 1,682,391,506      \$ 1,159,252,731

**PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended Sept. 30,</b>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>
1997	\$ 8,346,620	\$ 8,229,146	98.6%	\$ 104,133	\$ 8,333,279	99.8%
1998	8,617,473	8,451,254	98.1%	95,319	8,546,573	99.2%
1999	8,852,329	8,682,941	98.1%	110,582	8,793,523	99.3%
2000	9,326,022	9,122,351	97.8%	85,350	9,207,701	98.7%
2001	9,702,634	9,464,232	97.5%	174,261	9,638,493	99.3%
2002	10,240,569	10,109,103	98.7%	236,328	10,345,431	101.0%
2003	10,968,827	10,698,211	97.5%	219,914	10,918,125	99.5%
2004	11,352,972	11,109,031	97.9%	272,597	11,381,628	100.3%
2005	11,717,214	11,399,901	97.3%	217,846	11,617,747	99.2%
2006	12,091,435	11,779,327	97.4%	217,691	11,997,018	99.2%

Source: Dallas County Tax Assessor / Collector

Note: Collections do not include penalty and interest on delinquent

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended Sept. 30,	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificate of Obligation Bonds	Water and Sewer Revenue Bonds	Tax & Solid Waste, Certificate of Obligation Bonds			
1997	\$ 21,425,914	\$ -	\$ 1,500,000	\$ 300,000	\$ 23,225,914	2.00%	\$ 645
1998	24,950,914	-	930,000	-	25,880,914	2.23%	716
1999	22,585,914	1,450,000	475,000	-	24,510,914	2.11%	682
2000	20,802,779	1,450,000	170,000	-	22,422,779	1.93%	621
2001	18,973,270	1,450,000	-	-	20,423,270	1.76%	565
2002	15,665,000	3,429,605	-	-	19,094,605	1.65%	530
2003	9,635,000	11,671,519	4,100,000	-	25,406,519	2.19%	698
2004	8,575,000	10,546,519	3,985,000	-	23,106,519	1.99%	654
2005	7,495,000	9,371,519	3,865,000	-	20,731,519	1.79%	565
2006	9,334,723	6,444,807	3,703,350	-	19,482,880	1.16%	515

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule 5 for property value data.
- (2) See Schedule 14 for population data.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended Sept. 30,</b>	<b>General Bonded Debt Outstanding</b>			<b>Percentage of Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
	<b>General Obligation Bonds</b>	<b>Certificate of Obligation Bonds</b>	<b>Total</b>		
1997	\$ 21,425,914	\$ -	\$ 21,425,914	1.85%	\$ 595
1998	24,950,914	-	24,950,914	2.08%	691
1999	22,585,914	1,450,000	24,035,914	2.07%	669
2000	20,802,779	1,450,000	22,252,779	1.85%	617
2001	18,973,270	1,450,000	20,423,270	1.66%	565
2002	15,665,000	3,429,605	19,094,605	1.47%	530
2003	9,635,000	11,671,519	21,306,519	1.58%	585
2004	8,575,000	10,546,519	19,121,519	1.34%	541
2005	7,495,000	9,371,519	16,866,519	1.14%	459
2006	9,334,723	6,444,807	15,779,530	0.93%	417

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See Schedule 5 for property value data.  
(2) See Schedule 14 for personal income and population data.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF YEAR ENDED SEPTEMBER 30, 2006  
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Duncanville Independent School District	\$ 196,207,283	56.92%	\$ 111,681,185
Dallas County	283,008,073	1.23%	3,480,999
Subtotal, overlapping debt			\$ 115,162,185
City direct debt			19,482,879
Total direct and overlapping debt			\$ 134,645,064

Source: First Southwest Company

**LEGAL DEBT MARGIN INFORMATION**  
**AS OF YEAR ENDED SEPTEMBER 30, 2006**  
**(Unaudited)**

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As a home rule city, the City of Duncanville is not limited by law in the amount of debt it may issue. the City's charter (Article 5, Section 1) states:

"In keeping with the Constitution of the State of Texas and not contrary thereto, the City of Duncanville shall have the power to borrow money on the credit of the City for any public purpose not now or hereafter prohibited by the Constitution and laws of the State of Texas, and shall have the right to issue all tax bonds, revenue bonds, funding and refunding bonds, time warrants and other evidence of indebtedness as now authorized or as may hereafter be authorized to be issued by cities and towns by the laws of the State of Texas."

Article 11, Section 5 of the State of Texas Constitution States in part:

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

The tax rate at September 30, 2005, is \$.718 per \$10 of assessed valuation with assessed valuation being 100% of market value.



**Duncanville**  
*City of Champions*

**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b>Fiscal Year Ended Sept. 30,</b>	<b>Operating Revenue and Other (1)</b>	<b>Less: Operating Expense (2)</b>	<b>Net available Revenue</b>	<b>Debt Service (3)</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
<b>Water and Sewer Bonds</b>						
1997	\$ 9,889,411	\$ 8,664,873	\$ 1,224,538	\$ 885,000	\$ 153,820	1.2
1998	11,571,002	9,944,235	1,626,767	870,000	122,909	1.6
1999	10,396,388	9,404,840	991,548	455,000	53,854	1.9
2000	10,873,841	8,616,220	2,257,621	305,000	24,560	6.9
2001	10,458,981	8,606,604	1,852,377	170,000	18,807	9.8
2002	9,893,320	9,224,891	668,429	(4)	(4)	(4)
2003	10,041,536	9,181,983	859,553	165,000	177,066	2.5
2004	10,041,536	8,832,900	1,208,636	115,000	158,182	4.4
2005	10,683,044	9,141,588	1,541,456	120,000	156,195	5.6
2006	12,694,853	8,784,148	4,180,705	125,000	150,686	15.2

## Notes:

- (1) Includes operating and nonoperating revenues.
- (2) Includes operating expenses exclusive of depreciation.
- (3) Includes principal and interest of revenue bonds only. Principal and interest amounts are the amounts due within one year of fiscal year end.
- (4) The City did not have any Water and Sewer debt for this fiscal year.

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

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<b>Fiscal Year Ended Sept. 30,</b>	<b>Population (1)</b>	<b>Personal Income (Thousands of Dollars)</b>	<b>Per Capita Income</b>	<b>Median Household Income (1)</b>	<b>Number of Households (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate</b>	
1997	36,016	(5)	\$ -	(5)	(5)	(5)	3.00%	(4)
1998	36,126	(5)	-	(5)	12,562	10,268	2.70%	(4)
1999	35,939	(5)	-	(5)	(5)	10,119	2.60%	(4)
2000	36,081	827,121	22,924	51,654	12,884	10,190	2.30%	(4)
2001	36,171	1,000,526	27,661	54,142	(5)	10,319	3.20%	(4)
2002	36,011	(5)	-	(5)	(5)	10,625	4.50%	(4)
2003	36,402	941,611	25,867	56,645	12,894	10,762	4.50%	(4)
2004	35,346	(5)	-	(5)	(5)	11,283	4.00%	(4)
2005	36,725	(5)	-	(5)	(5)	11,736	6.00%	(3)
2006	37,800	1,041,678	27,948	62,269	13,046	12,042	5.66%	(3)

Sources: (1) 2000 Census, all other years ESRI estimates  
(2) Duncanville Independent School District  
(3) Texas Workforce Commission 2005-2006  
(4) Bureau of Labor Statistics Archives 1997-2004  
(5) Information is not available

**PRINCIPAL EMPLOYERS  
CURRENT AND SEVEN YEARS AGO  
(Unaudited)**

Employer	2006			1999		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Texwood/Quality Cabinets and Doors	2,400	1	16.00%	1,150	2	8.52%
Duncanville Independent School District	1,600	2	10.67%	1,320	1	9.78%
Costco	250	3	1.67%			0.00%
City of Duncanville	242	4	1.61%	269	3	1.99%
Pioneer Frozen Foods	161	5	1.07%	150	4	1.11%
Pappadeaux	152	6	1.01%			0.00%
DeFord's	147	7	0.98%			0.00%
The Romney Group	80	8	0.53%			0.00%
Duncanville Ford	70	9	0.47%			0.00%
Brittle-Brittle	65	10	0.43%	60	5	0.44%
ACCO/USA			0.00%	40	6	0.30%
Advanced Machine Tool			0.00%	40	7	0.30%
Durable Spec. Inc.			0.00%	37	8	0.27%
Baily Tool & Manufacturing			0.00%	30	9	0.22%
Custom Canvas			0.00%	30	10	0.22%
<b>Total</b>	<b>5,167</b>		<b>34.44%</b>	<b>3,126</b>		<b>23.15%</b>

CITY OF DUNCANVILLE, TEXAS

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
LAST TEN FISCAL YEARS  
(Unaudited)**

	1997	1998	Fiscal Year 1999	2000	2001
<b>By Functions</b>					
General Government	31.0	33.0	33.0	35.0	34.0
Fire Services	57.0	53.0	53.0	52.0	52.0
Police Services (Sword Officers)	55.0	57.0	57.0	61.0	61.0
Police Services (Civil)	24.0	25.0	12.0	14.0	14.0
Public Works	31.0	32.0	32.0	33.5	33.5
Library Services	8.0	8.0	9.0	9.0	9.0
Parks and Recreation	15.0	14.0	16.0	15.0	15.0
Community Services	7.0	8.0	9.0	9.0	9.0
Water and Wastewater	20.0	22.0	22.0	23.5	24.5
Total Employees by Function	248.0	252.0	243.0	252.0	252.0
<b>By Departments</b>					
General Government	7.0	9.0	9.0	9.0	8.0
Finance	20.0	20.0	20.0	22.0	23.0
Community Services	30.0	30.0	34.0	33.0	33.0
Police (Sworn Officers)	55.0	57.0	57.0	61.0	61.0
Police (Civil)	24.0	25.0	12.0	14.0	14.0
Public Works	28.0	30.0	30.0	30.0	31.0
Utilities	23.0	24.0	24.0	27.0	27.0
Fire	57.0	53.0	53.0	52.0	52.0
Economic Development	4.0	4.0	4.0	4.0	3.0
Total Employees by Department	248.0	252.0	243.0	252.0	252.0
<b>By Fund</b>					
General	213.0	216.0	207.0	212.0	211.0
Utility	31.0	32.0	32.0	32.0	33.0
Hotel/Motel	1.0	1.0	1.0	1.0	0.5
Economic Development	3.0	3.0	3.0	3.0	2.5
Grant	-	-	-	-	1.0
Drainage	-	-	-	-	-
Solid Waste	-	-	-	4.0	4.0
Total Employees by Fund	248.0	252.0	243.0	252.0	252.0

SCHEDULE 16

<hr/>				
	<u>Fiscal Year</u>			
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
33.0	31.0	31.0	31.0	33.0
52.0	52.0	52.0	52.0	52.0
63.0	62.0	62.0	61.0	61.0
14.0	14.0	12.0	12.0	12.0
34.5	33.5	33.5	34.5	33.5
9.0	9.0	9.0	9.0	9.0
15.0	15.0	13.0	13.0	13.0
10.0	8.0	6.0	6.0	6.0
22.5	21.5	21.5	21.5	21.5
253.0	246.0	240.0	240.0	241.0
7.0	7.0	7.0	7.0	7.0
23.0	22.0	22.0	22.0	24.0
34.0	32.0	28.0	28.0	28.0
63.0	62.0	62.0	61.0	61.0
14.0	14.0	12.0	12.0	12.0
32.0	31.0	30.5	31.5	30.5
25.0	24.0	24.5	24.5	24.5
52.0	52.0	52.0	52.0	52.0
3.0	2.0	2.0	2.0	2.0
253.0	246.0	240.0	240.0	241.0
214.4	209.4	202.9	202.5	203.5
33.0	32.0	32.0	32.0	32.0
0.5	0.5	1.0	1.0	1.0
2.5	1.5	1.0	1.0	1.0
0.6	0.6	1.0	1.0	1.0
-	-	0.1	0.5	0.5
2.0	2.0	2.0	2.0	2.0
253.0	246.0	240.0	240.0	241.0

CITY OF DUNCANVILLE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	Fiscal Year			
	1997	1998	1999	2000
General Government				
Building Permits Issued	263	298	505	376
Police				
Criminal Arrests	2,683	(1)	3,042	2,471
Index Crimes per 1,000 Population	50.70	(1)	48.90	41.98
Fire				
Total Calls for Service (Fire & EMS)	4,053	4,053	4,716	4,966
Total Structural Inspections	1,427	(1)	2,699	(1)
Public Services				
Utility Cuts Repaired	163	120	(1)	(1)
Sidewalk Repaired (Square Feet)	7079	16,042	(1)	9,465
Parks and Recreation				
Program Participation Hours	41,842	38,409	15,000	20,000
Number of Annual Passes Sold	(1)	(1)	(1)	1,953
Library				
Volumes in Collection	44,732	52,368	58,835	65,776
Total Volumes Borrowed	147,500	127,055	112,250	113,907
Water/Wastewater				
Water Main Breaks	40	33	45	30
Number of Gallons of Water Pumped (000s)	2,074,886	2,499,058	2,259,085	2,314,931
Average Daily Consumption (MGD)	5.7	6.7	6.1	6.2
Miles of Sewer Mains Cleaned	25.00	25.00	20.00	9.70

Note:

(1) Information is not available.

	<u>Fiscal Year</u>				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
257	265	285	502	421	433
2,438	2,564	2,871	2,584	2,058	2,394
48.76	53.54	52.16	47.78	47.78	40
(1)	5,198	5,298	5,566	6,517	6,976
(1)	2,534	1,291	1,349	1,473	701
(1)	106	127	142	(1)	89
(1)	5,605	7,731	7,358	(1)	7,729
(1)	(1)	18,000	13,648	(1)	18,623
1,442	1,261	2,758	1,437	1,314	1,949
68,506	72,748	78,812	76,138	89,814	97,288
156,348	181,255	195,658	168,892	165,262	174,676
24	46	39	41	41	35
2,240,629	2,165,850	2,023,335	1,875,701	1,949,561	2,196,549
6.2	5.9	5.5	5.1	5.3	6.0
5.39	10.63	14.49	12.46	8.73	4.80

CITY OF DUNCANVILLE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	Fiscal Year				
	1997	1998	1999	2000	2001
Public Safety					
Emergency Vehicles (Police & Fire)	24	24	29	31	31
Public Works					
Streets - Paved (Miles)	49.39	155.98	155.98	155.98	155.98
Alleys - Paved (Miles)	32.12	40.07	40.07	40.07	40.07
Traffic Signals	38	38	38	38	38
Street Signs	1,921	1,921	1,921	1,921	1,921
Regulatory & Non-regulatory Signs	3,992	3,992	3,992	4,129	4,129
Non-Emergency Vehicles	70	72	68	72	69
Parks and Recreation					
Park Acres	205.4	205.4	205.4	216.0	216.0
Playgrounds	10	10	10	10	10
Total Athletic Facilities Maintained	49	49	49	54	54
Water/Wastewater					
Miles of Water Mains	178.00	178.00	179.00	182.83	182.73
Fire Hydrants	1,156	1,160	1,160	1,162	1,166
Sanitary Sewer Lines (Miles)	139.59	139.59	139.59	150.98	150.30
Sanitary Sewer Laterals (Miles)	76.21	76.21	76.36	76.41	76.45

SCHEDULE 18

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	<u>Fiscal Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>		
	30	31	29	29	36	
	155.98	155.98	155.98	155.98	155.98	
	40.07	40.07	40.28	40.28	40.28	
	36	36	36	36	36	
	1,921	1,921	1,926	1,926	1,928	
	4,227	4,227	4,337	4,337	4,416	
	70	70	38	68	72	
	216.0	222.0	228.0	228.0	228.0	
	10	10	10	10	10	
	54	54	54	54	54	
	182.83	184.37	186.92	186.92	187.35	
	1,183	1,204	1,283	1,296	1,306	
	150.76	152.33	152.35	152.35	153.45	
	76.60	76.86	76.86	76.86	77.25	