



**City of
Duncanville,
Texas
Comprehensive
Annual Financial
Report
For Year Ended
September 30, 2008**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF DUNCANVILLE, TEXAS

FOR

FISCAL YEAR ENDED

SEPTEMBER 30, 2008

PREPARED BY:

CITY OF DUNCANVILLE

FINANCE DEPARTMENT

CITY OF DUNCANVILLE, TEXAS

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008
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INTRODUCTORY SECTION



City of Duncanville

Kent Cagle
City Manager

April 7, 2009

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 (CAFR) for the City of Duncanville, Texas for the fiscal year ended September 30, 2008.

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.

Pattillo, Brown, & Hill, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Duncanville's financial statements for the year ended September 30, 2008. The independent auditor's report is located at the beginning of the financial section of this CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

CITY PROFILE

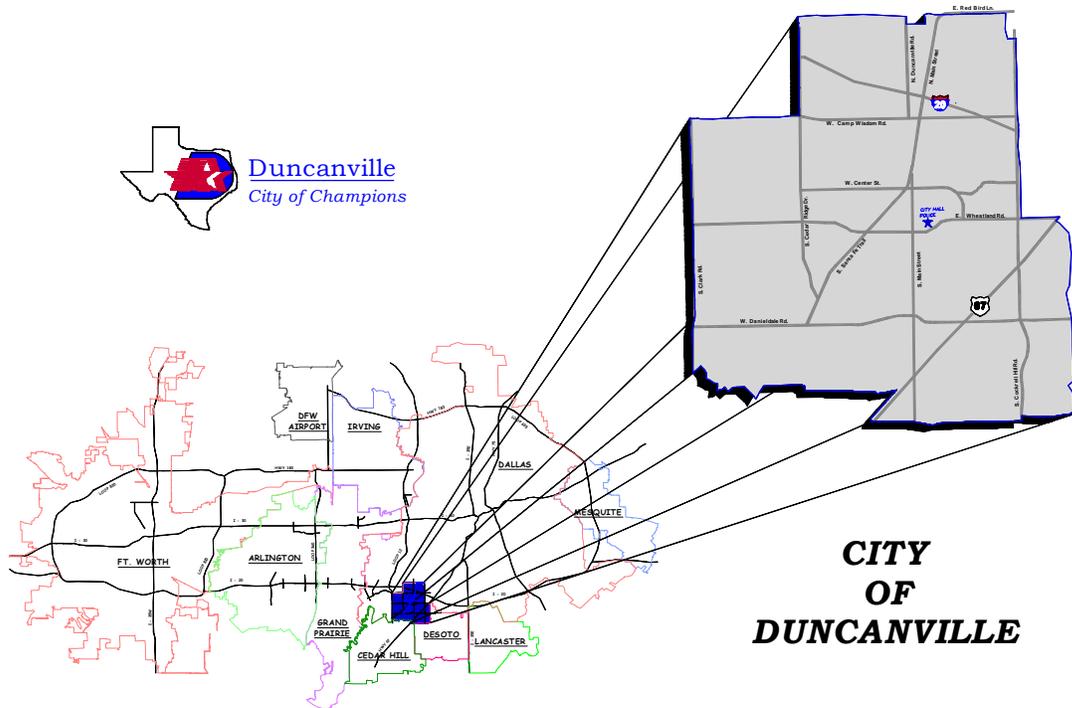
Location

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 2008 population is 38,430 (ESRI-demographics).

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 terms of the remaining four Council members expiring in odd-numbered years. The City Manager, appointed by City Council, is the chief administrative officer for the City and is responsible for the daily management of the City. The basic financial statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria, no other governmental organizations are included in this report.

Services Provided

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



ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The City Charter provides that 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 Metropolitan Statistical Area (MSA) reported over 6 million residents in the U.S. Census 2006 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)
- Dallas/Fort Worth's population growth is already well on its way to a third consecutive decade of adding a million or more new residents to the Metro area. According to the U.S. Census Bureau's 2007 estimate, the area has grown 19 percent (983,490 people) since the 2000 census. (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). (Economy.com)
- Total GDP for the DFW metro reached \$315 billion in 2007. 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)
- 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 Census Bureau, more than 4.8 million residents in DFW hold school diplomas and more than 1.8 million have completed at least four years of college. (U.S. Census Bureau, American Community Survey 2006)
- 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)
- Trade (Transportation and Utilities), Professional and Business Services (Including Other Services), Government, Manufacturing, and Education/Health are the largest employment sectors in the Dallas/Fort Worth regional economy, accounting for approximately 73.2 percent of all jobs. (U.S. Bureau of Labor Statistics)
- DFW's direct trade with North America Free Trade Agreement (NAFTA) countries was \$1.3 billion in 2007. (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)

- The DFW job market grew by approximately 68,000 jobs from July 2007 to July 2008. Among the largest metro areas in the U.S., DFW ranks second only to Greater New York in job growth. (U.S. Bureau of Labor Statistics, U.S. Census Bureau)

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 67% residential. However, 2008 proved to be another good year for commercial construction in Duncanville. Carbon Development broke ground in 2006 on the Shops at Waterview Park, a unique mixed use development. L.A. Fitness and Genghis Grill opened new facilities at Waterview Park and Red Hot and Blue began construction of a restaurant at the site as well. Bella Ruscello, offering upscale apartment living adjacent to the Shops at Waterview Park, was completed in 2008. Other commercial construction included the Duncanville Nursing and Rehabilitation Center, the Cancer Treatment Center, Total Eye Care, and the planned Dialysis Center to be located in the Shops at Waterview Park.

Southwest Dallas County has experienced explosive residential growth and while Duncanville has limited residential land left, there were four new subdivisions under construction in 2008. With the collapse of the housing market, Duncanville's future housing construction will be minimal.

Duncanville is still home to a diversified group of manufacturing and distribution firms. Major manufacturing industries within the city produce corrugated storage and filing boxes, a tortilla factory, bakery products, fabricated sheet-metal products, cabinets, doors, and frozen foods. The Duncanville Industrial Corporation is a major industrial park in the city and two other large industrial parks, Redbird Industrial Park and Mountain Creek Business Park, are adjacent to the city.

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

- The area remains the distribution and financial center of the southwest with high tech industries, service industries, trade and corporate headquarters have providing a stable and diverse local economy.
- Duncanville boasts a strong industrial community that includes companies like **Quality Cabinets**, the second largest cabinet maker in the United States. They remain one of the city's largest tax payers and have a total of 680 employees.
- 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 draw people near and far into the community.
- **Pappadeaux Seafood** which opened in 2003 continues in their success in providing fine dining for area residents.
- In August 2007, **Best Western Inn and Suites** opened a flagship hotel on the southeast section of Highway 67 and Cockrell Hill. They recently received an Excellence Rating/Award from the Best Western Corporate Offices.
- **The Hilton Garden Inn** opened September 1, 2005 offering 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 **Blue Canyon**, a fine dining, full service restaurant, which will compliment the Hilton Garden Inn Hotel.
- Two major highways cross through Duncanville's city 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.
- **Deford Lumber Co. Ltd.** is a manufacturing and distribution business that uses a high-speed assembly line to manufacture doors and currently employs 130 people.
- **Pioneer Foods**, located at 627 Big Stone Gap, is a subsidiary of C. H. Guenther & Son Inc., and manufacture frozen dough products. They currently have 179 employees.
- **Costco Wholesale Corporation** is the largest membership warehouse club chain in the world based on sales volume. The Duncanville location which opened in August 2007 currently employs 132 people.

- The Duncanville **Tom Thumb** located at Wheatland Rd. and Cedar Ridge Rd. has recently completed a remodel making it one of their flagship stores and is reportedly one of their top revenue producing stores in the Metroplex.
- The total dollars reinvested (private and 4B) into the community through DCEDC projects was \$8,180,000 for calendar year 2008 and the total dollars approved to be spent by DCEDC for new development projects was \$850,318 and will result in hundreds of potential new jobs for Duncanville.
- In FY08, the Duncanville Recreation Center was able to replace and upgrade the fitness equipment available for recreation members' use with \$45,049 DCEDC/4B funds and an additional \$25,000 was used to purchase library books. In FY09, there is a budgeted amount of \$50,000 allocated to the library to expand their book collection.
- The Main Street Study and Initiative has been making progress through Gateway Planning's Scott Polikov and his staff researching and developing the best redesign and transformation for the City's Main Street corridor in order to make it a seamless integrated socioeconomic epicenter for the city. Engineering for the project will be completed in the coming year.
- The development agreement between the City and developer for a mixed-use retail and condominium project to be built on Center Street just east of Main Street has been approved and the first building permit should be issued during 2009.

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 \$65,382 comparing favorably to \$49,740 for the DFW Metroplex, \$47,548 for Texas, and \$50,223 for the U.S. (Greater Dallas Chamber and ESRI-BUS)

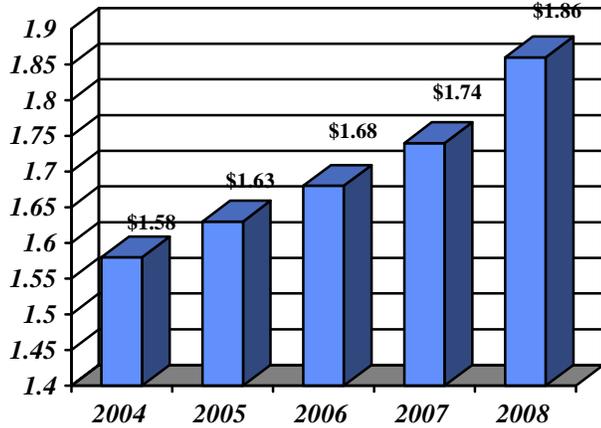
The long-range economic outlook for Duncanville is very promising. The City continues to grow with economic development initiatives targeting quality businesses that will bring unique products and services to this ever-growing community. The City's citizens and business community are committed to managed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

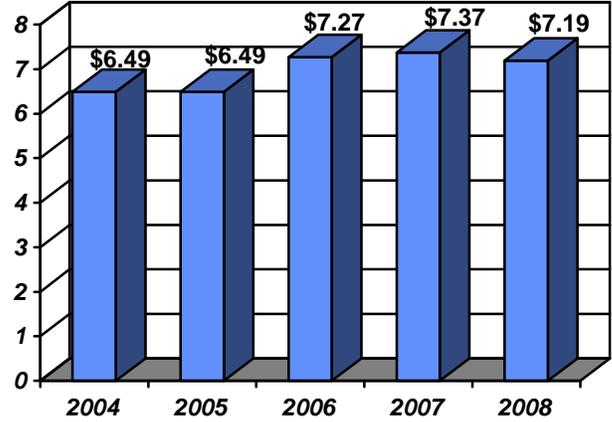
- Continuing the design of the East bound service road along I-20 from Main Street to Camp Wisdom Road.
- Continuing aggressive Code Enforcement, resolving violations.
- Pushing a more aggressive program of delinquent tax foreclosures when necessary.
- Promoting another year of aggressive apartment code inspection (eighth year).
- Maintaining an aggressive water and sewer line rehabilitation program.
- Improving access to Duncanville and access to surrounding cities via future expansion of Highway 67 (Southern Gateway Project).

Economic Signs

ASSESED PROPERTY VALAUTIONS
(in billions)



SALES TAX COLLECTIONS
(in millions)



Future Economic Outlook

Duncanville has weathered difficult economic times and will continue to deal with tough economic circumstances. Sales tax collections were down this year compared to the previous year and until the economy improves, we expect flat or lower sales tax revenues to continue. Property values continue to increase and indicate that Duncanville is still a top choice for existing home purchases. Beer and wine sales continue to spur commercial activity that will soften the economic downturn. Duncanville remains an attractive, well maintained city with a solid infrastructure that is well deserving of its moniker “City of Champions”.

Cash Management

The City awards its depository contract through official bidding procedures for a three-year period with two one year renewal options. The current depository contract with JP Morgan Chase, N.A. was awarded and became effective 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 \$557,398 for FY 2007-08, compared to \$1,086,638 for FY 2006-07 which was primarily due to lower interest rates across all our approved investment spectrums in the current year compared to the prior year.

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 the 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 City management, and the adequacy of financial disclosures to the public. The Audit Committee serves 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 control 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. Quarterly and annual investment reports are also reviewed by the Audit Committee.

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. In June, 1996, the City changed from Arthur Gallagher Co. to the Texas Municipal League Risk Pool for the self-insurance program. 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.

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, 2007. 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,

A handwritten signature in cursive script that reads "Kent Cagle". The signature is written in black ink and is positioned above a thin horizontal line.

Kent Cagle
City Manager

A handwritten signature in cursive script that reads "Frank Trando". The signature is written in black ink and is positioned above a thin horizontal line.

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, 2007

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

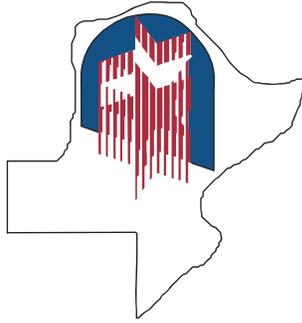


A handwritten signature in black ink, appearing to read "M. L. R. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen", positioned above the title "Executive Director".

Executive Director

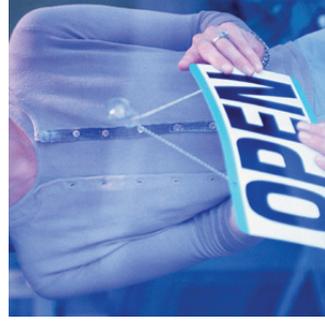
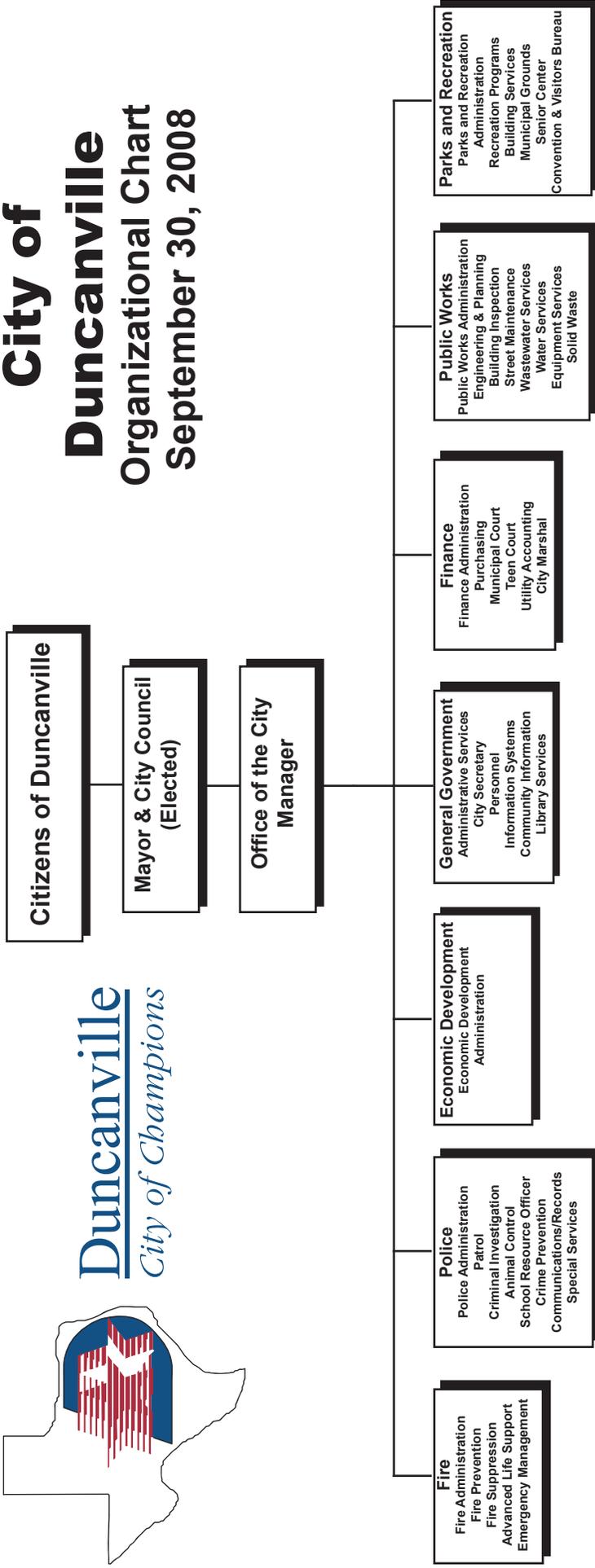


Duncanville
City of Champions

City of Duncanville

Organizational Chart

September 30, 2008



The Perfect Blend of Family, Community & Business

**CITY OF DUNCANVILLE
CITY COUNCIL**

David Green, Mayor

Dorothy Burton, Mayor Pro Tem

Scott Cannon, Council Member

Paul Ford, Council Member

Johnette Jameson, Council Member

Grady Smithey, Council Member

Ken Weaver, Council Member



ADMINISTRATIVE OFFICIALS

Kent Cagle, City Manager

Jeanne Fralicks Heard, Assistant City Manager

Frank Trando, Finance Director

Richard Summerlin, Assistant Finance Director

Gregg Weaver, Personnel Administrator

Dara Crabtree, City Secretary

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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, 2008, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparisons for the General Fund and the Traffic Improvement and Safety Special Revenue 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 March 23, 2009, 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 48 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 and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory 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, L.L.P.

March 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Duncanville, Texas

Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2008

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, 2008. 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 \$82.7 million (net assets). Of this amount, \$9.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental Activities total assets exceeded total liabilities by \$52.3 million (net assets). Governmental Activities net assets decreased \$980 thousand this fiscal year compared to the prior year.
- The City's total net assets increased by \$240 thousand 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 \$4.7 million, a decrease of \$1.6 million from the prior year. Of this amount, \$4.2 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 \$2.5 million. On a current financial resources basis, total fund balance for the General Fund decreased by \$1.3 million which was slightly higher than the budgeted decrease of \$903,033 due to increased fuel prices during the fiscal year coupled with higher energy costs.
- The City's net bonded debt decreased by \$2.5 million during this current fiscal year due to repayment of bonded debt during the year ended September 30, 2008. No additional bonds were issued during the fiscal year.

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.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The main goal is to ascertain whether the City of Duncanville is in a better financial position at the end of the current fiscal year compared to the previous year. The government-wide financial statements report information about the City as a whole and about its activities in a way that helps to determine this relative position. Other non-financial factors should also be taken into consideration to assess the overall health or financial condition of the City. Examples include but are not limited to changes in the City's property tax base and the condition of the City's streets.

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 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, sewer, and solid waste services.

The government-wide financial statements include not only the City itself (the primary government), but also the Duncanville Community and Economic Development Corporation (DCEDC) (a component unit). The DCEDC is organized exclusively for benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized.

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

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

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

The City maintains fifteen 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 nine non-major governmental funds and three non-major capital project funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General, Debt Service and Hotel Tax, 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; however as they benefit both governmental and business-like activities, current year results have been allocated by function in the government-wide financial statements.

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

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 is presented immediately following 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 are schedules of revenues and expenditures for the general fund and a schedule of operating revenues and expenses for the Utility and Solid Waste funds.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Duncanville's assets exceeded its liabilities by \$82.8 million as of September 30, 2008.

City of Duncanville's Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | FY 2008 | FY 2007 | FY 2008 | FY 2007 | FY 2008 | FY 2007 |
| Current and other assets | \$ 11,114,050 | \$ 11,539,860 | \$ 7,196,642 | \$ 7,158,317 | \$ 18,310,692 | \$ 18,698,177 |
| Capital assets, net | <u>57,912,970</u> | <u>60,245,752</u> | <u>28,840,373</u> | <u>26,802,285</u> | <u>86,753,343</u> | <u>87,048,036</u> |
| Total assets | <u>69,027,020</u> | <u>71,785,611</u> | <u>36,037,015</u> | <u>33,960,602</u> | <u>105,064,035</u> | <u>105,746,213</u> |
| Current liabilities | 2,311,680 | 1,794,073 | 2,148,055 | 1,078,654 | 4,459,735 | 2,872,727 |
| Noncurrent liabilities | <u>14,391,671</u> | <u>16,695,120</u> | <u>3,463,815</u> | <u>3,678,206</u> | <u>17,855,486</u> | <u>20,373,326</u> |
| Total liabilities | <u>16,703,351</u> | <u>18,489,193</u> | <u>5,611,870</u> | <u>4,756,860</u> | <u>22,315,221</u> | <u>25,698,765</u> |
| Invested in capital assets, net of related debt | 46,593,503 | 46,679,459 | 26,893,640 | 25,534,318 | 73,487,143 | 72,213,776 |
| Restricted net assets | 112,865 | 658,191 | - | - | 112,865 | 658,191 |
| Unrestricted net assets | <u>5,617,301</u> | <u>5,958,769</u> | <u>3,531,505</u> | <u>3,669,424</u> | <u>9,148,806</u> | <u>9,628,193</u> |
| Total net assets | <u>\$ 52,323,669</u> | <u>\$ 53,296,418</u> | <u>\$ 30,425,145</u> | <u>\$ 29,203,742</u> | <u>\$ 82,748,814</u> | <u>\$ 82,500,160</u> |

The majority of the City's net assets are capital assets (e.g., land, buildings, equipment, improvements, infrastructure and construction in progress). The City uses these capital assets to provide services to citizens and consequently, these assets are not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted resources needed to repay this debt must be provided from other sources, since the capital assets 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 \$9.1 million may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations—The following table provides a summary of the City's operations for the year ended September 30, 2008.

**City of Duncanville's Changes in Net Assets
For the Fiscal Years Ending September 30, 2007 and 2008**

| | Governmental | | Business-Type | | Total | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | Activities | Activities | Activities | 2008 | 2007 |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,006,454 | \$ 4,179,329 | \$ 14,253,791 | \$ 12,701,630 | \$ 19,260,245 | \$ 16,880,959 |
| Operating grants and contributions | 167,553 | 84,111 | - | - | 167,553 | 84,111 |
| Capital grants and contributions | 74,551 | 145,017 | 1,205,387 | 213,951 | 1,279,938 | 358,968 |
| General revenues: | | | | | | |
| Ad valorem taxes | 13,083,411 | 12,401,242 | - | - | 13,083,411 | 12,401,242 |
| Franchise taxes | 2,024,099 | 2,000,905 | - | - | 2,024,099 | 2,000,905 |
| Sales taxes | 5,398,034 | 5,530,559 | - | - | 5,398,034 | 5,530,559 |
| Hotel taxes | 593,725 | 594,238 | - | - | 593,725 | 594,238 |
| Mixed beverage taxes | 42,992 | 58,387 | - | - | 42,992 | 58,387 |
| Investment income | 343,967 | 565,594 | 136,592 | 264,628 | 480,559 | 830,222 |
| Miscellaneous | 632,049 | 352,541 | - | - | 632,049 | 352,541 |
| Total revenues | <u>27,366,835</u> | <u>25,911,923</u> | <u>15,595,770</u> | <u>13,180,209</u> | <u>42,962,605</u> | <u>39,092,132</u> |
| Expenses: | | | | | | |
| General government | 4,057,131 | 3,536,589 | - | - | 4,057,131 | 3,536,589 |
| Finance | 1,312,673 | 1,183,866 | - | - | 1,312,673 | 1,183,866 |
| Community services | 3,214,940 | 2,818,521 | - | - | 3,214,940 | 2,818,521 |
| Police | 8,527,423 | 7,562,765 | - | - | 8,527,423 | 7,562,765 |
| Public works | 6,376,715 | 5,331,327 | - | - | 6,376,715 | 5,331,327 |
| Fire | 5,660,644 | 4,400,876 | - | - | 5,660,644 | 4,400,876 |
| Interest and fiscal charges | 584,910 | 697,552 | - | - | 584,910 | 697,552 |
| Water and sewer | - | - | 11,032,186 | 9,845,048 | 11,032,186 | 9,845,048 |
| Solid waste | - | - | 2,016,504 | 1,997,924 | 2,016,504 | 1,997,924 |
| Total expenses | <u>29,734,436</u> | <u>25,531,497</u> | <u>13,048,690</u> | <u>11,842,972</u> | <u>42,783,126</u> | <u>37,374,469</u> |
| Increase in net assets before transfers | (2,367,601) | 380,426 | 2,547,080 | 1,337,237 | 179,479 | 1,717,663 |
| Transfers | <u>1,325,677</u> | <u>1,155,604</u> | <u>(1,325,677)</u> | <u>(1,155,604)</u> | <u>-</u> | <u>-</u> |
| Increase/ (decrease) in net assets | (1,041,924) | 1,536,030 | 1,221,403 | 181,633 | 179,479 | 1,717,663 |
| Net assets—beginning | <u>53,296,418</u> | <u>51,760,388</u> | <u>29,203,742</u> | <u>29,022,109</u> | <u>82,500,160</u> | <u>80,782,497</u> |
| Prior period adjustments | <u>69,175</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>69,175</u> | <u>-</u> |
| Net assets—ending | <u>\$ 52,323,669</u> | <u>\$ 53,296,418</u> | <u>\$ 30,425,145</u> | <u>\$ 29,203,742</u> | <u>\$ 82,748,814</u> | <u>\$ 82,500,160</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 \$4.7 million. Approximately 89% of this total amount constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been committed to pay for prepaid expenses of \$83,600, debt service of \$5,906 and loans receivable of \$460,170. Fund balance for all governmental funds decreased by \$1.6 million over the previous fiscal year.

In the General Fund, the original budget projected a \$237,305 decrease in fund balance this fiscal year. This was changed to a decrease of \$903,033 with the final amended budget. Differences between the original and final amended budget were primarily due to increased energy and fuel costs. The environment in which this budget came together was one of declining local and national economic conditions, but by having conservative increases in planned expenditures for providing City services, there was no increase in the property tax rate. Due to higher than projected actual revenue from sales taxes, fines and forfeitures and other revenue sources, as well as personnel service savings in nearly all expenditure functions, fund balance decreased in the General Fund by \$1.4 million, a negative variance with the final amended budget by \$487,395.

The Debt Service fund had a decrease in fund balance of \$26,734 for the fiscal year ended September 30, 2008, which was as budgeted. The Street Construction capital project fund had a decrease in fund balance of \$192,900 which was a result of expending bond proceeds of prior years. The Traffic Improvement and Safety fund had an increase in fund balance of \$300,964 which was only \$67,595 more than budgeted due to a combination of higher than expected revenue and lower than expected expenditures.

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 net assets increased \$1.1 million and the Solid Waste fund net assets increased by \$68,614 during this fiscal year. The City introduced an "inverted block" rate structure in FY 2002-03, which was meant to be revenue neutral based on same consumption. Capital contributions of \$1.2 million were recorded due to donated water and wastewater lines.

Capital Assets

Governmental Accounting Standards Board (GASB) Statement No. 34 requires governments to report all capital assets in the Government-Wide Statement of Net Assets. All infrastructure assets have been inventoried and reported in previous fiscal years.

At the end of fiscal year 2008, the City had \$86.8 million invested in a broad range of capital assets, including streets and public infrastructure, water and sewer lines, buildings, park and recreation facilities, and police and fire equipment. This amount represents a net decrease of \$296 thousand which is less than 1 percent below the assets for the prior fiscal year.

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

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|------------------------------------|-------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$ 19,781 | \$ 19,781 | \$ 89 | \$ 89 | \$ 19,870 | \$ 19,870 |
| Construction in progress | 166 | 531 | 795 | 1,252 | 961 | 1,783 |
| Buildings | 5,017 | 5,167 | 2,975 | 2,604 | 7,992 | 7,771 |
| Infrastructure | 28,719 | 30,013 | 21,104 | 18,797 | 49,823 | 48,810 |
| Improvements | 964 | 1,070 | 23 | 24 | 987 | 1,094 |
| Equipment | 3,266 | 3,683 | 204 | 291 | 3,470 | 3,974 |
| Water rights | - | - | 3,649 | 3,746 | 3,649 | 3,746 |
| Totals | <u>\$ 57,913</u> | <u>\$ 60,245</u> | <u>\$ 28,839</u> | <u>\$ 26,803</u> | <u>\$ 86,752</u> | <u>\$ 87,048</u> |

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

- Water and sewer system construction-in-progress decreased \$457 thousand.
- Water, wastewater and drainage projects were completed for \$2.1 million.

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

Debt Administration

At year-end, the City had \$14.7 million in bonded debt outstanding. The entire amount is 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)**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|------------------------------------|-------------------------|-------------------------------------|------------------------|-------------------------|-------------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| GO & CO | \$ 11,386 | \$ 13,646 | \$ - | \$ - | \$ 11,386 | \$ 13,646 |
| Tax and Water/Wastewater Surplus Revenue bonds | - | - | 3,375 | 3,610 | 3,375 | 3,610 |
| Totals | <u>\$ 11,386</u> | <u>\$ 13,646</u> | <u>\$ 3,375</u> | <u>\$ 3,610</u> | <u>\$ 14,761</u> | <u>\$ 17,256</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 67% residential is a daunting challenge and there are few short-term prospects available to improve the distribution of the tax base. City management is and will continue to look for budget cuts to offset the reduced revenues from the economic collapse.

In the 2008-09 Budget, General Fund revenues are projected to increase by \$894 thousand or 4%. The property tax base has demonstrated growth with a 7% increase over last year. Ad valorem tax revenue is determined by two major factors. The first factor is total assessed property value established by the Dallas Central Appraisal District. The second factor is the tax rate set by City Council. The City tax rate was reset at the same rate for the third year in a row, \$.6960 per \$100 of assessed valuation. This is the sixteenth year in a row without a property tax rate increase.

The 2008-09 Budget maintains current service levels. Despite the flat economic forecast and rising costs, we were still able to produce a budget that has been reduced to a \$.696 tax rate.

Costco opened its doors in FY05-06 and our sales taxes appear to be holding ground through September 30, 2008. Beer and wine sales have helped offset the lower sales taxes due the economic downturn. While valuations of personal and commercial property have risen, we expect foreclosures and lower sales taxes will offset the increase.

Our red light camera enforcement program is in effect and we have been able to create a new Transportation Improvement and Safety fund to manage the revenues and expenses 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: Richard Summerlin, Assistant Finance Director
P.O. Box 380280
Duncanville, TX 75138-0280
Phone : 972-780-4997
Email: rsummerlin@ci.duncanville.tx.us

City of Duncanville
Attn: Frank Trando, Finance Director
P.O. Box 380280
Duncanville, TX 75138-0280
Phone: 972-780-5005
Email: frando@ci.duncanville.tx.us



Duncanville
City of Champions

DUNCANVILLE

The Perfect Blend of Family, Community and Business.

BASIC FINANCIAL STATEMENTS

CITY OF DUNCANVILLE, TEXAS

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS: | | | | |
| Cash and investments | \$ 5,549,455 | \$ 2,657,081 | \$ 8,206,536 | \$ 1,273,224 |
| Receivables (net of allowance for uncollectibles) | 4,267,116 | 2,619,752 | 6,886,868 | 305,250 |
| Accrued interest | 79,824 | 6,534 | 86,358 | 1,154 |
| Prepaid items | 83,600 | 16,787 | 100,387 | 80 |
| Restricted cash and investments | - | 1,872,949 | 1,872,949 | 634,246 |
| Internal balances | 64,317 | (64,317) | - | - |
| Loan receivable | 460,170 | - | 460,170 | - |
| Bond issue costs | 66,878 | 87,856 | 154,734 | 102,300 |
| Investment in joint ventures | 542,690 | - | 542,690 | 120,080 |
| Capital assets: | | | | |
| Land, and construction in progress | 19,946,799 | 883,770 | 20,830,569 | 4,280,821 |
| Other capital assets (net of depreciation) | 37,966,171 | 27,956,603 | 65,922,774 | 15,327,150 |
| Total Assets | 69,027,020 | 36,037,015 | 105,064,035 | 22,044,305 |
| LIABILITIES: | | | | |
| Accounts payable | 1,176,025 | 1,449,937 | 2,625,962 | 77,787 |
| Contracts payable | 4,716 | - | 4,716 | - |
| Accrued liabilities | 922,569 | 119,505 | 1,042,074 | 131,424 |
| Accrued interest payable | 69,450 | 16,865 | 86,315 | 105,044 |
| Unearned revenue | 70,356 | - | 70,356 | - |
| Customer performance and escrow deposits | 68,564 | 558,433 | 626,997 | 632,000 |
| Maintenance bond and meter deposits | - | 3,315 | 3,315 | - |
| Long-term liabilities: | | | | |
| Due within one year: | | | | |
| Bonds and certificates of obligation payable | 2,311,273 | 240,000 | 2,551,273 | 680,000 |
| Compensated absences | 135,240 | 3,996 | 139,236 | - |
| Loan payable | - | - | - | 99,913 |
| Due in more than one year: | | | | |
| Loan payable | - | - | - | 208,907 |
| Bonds and certificates of obligation payable | 9,075,072 | 3,135,000 | 12,210,072 | 12,985,000 |
| Compensated absences | 2,870,086 | 84,819 | 2,954,905 | - |
| Total Liabilities | 16,703,351 | 5,611,870 | 22,315,221 | 14,920,075 |
| NET ASSETS: | | | | |
| Invested in capital assets, net of related debt | 46,593,503 | 26,893,640 | 73,487,143 | 6,045,271 |
| Restricted for: | | | | |
| Debt service | 112,865 | - | 112,865 | - |
| Economic development | - | - | - | 1,078,959 |
| Capital Projects | - | - | - | - |
| Unrestricted | 5,617,301 | 3,531,505 | 9,148,806 | - |
| Total Net Assets | \$ 52,323,669 | \$ 30,425,145 | \$ 82,748,814 | \$ 7,124,230 |

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, 2008

| PROGRAM ACTIVITIES | Expenses | Program Revenues | | |
|----------------------------------|----------------------|--------------------------------------|------------------------------------|----------------------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 4,057,131 | \$ 314,160 | \$ - | \$ - |
| Finance | 1,312,673 | - | - | - |
| Community services | 3,214,940 | 417,736 | 20,658 | - |
| Police | 8,527,423 | 1,416,876 | 36,375 | - |
| Public works | 6,376,715 | 2,232,685 | 102,112 | 74,551 |
| Fire | 5,660,644 | 624,997 | 8,407 | - |
| Interest and fiscal charges | 584,910 | - | - | - |
| Total governmental activities | <u>29,734,436</u> | <u>5,006,454</u> | <u>167,553</u> | <u>74,551</u> |
| Business-type activities: | | | | |
| Water | 5,146,666 | 6,976,515 | - | 1,205,387 |
| Sewer | 5,885,520 | 5,073,654 | - | - |
| Solid waste | 2,016,504 | 2,203,622 | - | - |
| Total business-type activities | <u>13,048,690</u> | <u>14,253,791</u> | <u>-</u> | <u>1,205,387</u> |
| Total government | <u>\$ 42,783,126</u> | <u>\$ 19,260,245</u> | <u>\$ 167,553</u> | <u>\$ 1,279,938</u> |
| Component unit: | | | | |
| DCEDC | <u>\$ 2,124,811</u> | <u>\$ 828,000</u> | <u>\$ -</u> | <u>\$ -</u> |

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

The accompanying notes are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Assets | | | |
|--|-----------------------------|----------------------|-----------------------|
| Governmental activities | Business-Type Activities | Total | Component Unit |
| \$ (3,742,971) | \$ - | \$ (3,742,971) | |
| (1,312,673) | - | (1,312,673) | |
| (2,776,546) | - | (2,776,546) | |
| (7,074,172) | - | (7,074,172) | |
| (3,967,367) | - | (3,967,367) | |
| (5,027,240) | - | (5,027,240) | |
| (584,910) | - | (584,910) | |
| <u>(24,485,878)</u> | <u>-</u> | <u>(24,485,878)</u> | |
| - | 3,035,236 | 3,035,236 | |
| - | (811,866) | (811,866) | |
| - | 187,118 | 187,118 | |
| <u>-</u> | <u>2,410,488</u> | <u>2,410,488</u> | |
| <u>(24,485,878)</u> | <u>2,410,488</u> | <u>(22,075,390)</u> | |
| - | - | - | \$ <u>(1,296,811)</u> |
| 13,083,411 | - | 13,083,411 | - |
| 5,398,034 | - | 5,398,034 | 1,799,345 |
| 2,024,099 | - | 2,024,099 | - |
| 42,992 | - | 42,992 | - |
| 593,725 | - | 593,725 | - |
| 343,967 | 136,592 | 480,559 | 77,332 |
| 632,049 | - | 632,049 | - |
| 1,325,677 | (1,325,677) | - | - |
| <u>23,443,954</u> | <u>(1,189,085)</u> | <u>22,254,869</u> | <u>1,876,677</u> |
| (1,041,924) | 1,221,403 | 179,479 | 579,866 |
| <u>53,296,418</u> | <u>29,203,742</u> | <u>82,500,160</u> | <u>6,544,364</u> |
| 69,175 | - | 69,175 | - |
| <u>53,365,593</u> | <u>29,203,742</u> | <u>82,569,335</u> | <u>6,544,364</u> |
| <u>\$ 52,323,669</u> | <u>\$ 30,425,145</u> | <u>\$ 82,748,814</u> | <u>\$ 7,124,230</u> |

CITY OF DUNCANVILLE, TEXAS

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

| | General | Debt Service | Street Construction Fund | Traffic I & S | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|--------------------------|-------------------|--------------------------|--------------------------|
| ASSETS: | | | | | | |
| Cash and investments | \$ 1,741,541 | \$ 76,771 | \$ 604,976 | \$ 682,434 | \$ 567,274 | \$ 3,672,996 |
| Receivables - | | | | | | |
| Property taxes (net of allowance of \$571,841) | 261,209 | 122,415 | - | - | - | 383,624 |
| Trade accounts (net of allowance of \$1,191,523) | 1,842,812 | - | - | 180,078 | 160,016 | 2,182,906 |
| Other taxes | 1,524,412 | - | - | - | 101,962 | 1,626,374 |
| Assessments | - | - | 61,621 | - | - | 61,621 |
| Intergovernmental | - | - | - | - | 12,591 | 12,591 |
| Accrued interest and other | 17,399 | 5,679 | 3,919 | - | - | 26,997 |
| Prepaid items | 81,878 | - | - | - | 1,722 | 83,600 |
| Due from other funds | 95,265 | - | - | - | 53,349 | 148,614 |
| Loans receivable | 460,170 | - | - | - | - | 460,170 |
| Total assets | \$ 6,024,686 | \$ 204,865 | \$ 670,516 | \$ 862,512 | \$ 896,914 | \$ 8,659,493 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 543,825 | \$ - | \$ 43,688 | \$ 514,093 | \$ 59,279 | \$ 1,160,885 |
| Customer performance and escrow deposits | 68,564 | - | - | - | - | 68,564 |
| Contracts payable | - | - | 3,923 | - | - | 3,923 |
| Accrued liabilities | 554,996 | - | - | 1,379 | 6,943 | 563,318 |
| Due to other funds | - | 92,000 | - | - | 56,615 | 148,615 |
| Deferred revenue | 1,807,733 | 106,959 | 61,621 | - | 2,260 | 1,978,573 |
| Total liabilities | 2,975,118 | 198,959 | 109,232 | 515,472 | 125,097 | 3,923,878 |
| Fund balances: | | | | | | |
| Reserved for prepaid items | 81,878 | - | - | - | 1,722 | 83,600 |
| Reserved for loans receivable | 460,171 | - | - | - | - | 460,171 |
| Reserved for debt service | - | 5,906 | - | - | - | 5,906 |
| Unreserved, reported in: | | | | | | |
| General fund | 2,507,519 | - | - | - | - | 2,507,519 |
| Special revenue funds | - | - | - | 347,040 | 628,338 | 975,378 |
| Capital project funds | - | - | 561,284 | - | 141,757 | 703,041 |
| Total fund balances | 3,049,568 | 5,906 | 561,284 | 347,040 | 771,817 | 4,735,615 |
| Total liabilities and fund balances | \$ 6,024,686 | \$ 204,865 | \$ 670,516 | \$ 862,512 | \$ 896,914 | \$ 8,659,493 |

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, 2008**

Total fund balance- total governmental funds \$ 4,735,615

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

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds balance sheet. 56,114,432

Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,908,217

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. (69,450)

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 internal service funds are included in governmental activities in the government-wide statement of net assets (including adjustment of \$64,317 allocated to business-type activities). 3,418,712

Investments in joint ventures represent a financial asset not reported in governmental funds. 542,690

Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

| | | |
|---|-----------------------------|--------------|
| General obligation bonds payable | \$ (5,962,065) | |
| Certificates of obligation | (5,424,280) | |
| Less issuance costs (to be amortized as interest expense) | 66,878 | |
| Compensated absences | (3,005,326) | |
| Arbitrage rebate | (1,754) | (14,326,547) |
| | <u> </u> | |

Net assets of governmental activities \$ 52,323,669

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, 2008

| | General | Debt Service | Street Construction | Traffic I & S | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------|---------------------|-------------------|--------------------------|--------------------------|
| REVENUES: | | | | | | |
| Taxes- | | | | | | |
| Ad valorem | \$ 10,492,344 | \$ 2,593,740 | \$ - | \$ - | \$ - | \$ 13,086,084 |
| Sales | 5,398,034 | - | - | - | - | 5,398,034 |
| Franchise | 2,024,099 | - | - | - | - | 2,024,099 |
| Mixed beverage | 42,992 | - | - | - | - | 42,992 |
| Hotel | - | - | - | - | 593,725 | 593,725 |
| Licenses, permits and fees | 1,261,479 | - | - | 1,541,390 | 414,718 | 3,217,587 |
| Fines and forfeitures | 773,326 | - | - | - | 84,070 | 857,396 |
| Recreation fees | 174,065 | - | - | - | 63,866 | 237,931 |
| Intergovernmental | 222,487 | - | - | - | 155,900 | 378,387 |
| Investment income | 244,374 | 18,861 | 20,479 | 79 | 17,649 | 301,442 |
| Rental and other | 545,741 | - | - | - | 63,664 | 609,405 |
| Total revenues | <u>21,178,941</u> | <u>2,612,601</u> | <u>20,479</u> | <u>1,541,469</u> | <u>1,393,592</u> | <u>26,747,082</u> |
| EXPENDITURES: | | | | | | |
| Current- | | | | | | |
| General government | 2,339,320 | - | - | 473,275 | 217,552 | 3,030,147 |
| Finance | 1,259,003 | - | - | 57,590 | - | 1,316,593 |
| Community services | 2,710,657 | - | - | - | 80,329 | 2,790,986 |
| Police | 7,902,777 | - | - | 653,909 | 49,478 | 8,606,164 |
| Public works | 3,957,442 | - | - | - | 113,115 | 4,070,557 |
| Fire | 5,462,552 | - | - | - | - | 5,462,552 |
| Non-departmental | 329,775 | - | - | - | - | 329,775 |
| Special purposes - promotional | - | - | - | - | 481,470 | 481,470 |
| Debt service- | | | | | | |
| Principal retirement | - | 2,595,000 | - | - | - | 2,595,000 |
| Interest and fiscal charges | - | 247,334 | - | - | - | 247,334 |
| Capital outlay | - | - | 245,224 | - | 590,442 | 835,666 |
| Total expenditures | <u>23,961,526</u> | <u>2,842,334</u> | <u>245,224</u> | <u>1,184,774</u> | <u>1,532,386</u> | <u>29,766,244</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,782,585)</u> | <u>(229,733)</u> | <u>(224,745)</u> | <u>356,695</u> | <u>(138,794)</u> | <u>(3,019,163)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 1,392,157 | 203,000 | - | - | 13,914 | 1,609,071 |
| Transfers out | - | - | - | (56,001) | (227,393) | (283,394) |
| Total other financing sources (uses) | <u>1,392,157</u> | <u>203,000</u> | <u>-</u> | <u>(56,001)</u> | <u>(213,479)</u> | <u>1,325,677</u> |
| NET CHANGE IN FUND BALANCES | (1,390,428) | (26,733) | (224,745) | 300,694 | (352,273) | (1,693,486) |
| FUND BALANCES, beginning of year | <u>4,370,821</u> | <u>32,639</u> | <u>786,029</u> | <u>46,346</u> | <u>1,124,090</u> | <u>6,359,925</u> |
| PRIOR PERIOD ADJUSTMENTS | <u>69,175</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>69,175</u> |
| FUND BALANCES, end of year | <u>\$ 3,049,568</u> | <u>\$ 5,906</u> | <u>\$ 561,284</u> | <u>\$ 347,040</u> | <u>\$ 771,817</u> | <u>\$ 4,735,615</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, 2008**

Net change in fund balances- total governmental funds \$ (1,693,486)

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded in the current period. 666,370

The net effect of various transactions involving capital assets (ie., sales, trade ins, and contributions) is to increase net assets. 74,551

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (2,915,976)

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

Debt issued:

Principal repayments:

| | | |
|-----------------------------------|--------------|-----------|
| General obligation and CO debt | \$ 2,595,000 | |
| Other long-term debt transactions | 39,881 | 2,634,881 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 359,405

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. 46,636

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. (335,822)

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 (including adjustment of \$20,014 allocated to business-type activities). 121,518

Change in net assets of governmental activities \$ (1,041,924)

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, 2008**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Taxes- | | | | |
| Ad valorem | \$ 10,508,759 | \$ 10,523,180 | \$ 10,492,344 | \$ (30,836) |
| Sales | 5,867,556 | 5,567,432 | 5,398,034 | (169,398) |
| Franchise | 2,011,341 | 2,062,381 | 2,024,099 | (38,282) |
| Other | 55,500 | 58,250 | 42,992 | (15,258) |
| Licenses, Permits and fees | 1,395,715 | 1,257,613 | 1,261,479 | 3,866 |
| Fines and forfeitures | 1,145,091 | 823,978 | 773,326 | (50,652) |
| Recreation fees | 196,331 | 175,200 | 174,065 | (1,135) |
| Intergovernmental | 393,602 | 393,602 | 222,487 | (171,115) |
| Investment income | 345,359 | 232,328 | 244,374 | 12,046 |
| Rental and other | 516,104 | 443,328 | 545,741 | 102,413 |
| | <u>22,435,358</u> | <u>21,537,292</u> | <u>21,178,941</u> | <u>(358,351)</u> |
| TOTAL REVENUES | | | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 2,411,933 | 2,366,007 | 2,339,320 | 26,687 |
| Finance | 1,337,963 | 1,282,344 | 1,259,003 | 23,341 |
| Community services | 2,787,200 | 2,790,567 | 2,710,657 | 79,910 |
| Police | 7,869,593 | 7,734,770 | 7,902,778 | (168,008) |
| Public works | 4,072,656 | 3,975,708 | 3,957,443 | 18,265 |
| Fire | 5,095,136 | 5,358,633 | 5,462,552 | (103,919) |
| Non-departmental | 295,170 | 324,453 | 329,773 | (5,320) |
| | <u>23,869,651</u> | <u>23,832,482</u> | <u>23,961,526</u> | <u>(129,044)</u> |
| TOTAL EXPENDITURES | | | | |
| (DEFECIENCY)/EXCESS OF REVENUES OVER EXPENDITURES | <u>(1,434,293)</u> | <u>(2,295,190)</u> | <u>(2,782,585)</u> | <u>(487,395)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>1,196,988</u> | <u>1,392,157</u> | <u>1,392,157</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>\$ (237,305)</u> | <u>\$ (903,033)</u> | <u>(1,390,428)</u> | <u>\$ (487,395)</u> |
| FUND BALANCE AT BEGINNING OF YEAR | | | <u>4,370,821</u> | |
| PRIOR PERIOD ADJUSTMENTS | | | <u>69,175</u> | |
| FUND BALANCE AT BEGINNING OF YEAR AS RESTATED | | | <u>4,439,996</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 3,049,568</u> | |

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

TRAFFIC IMPROVEMENT & SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES: | | | | |
| Traffic enforcement fees | \$ 855,201 | \$ 1,481,440 | \$ 1,541,390 | \$ 59,950 |
| Interest on investments | - | 1,500 | 79 | (1,421) |
| Total revenues | <u>855,201</u> | <u>1,482,940</u> | <u>1,541,469</u> | <u>58,529</u> |
| EXPENDITURES: | | | | |
| General Government | 621,898 | 673,077 | 473,275 | 199,802 |
| Police | 298,439 | 580,716 | 653,909 | (73,193) |
| Finance | - | - | 57,590 | (57,590) |
| Total expenditures | <u>920,337</u> | <u>1,253,793</u> | <u>1,184,774</u> | <u>69,019</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (65,136) | 229,147 | 356,695 | 127,548 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (161,552) | (56,001) | 105,551 |
| Total other financing sources (uses) | <u>-</u> | <u>(161,552)</u> | <u>(56,001)</u> | <u>105,551</u> |
| NET CHANGE IN FUND BALANCE | (65,136) | 67,595 | 300,694 | 233,099 |
| FUND BALANCES, beginning of year | <u>106,467</u> | <u>46,346</u> | <u>46,346</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 41,331</u> | <u>\$ 113,941</u> | <u>\$ 347,040</u> | <u>\$ 233,099</u> |

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2008

| <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 | \$ 2,653,035 | \$ 4,046 | \$ 2,657,081 | \$ 1,876,459 |
| Receivables- | | | | |
| Customers (net of allowance of \$444,787) | 243,589 | 1,044,279 | 1,287,868 | - |
| Unbilled | 1,331,884 | - | 1,331,884 | - |
| Due from other funds | 750,351 | - | 750,351 | - |
| Accrued interest and other | 6,534 | - | 6,534 | 52,827 |
| Prepaid items | 16,787 | - | 16,787 | - |
| Total current assets | <u>5,002,180</u> | <u>1,048,325</u> | <u>6,050,505</u> | <u>1,929,286</u> |
| Noncurrent assets: | | | | |
| Restricted assets- | | | | |
| Customer deposits | 532,538 | - | 532,538 | - |
| Cash and investments for construction | 1,340,411 | - | 1,340,411 | - |
| Capital assets- | | | | |
| Land and construction-in-progress | 883,770 | - | 883,770 | - |
| Water rights, net | 3,649,796 | - | 3,649,796 | - |
| Buildings and improvements, net | 2,998,905 | - | 2,998,905 | - |
| Distribution lines and Equipment, net | 21,307,902 | - | 21,307,902 | 1,798,538 |
| Bond issue costs | 87,856 | - | 87,856 | - |
| Total noncurrent assets | <u>30,801,178</u> | <u>-</u> | <u>30,801,178</u> | <u>1,798,538</u> |
| Total assets | <u>35,803,358</u> | <u>1,048,325</u> | <u>36,851,683</u> | <u>3,727,824</u> |
| <u>LIABILITIES</u> | | | | |
| Current liabilities | | | | |
| Accounts payable | 1,313,863 | 136,074 | 1,449,937 | 15,933 |
| Accrued liabilities | 115,631 | 3,874 | 119,505 | 357,497 |
| Due to other funds | - | 750,351 | 750,351 | - |
| Accrued interest payable | 16,865 | - | 16,865 | - |
| Total current liabilities | <u>1,446,359</u> | <u>890,299</u> | <u>2,336,658</u> | <u>373,430</u> |
| Long-term liabilities | | | | |
| Due within one year- | | | | |
| Accrued compensated absences | 3,789 | 207 | 3,996 | - |
| Bonds payable | 240,000 | - | 240,000 | - |
| Due in more than one year- | | | | |
| Accrued compensated absences | 80,421 | 4,398 | 84,819 | - |
| Bonds payable | 3,135,000 | - | 3,135,000 | - |
| Payable from restricted assets | | | | |
| Customer deposits | 558,433 | - | 558,433 | - |
| Maintenance bond and meter deposit payables | 3,315 | - | 3,315 | - |
| Total long-term liabilities | <u>4,020,958</u> | <u>4,605</u> | <u>4,025,563</u> | <u>-</u> |
| Total liabilities | <u>5,467,317</u> | <u>894,904</u> | <u>6,362,221</u> | <u>373,430</u> |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 26,893,640 | - | 26,893,640 | 1,798,538 |
| Unrestricted | 3,442,401 | 153,421 | 3,595,822 | 1,555,856 |
| Total net assets | <u>\$ 30,336,041</u> | <u>\$ 153,421</u> | <u>30,489,462</u> | <u>\$ 3,354,394</u> |
| Reconciliation to government-wide statement of net assets: | | | | |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | | (64,317) | |
| Net assets of business-type activities | | | <u>\$ 30,425,145</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, 2008

| | Utility | Solid Waste | Total | Governmental Activities- Internal Service Funds |
|--|----------------------|-------------------|---------------------|--|
| OPERATING REVENUES | | | | |
| Water | \$ 6,562,111 | \$ - | \$ 6,562,111 | \$ - |
| Sewer | 4,797,385 | - | 4,797,385 | - |
| Solid waste | - | 2,203,622 | 2,203,622 | - |
| Penalties | 69,971 | - | 69,971 | - |
| Premiums, charges for services and other | 620,701 | - | 620,701 | 3,233,843 |
| Total operating revenues | <u>12,050,168</u> | <u>2,203,622</u> | <u>14,253,790</u> | <u>3,233,843</u> |
| OPERATING EXPENSES | | | | |
| Water services | 4,027,089 | - | 4,027,089 | - |
| Sewer | 4,852,065 | - | 4,852,065 | - |
| Solid waste | - | 2,016,504 | 2,016,504 | - |
| Claims and provision | - | - | - | 2,168,249 |
| Administrative and fiscal | 1,100,227 | - | 1,100,227 | 572,635 |
| Depreciation & amortization | 924,661 | - | 924,661 | 539,778 |
| Total operating expenses | <u>10,904,042</u> | <u>2,016,504</u> | <u>12,920,546</u> | <u>3,280,662</u> |
| OPERATING INCOME (LOSS) | <u>1,146,126</u> | <u>187,118</u> | <u>1,333,244</u> | <u>(46,819)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 136,454 | 138 | 136,592 | 42,525 |
| Interest and fiscal charges | (148,158) | - | (148,158) | - |
| Gain on sale of capital assets | - | - | - | (7,054) |
| Total non-operating revenues (expenses) | <u>(11,704)</u> | <u>138</u> | <u>(11,566)</u> | <u>35,471</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>1,134,423</u> | <u>187,256</u> | <u>1,321,679</u> | <u>(11,348)</u> |
| Capital contributions | 1,205,387 | - | 1,205,387 | - |
| Transfers in | 1,522,163 | - | 1,522,163 | - |
| Transfers out | (2,729,198) | (118,642) | (2,847,840) | - |
| CHANGE IN NET ASSETS | <u>1,132,775</u> | <u>68,614</u> | <u>1,201,389</u> | <u>(11,348)</u> |
| TOTAL NET ASSETS -BEGINNING | <u>29,203,266</u> | <u>84,807</u> | | <u>3,365,742</u> |
| TOTAL NET ASSETS-ENDING | <u>\$ 30,336,041</u> | <u>\$ 153,421</u> | | <u>\$ 3,354,394</u> |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | | <u>20,014</u> | |
| Change in net assets of business-type activities | | | <u>\$ 1,221,403</u> | |

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

| | Utility Fund | Solid Waste Fund | Total | Governmental Activities- Internal Service Funds |
|--|----------------------------|--------------------------|----------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 11,216,026 | \$ 2,021,863 | \$ 13,237,889 | \$ 558,749 |
| Payments to suppliers | (7,112,199) | (1,820,027) | (8,932,226) | (2,748,081) |
| Payments to employees | (1,795,478) | (83,194) | (1,878,672) | - |
| Internal activity-receipts from other funds | - | - | - | 2,559,222 |
| Other receipts | 620,701 | - | 620,701 | 96,142 |
| Net cash provided by (used in) operating activities | <u>2,929,050</u> | <u>118,642</u> | <u>3,047,692</u> | <u>466,032</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers in from other funds | 1,522,163 | - | 1,522,163 | - |
| Transfers to other funds | (2,729,198) | (118,642) | (2,847,840) | - |
| Net cash used in noncapital financing activities | <u>(1,207,035)</u> | <u>(118,642)</u> | <u>(1,325,677)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition and construction of capital assets | (1,793,535) | - | (1,793,535) | (198,014) |
| Sale of capital assets | 68,648 | - | 68,648 | (7,054) |
| Principal paid on bond maturities | (235,000) | - | (235,000) | - |
| Interest paid on bond obligations and fiscal charges | (140,611) | - | (140,611) | - |
| Net cash used in capital and related financing activities | <u>(2,100,498)</u> | <u>-</u> | <u>(2,100,498)</u> | <u>(205,068)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | 136,454 | 138 | 136,592 | 42,525 |
| Net cash provided by investing activities | <u>136,454</u> | <u>138</u> | <u>136,592</u> | <u>42,525</u> |
| NET (DECREASE) IN CASH AND INVESTMENTS | (242,029) | 138 | (241,891) | 303,489 |
| CASH AND INVESTMENTS, beginning of year | 4,768,013 | 3,908 | 4,771,921 | 1,572,969 |
| CASH AND INVESTMENTS, end of year | <u>\$ 4,525,984</u> | <u>\$ 4,046</u> | <u>\$ 4,530,031</u> | <u>\$ 1,876,458</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income | \$ 1,146,126 | \$ 187,118 | \$ 1,333,244 | \$ (46,819) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities- | | | | |
| Depreciation | 828,614 | - | 828,614 | 539,778 |
| Amortization of water rights | 96,047 | - | 96,047 | - |
| Change in assets and liabilities: | | | | |
| Accounts receivable | (224,165) | (181,759) | (405,924) | (19,730) |
| Accrued compensated absences | 16,971 | 3,638 | 20,609 | - |
| Prepaid items | (13,953) | - | (13,953) | - |
| Accounts payable and accrued liabilities | 1,068,760 | 109,645 | 1,178,405 | (7,197) |
| Customer deposits | 10,650 | - | 10,650 | - |
| Total adjustments | <u>1,782,924</u> | <u>(68,476)</u> | <u>1,714,448</u> | <u>512,851</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 2,929,050</u> | <u>\$ 118,642</u> | <u>\$ 3,047,692</u> | <u>\$ 466,032</u> |
| NONCASH CAPITAL ACTIVITIES: | | | | |
| Contribution of capital assets from developers | \$ 1,205,387 | \$ - | \$ 1,205,387 | \$ - |
| Total noncash capital activities | <u>\$ 1,205,387</u> | <u>\$ -</u> | <u>\$ 1,205,387</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & NEW GASB PRONOUNCEMENTS

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 information about the City (the primary government) and its component unit the Duncanville Community and Economic Development Corporation ("DCEDC"), entities for which the City is considered to be financially accountable.

The DCEDC was incorporated on April 28, 1995 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). The DCEDC operates under a seven member Board of Directors appointed by the City Council. Each of the directors should be a resident of the City. No more than four members can be members of the City Council, officials of the City, or City employees. The Corporation is organized exclusively for benefiting and accomplishing public purposes of and to act on behalf of, the City, and the specific purposes for which the Corporation is organized. These purposes include the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as 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. DCEDC meets all three requirements any one of which is sufficient to be considered a component unit (ability to impose will, financial benefit, and financial burden). Furthermore, GAAP requires 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, 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—Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary 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 inter-fund 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 is improving or deteriorating.

As a general rule, the effect of inter-fund 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.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 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 resources available for spending, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City of Duncanville maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, and Street Construction funds, which are considered to be major funds. A budgetary comparison statement has also been provided for the general fund. Individual fund data for all non-major 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 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 used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for 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 in the Combining & Individual Fund Statements & Schedules section of 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. Duncanville uses one agency fund to account for assets for a multi-city water line project and those funds were expended at year end as the project is complete.

Measurement Focus and Basis of Accounting—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 non-current) 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 payment is due.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Revenues susceptible to accrual in governmental funds include 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, 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, sewer and other proprietary operations are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting 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. 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 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 Traffic Improvement and Safety fund is a special revenue fund that is used to account for the cost of red light camera operations.

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 collection.
- 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 collection.

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 inter-fund receivables of the General Fund and inter-fund 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 that 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.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

The relationship of an individual fund to the pooled cash and investments account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore all equity which the fund has in the pooled cash and investments account is highly liquid. For purposes 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.

Inter-fund 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, 2008, 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, another internal service fund. At year-end, an estimate of unpaid claims that were incurred prior to September 30, 2008, is accrued based on past claims experience.

Accrued Compensated Absences—Full-time city employees earn sick leave at a rate of 8.00 hours per month. City employees earn vacation 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 day’s accumulation) upon retirement or termination. Accordingly, no

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

liability has been recorded for the accumulated sick leave of non-civil service employees. The measurement of the liability for compensated absences was determined by applying a vesting method approach to accumulated vacation and sick leave balances at fiscal year-end and includes additional salary related payments for Social Security, Medicare and retirement contributions, in accordance with GASB Statement No. 16, Accounting for Compensated Absences. No liability is recorded in the governmental fund statements 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 is reported as a liability 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 issuance costs as expenditures during the current period. The face amount of debt issued is recorded as other financing sources. Bond premiums and discounts are reported as other financing sources and uses.

Prior-Period Adjustment—In FY07, an adjusting journal entry to record additional revenue in the General Fund failed to be reported in the financial statements, resulting in the following restatement:

| | |
|---|--------------------|
| General Fund Balance, beginning of year | \$4,370,821 |
| Prior Period Adjustment | <u>69,175</u> |
| General Fund Balance, restated | <u>\$4,439,996</u> |

New Accounting Standards/Pronouncements--The GASB has issued Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,” which provides guidance on all aspects of other post employment benefits (OPEB) reporting by employers. The requirements of this statement will be effective for the City for fiscal year ending September 30, 2009.

The GASB has issued Statement No. 47, “Accounting for Termination Benefits”. This statement defines the accounting for voluntary and involuntary termination benefits and will be effective for the City for fiscal year ending September 30, 2009.

The GASB has issued Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations,” which defines the circumstances for which a governmental entity is required to report a liability for pollution remediation. This statement will be effective for the City for fiscal year ending September 30, 2009.

The GASB has issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” which clarifies the definition of intangible assets and provides guidance on appropriate reporting. This statement will be effective for the City for fiscal year ending September 30, 2010.

The GASB has issued Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments,” which requires endowments to report land and other real estate investments at fair value rather than historical cost. This statement will be effective for the City for fiscal year ending September 30, 2009.

The GASB has issued Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments,” which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement will be effective for the City for fiscal year ending September 30, 2010.

The GASB has issued Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. Statement 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. This statement will be effective for the City for fiscal year ending September 30, 2011.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 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, 2008, in full compliance with state statute and City policy. At year-end, the reconciled balance of the City's cash was \$281,705 and that of DCEDC was \$1,128,567. The combined bank balances of City and DCEDC were \$1,808,311. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and the remainder by collateral in the amount of \$1,708,311. 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.

INVESTMENTS: The City's investments at September 30, 2008 are as follows:

| Description | Fair Value | Less Than 1 Year |
|---|---------------------|---------------------|
| U.S. Government Backed Securities | \$ 2,949,047 | \$ 2,949,047 |
| Local Government Investment Cooperative ("Logic") (AAA/MR1+, 2a- | 5,530,714 | 5,530,714 |
| Money Market Mutual Funds (Federated Investors) | 335,057 | 335,057 |
| Texpool (AAAm, 2a-7 like pool) | 982,959 | 982,959 |
| Total Investments | <u>\$ 9,797,776</u> | <u>\$ 9,797,776</u> |

As of September 30, 2008, the DCEDC's investments are as follows:

| Description | Fair Value | Less Than 1 Year |
|---|-------------------|---------------------|
| Local Government Investment Cooperative ("Logic") (AAA/MR1+, 2a- | \$ 301,885 | \$ 301,885 |
| Money Market Mutual Funds (Federated Investors) | 242,170 | 242,170 |
| Texpool (AAAm, 2a-7 like pool) | 234,847 | 234,847 |
| Total Investments | <u>\$ 778,903</u> | <u>\$ 778,903</u> |

All the City's investments at September 30, 2008, have maturities of less than one year and therefore 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 (PFIA) governs 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 PFIA.

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

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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:

| | Percentage of Portfolio (Maximum) |
|---|--|
| 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 October 1, each year, 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, 2007, upon which the 2008 fiscal year levy was based, was \$1,862,270,886.

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, a 20% collection cost may be added to all delinquent accounts. Current tax collections for the year ended September 30, 2008, were 96.9% of the tax levy and total tax collections for subsequent years were \$283,144 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
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

4. RECEIVABLES

Receivables at September 30, 2008, 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 | Traffic I & S | Nonmajor Governmental | Utility Fund | Solid Waste Fund |
|-----------------------------------|---------------------|-------------------------|--------------------------------|------------------------------|----------------------------------|-------------------------|-----------------------------|
| Receivables: | | | | | | | |
| Accounts | \$ 3,033,141 | \$ - | \$ - | \$ 180,078 | \$ 161,210 | \$ 2,018,540 | \$ 1,046,002 |
| Ad valorem taxes | 737,074 | 218,391 | - | - | - | - | - |
| Other taxes | 1,524,412 | - | - | - | 101,962 | - | - |
| Assessments | - | - | 61,621 | - | - | - | - |
| Intergovernmental | - | - | - | - | 12,591 | - | - |
| Gross receivables | 5,294,627 | 218,391 | 61,621 | 180,078 | 275,763 | 2,018,540 | 1,046,002 |
| Less allowance for uncollectibles | <u>(1,666,194)</u> | <u>(95,976)</u> | <u>-</u> | <u>-</u> | <u>(1,194)</u> | <u>(443,064)</u> | <u>(1,723)</u> |
| Net total receivables | <u>\$ 3,628,433</u> | <u>\$ 122,415</u> | <u>\$ 61,621</u> | <u>\$ 180,078</u> | <u>\$ 274,569</u> | <u>\$ 1,575,476</u> | <u>\$ 1,044,279</u> |

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2008:

| | Beginning Balance, As Originally Reported | Restatement | Beginning Balance, as Restated | Increases | Decreases | Ending Balance |
|---|--|--------------------|---|-----------------------|-------------------|---------------------------|
| Governmental activities: | | | | | | |
| Capital assets—not being depreciated: | | | | | | |
| Land | \$ 19,780,967 | \$ - | \$ 19,780,967 | \$ - | \$ - | \$ 19,780,967 |
| Construction in progress | <u>530,817</u> | <u>-</u> | <u>530,817</u> | <u>-</u> | <u>364,985</u> | <u>165,832</u> |
| Total capital assets— not being depreciated | <u>20,311,784</u> | <u>-</u> | <u>20,311,784</u> | <u>-</u> | <u>364,985</u> | <u>19,946,799</u> |
| Capital assets— being depreciated: | | | | | | |
| Buildings | 7,484,452 | - | 7,484,452 | - | - | 7,484,452 |
| Infrastructure | 54,775,640 | - | 54,775,640 | 507,220 | - | 55,282,860 |
| Improvements | 2,107,062 | - | 2,107,062 | - | - | 2,107,062 |
| Equipment | <u>10,969,723</u> | <u>-</u> | <u>10,969,723</u> | <u>533,143</u> | <u>352,830</u> | <u>11,150,036</u> |
| Total capital assets— being depreciated | <u>75,336,878</u> | <u>-</u> | <u>75,336,877</u> | <u>1,040,363</u> | <u>352,830</u> | <u>76,024,410</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings | 2,317,320 | - | 2,317,320 | 149,689 | - | 2,467,009 |
| Infrastructure | 24,761,855 | - | 24,761,855 | 1,802,450 | - | 26,564,305 |
| Improvements | 1,037,915 | - | 1,037,915 | 104,664 | - | 1,142,579 |
| Equipment | <u>7,285,819</u> | <u>18,516</u> | <u>7,304,335</u> | <u>859,174</u> | <u>279,163</u> | <u>7,884,346</u> |
| Total accumulated depreciation | <u>35,402,910</u> | <u>18,516</u> | <u>35,421,425</u> | <u>2,915,977</u> | <u>279,163</u> | <u>38,058,239</u> |
| Total capital assets—being depreciated—net | <u>39,933,968</u> | <u>(18,516)</u> | <u>39,915,452</u> | <u>(1,875,614)</u> | <u>73,667</u> | <u>37,966,171</u> |
| Governmental activities capital assets—net | <u>\$ 60,245,752</u> | <u>\$ (18,516)</u> | <u>\$ 60,227,236</u> | <u>\$ (1,875,614)</u> | <u>\$ 438,652</u> | <u>\$ 57,912,970</u> |

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | Beginning Balance, As Originally Reported | Restatement | Beginning Balance, as Restated | Increases | Decreases | Ending Balance |
|--|--|-------------|--------------------------------------|---------------------|-------------------|----------------------|
| Business-like activities: | | | | | | |
| Capital assets—not being depreciated: | | | | | | |
| Land | \$ 89,194 | \$ - | \$ 89,194 | \$ - | \$ - | \$ 89,194 |
| Construction in progress | <u>1,252,333</u> | <u>-</u> | <u>1,252,333</u> | <u>-</u> | <u>457,757</u> | <u>794,576</u> |
| Total capital assets—not being depreciated | <u>1,341,527</u> | <u>-</u> | <u>1,341,527</u> | <u>-</u> | <u>457,757</u> | <u>883,770</u> |
| Capital assets—being depreciated: | | | | | | |
| Buildings | 4,640,971 | - | 4,640,971 | 475,017 | - | 5,115,988 |
| Infrastructure | 32,778,565 | 208,157 | 32,986,722 | 2,948,819 | - | 35,935,541 |
| Water Rights | 5,010,518 | (208,157) | 4,802,361 | - | - | 4,802,361 |
| Improvements | 29,130 | - | 29,130 | - | - | 29,130 |
| Equipment | <u>1,146,837</u> | <u>-</u> | <u>1,146,837</u> | <u>6,055</u> | <u>68,648</u> | <u>1,084,244</u> |
| Total capital assets—being depreciated | <u>43,606,021</u> | <u>-</u> | <u>43,606,021</u> | <u>3,429,891</u> | <u>68,648</u> | <u>46,967,264</u> |
| Less accumulated depreciation for: | 44,947,548 | | | | | |
| Buildings | 2,037,058 | - | 2,037,058 | 103,653 | - | 2,140,711 |
| Infrastructure | 14,190,486 | - | 14,190,486 | 641,431 | - | 14,831,917 |
| Water Rights | 1,056,518 | - | 1,056,518 | 96,047 | - | 1,152,565 |
| Improvements | 4,921 | - | 4,921 | 581 | - | 5,502 |
| Equipment | <u>856,281</u> | <u>-</u> | <u>856,281</u> | <u>83,990</u> | <u>60,305</u> | <u>879,966</u> |
| Total accumulated depreciation | <u>18,145,264</u> | <u>-</u> | <u>18,145,264</u> | <u>925,702</u> | <u>60,305</u> | <u>19,010,661</u> |
| Total capital assets—being depreciated, net | <u>25,460,757</u> | <u>-</u> | <u>25,460,757</u> | <u>2,504,189</u> | <u>8,343</u> | <u>27,956,603</u> |
| Business-like activities capital assets—net | <u>\$26,802,285</u> | <u>\$ -</u> | <u>\$ 26,802,284</u> | <u>\$ 2,504,189</u> | <u>\$ 466,100</u> | <u>\$ 28,840,373</u> |

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

| | | |
|--|----|------------------|
| General Government | \$ | 226,069 |
| Finance | | 1,992 |
| Community services | | 426,930 |
| Police | | 25,619 |
| Public works | | 1,641,308 |
| Fire | | <u>54,280</u> |
| Total governmental activities | \$ | 2,376,198 |
| Internal Service Activity: | | |
| Fleet Rotation | \$ | <u>539,778</u> |
| Total governmental & Internal service activities | \$ | <u>2,915,976</u> |
| Business-like activities: | | |
| Water and sewer | \$ | 829,655 |
| Water rights amortization | | <u>96,047</u> |
| Total business-like activities | \$ | <u>925,702</u> |

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Discretely presented component unit

Activity for the DCEDC for the year ended September 30, 2008, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|--------------------|---------------------|---------------------------|
| Capital assets—not being depreciated: | | | | |
| Land | \$ 2,744,879 | | | \$ 2,744,879 |
| Construction in progress | <u>2,752,228</u> | <u>-</u> | <u>1,216,286</u> | <u>1,535,942</u> |
| Total capital assets—not being depreciated | <u>5,497,107</u> | <u>-</u> | <u>1,216,286</u> | <u>4,280,821</u> |
| Capital assets—being depreciated: | | | | |
| Buildings | 14,028,365 | - | - | 14,028,365 |
| Improvements | 713,684 | 2,801,604 | - | 3,515,288 |
| Equipment | <u>324,545</u> | <u>44,699</u> | <u>-</u> | <u>369,244</u> |
| Total capital assets—being depreciated | <u>15,066,594</u> | <u>2,846,303</u> | <u>-</u> | <u>17,912,897</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,043,695 | 280,567 | - | 2,324,262 |
| Improvements | 100,665 | 19,936 | - | 120,601 |
| Equipment | <u>108,472</u> | <u>32,412</u> | <u>-</u> | <u>140,884</u> |
| Total accumulated depreciation | <u>2,252,832</u> | <u>332,915</u> | <u>-</u> | <u>2,585,747</u> |
| Total capital assets—being depreciated, net | <u>12,813,762</u> | <u>2,513,388</u> | <u>-</u> | <u>15,327,150</u> |
| Capital assets—net | <u>\$18,310,869</u> | <u>\$2,513,388</u> | <u>\$ 1,216,286</u> | <u>\$19,607,971</u> |

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

The City has active construction projects as of September 30, 2008. Total accumulated commitments for ongoing capital projects are composed of the following:

| | |
|--------------------------------|--------------------------|
| Governmental activities: | |
| Street Construction Fund | <u>\$ 539,169</u> |
| Total governmental activities | <u><u>\$ 539,169</u></u> |
| Business-type activities: | |
| Utility Fund | <u>\$ 318,485</u> |
| Total business-type activities | <u><u>\$ 318,485</u></u> |

6. TRANSFERS

Transfers were as follows for the fiscal year ended September 30, 2008:

| Fund | Transfer In | Transfer Out |
|------------------------------|----------------------------|----------------------------|
| General | \$ 1,392,157 | \$ - |
| Debt service | 203,000 | - |
| Traffic I & S | - | 56,001 |
| Non-major governmental funds | 13,914 | 227,393 |
| Utility | 1,522,163 | 2,729,198 |
| Solid waste | <u>-</u> | <u>118,642</u> |
| Total | <u><u>\$ 3,131,234</u></u> | <u><u>\$ 3,131,234</u></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, Traffic Safety & Improvement special revenue fund, Hotel Tax special revenue fund, and Drainage Fees special revenue fund on a basis consistent with GAAP using the modified accrual basis of accounting. Budgetary comparison schedules are presented for the General Fund, Debt Service Fund, Traffic Safety and Improvement special revenue fund, Hotel Tax special revenue fund and Drainage Fees special revenue fund which present 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, 2008, expenditures exceeded appropriations (the legal level of budgetary control) in the Fire Department of the General Fund by \$103,922, the Police Department of the General Fund by \$168,010, and the Non-departmental group by \$5,320. These over-expenditures were funded by available fund balance.

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

Long-term bonded debt at September 30, 2008, includes the following individual issues:

| Governmental Activities | Interest Rate (%) | Maturity Date | Amount Outstanding | Due Within One Year |
|--|------------------------------|--------------------------|-------------------------------|--------------------------------|
| General Obligation Bonds: | | | | |
| Series 1998 refunding and improvements | 4.25-5.00 | 2/15/2013 | \$ 3,270,000 | \$ 1,320,000 |
| Total general obligation bonds | | | <u>3,270,000</u> | <u>1,320,000</u> |
| Certificate of Obligation Bonds: | | | | |
| Series 2001 refunding | 4.40-4.70 | 8/15/2011 | 2,692,065 | 991,273 |
| Series 2002 Tax and Waterworks and Sewer System Surplus Revenue | 4.55-5.00 | 2/15/2015 | <u>5,424,280</u> | <u>-</u> |
| Total certificate of obligation bonds | | | <u>8,116,345</u> | <u>991,273</u> |
| Total governmental activities long-term bonded debt | | | <u>\$ 11,386,345</u> | <u>\$ 2,311,273</u> |

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| Business-Like Activities | Interest Rate (%) | Maturity Date | Amount Outstanding | Due Within One Year |
|---|------------------------------|--------------------------|-------------------------------|--------------------------------|
| Water and Sewer Revenue Bonds: Series 2002 Tax and Waterworks and Sewer System Surplus Revenue refunding bonds | 3.25-4.55 | 2/15/2020 | \$ 3,375,000 | \$ 240,000 |
| Total business-like activities long-term debt | | | <u>\$ 3,375,000</u> | <u>\$ 240,000</u> |
| Net long-term bonded debt (primary government) | | | <u>\$ 14,761,345</u> | <u>\$ 2,551,273</u> |

| DCEDC | Interest Rate (%) | Maturity Date | Amount Outstanding | Due Within One Year |
|----------------------------------|------------------------------|--------------------------|-------------------------------|--------------------------------|
| Sales tax revenue bonds: | | | | |
| Series 1998 | 4.10-5.00 | 2/15/2020 | \$ 2,435,000 | \$ 580,000 |
| Series 2000 Taxable | 7.50-8.20 | 8/15/2025 | 6,805,000 | 100,000 |
| C.O. Series 2006 Tax & WW/SS Rev | 4-4.125 | 2/15/2021 | <u>4,425,000</u> | <u>-</u> |
| Total DCEDC | | | <u>\$ 13,665,000</u> | <u>\$ 680,000</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 |
| 2009 | \$ 2,311,273 | \$ 530,314 | \$ 240,000 | \$ 132,893 | \$ 680,000 | \$ 852,020 |
| 2010 | 2,325,872 | 514,822 | 250,000 | 124,618 | 705,000 | 816,280 |
| 2011 | 1,170,145 | 433,381 | 260,000 | 115,433 | 1,005,000 | 773,335 |
| 2012 | 1,085,622 | 448,878 | 270,000 | 105,493 | 1,000,000 | 722,585 |
| 2012 | 1,043,474 | 486,402 | 280,000 | 94,903 | 660,000 | 670,935 |
| 2013-2017 | 1,560,135 | 1,089,866 | 1,585,000 | 287,530 | 3,940,000 | 2,724,655 |
| 2018-2022 | - | - | 490,000 | 16,973 | 4,220,000 | 1,405,663 |
| 2023-2025 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,455,000</u> | <u>181,220</u> |
| Total | <u>\$ 9,496,520</u> | <u>\$ 3,503,663</u> | <u>\$ 3,375,000</u> | <u>\$ 877,840</u> | <u>\$ 13,665,000</u> | <u>\$ 8,146,693</u> |
| Accreted Interest | <u>1,889,825</u> | | | | | |
| Total | <u>\$ 11,386,345</u> | | | | | |

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Long-term liability activity for the year ended September 30, 2008, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|---------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 4,715,000 | \$ - | \$ 1,445,000 | \$ 3,270,000 | \$ 1,320,000 |
| Certificates of obligation | <u>8,930,523</u> | <u>335,822</u> | <u>1,150,000</u> | <u>8,116,345</u> | <u>991,273</u> |
| Total bonds payable | 13,645,523 | 335,822 | 2,595,000 | 11,386,345 | 2,311,273 |
| Accrued compensated absences | 3,052,395 | 37,943 | 85,012 | 3,005,326 | 135,240 |
| Arbitrage rebate liability | <u>24,023</u> | <u>-</u> | <u>22,269</u> | <u>1,754</u> | <u>-</u> |
| Total governmental activities | <u>16,721,941</u> | <u>373,765</u> | <u>2,702,281</u> | <u>14,393,425</u> | <u>2,446,513</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Series 2002 Tax and Waterworks and Sewer system Surplus Revenue refunding bonds | <u>3,610,000</u> | <u>-</u> | <u>235,000</u> | <u>3,375,000</u> | <u>240,000</u> |
| Total bonds payable | <u>3,610,000</u> | <u>-</u> | <u>235,000</u> | <u>3,375,000</u> | <u>240,000</u> |
| Accrued compensated absences | <u>68,206</u> | <u>27,934</u> | <u>7,325</u> | <u>88,815</u> | <u>3,996</u> |
| Total business-like activities | <u>3,780,699</u> | <u>27,934</u> | <u>242,325</u> | <u>3,463,815</u> | <u>243,996</u> |
| Total long-term liabilities | <u>\$ 20,502,640</u> | <u>\$ 401,699</u> | <u>\$ 2,944,606</u> | <u>\$ 17,857,240</u> | <u>\$ 2,690,509</u> |
| DCEDC: | | | | | |
| Loan payable | <u>\$ 405,823</u> | <u>\$ -</u> | <u>\$ 97,003</u> | <u>\$ 308,820</u> | <u>\$ 99,913</u> |
| Bonds payable: | | | | | |
| Revenue bonds-Sales tax | 9,895,000 | - | 655,000 | 9,240,000 | 680,000 |
| Certificates of obligation | <u>4,425,000</u> | <u>-</u> | <u>-</u> | <u>4,425,000</u> | <u>-</u> |
| Total DCEDC | <u>14,320,000</u> | <u>-</u> | <u>655,000</u> | <u>13,665,000</u> | <u>680,000</u> |
| Total long-term liabilities | <u>\$ 14,725,823</u> | <u>\$ -</u> | <u>\$ 752,003</u> | <u>\$ 13,973,820</u> | <u>\$ 779,913</u> |

Compensated absences due within one year of the date of the Statement of Net Assets for governmental activities are estimated to be \$135,240 while business-like activities are estimated to be \$3,996.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing TMRS, P.O. Box 149153, Austin, Texas, 78714-9153 or by calling 800-924-8677.

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

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

Plan provisions for the City were as follows:

| | |
|-----------------------------------|---------|
| Deposit rate | 7% |
| Matching ratio (city to employee) | 2 to 1 |
| A member is vested after | 5 years |

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

Contributions—Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee’s retirement date, not at the time the employee’s contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan’s 30-year amortization period. The projected unit credit actuarial cost method (effective with the December 31, 2007 valuation) 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, 2007, valuation is effective for rates beginning January 2009).

Actuarial Cost Method and Assumptions-At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. These changes will be reflected in our 2009 contribution rates as part of the December 31, 2007 Actuarial Valuation.

Change in the Actuarial Cost Method from Traditional Unit Credit (UC) to Projected Unit Credit (PUC)-For both methods, the annual cost equals the normal cost (NC) plus amortization of the Unfunded Actuarial Accrued Liability (UAAL). Under the UC method, the portion of the benefit allocated to each year of service is the increase in the accrued benefit during the year. The NC is the present value of the change in the accrued benefit, while the Accrued Liability represents the present value of benefits accrued to date. Increases in benefits are recognized only as they accrue each year

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

with no allowance for the effect of future Updated Service Credits (USC), or Annuity Increases (COLAs). Over time, the effect of recognizing USC and COLAs only when accrued creates an upward pressure on contribution requirements and a downward trend in funded ratios.

The PUC method is very similar to the UC method except that under the PUC method an equal portion of each active member's projected benefit is allocated to each year of service in determining the annual NC. The accrued liability represents the present value of future benefits not funded by the present value of future normal costs. The assignment of an equal portion of the projected benefit reflecting assumptions for increases in benefits due to future salary increases, annually repeating USC, and COLA's, produces a contribution rate that is fairly stable over the long term as compared to UC. More importantly, for a new employee, the advance funding of projected benefits over the working lifetime of that employee accumulates sufficient assets at retirement to fully fund the promised benefits, provided that no new benefits are granted or actuarial losses occur. Liabilities that arise from new benefits and actuarial gains and losses will be amortized over a 30-year closed period for the City of Duncanville. The UAAL has been amortized over a new 25-year amortization period each year. By closing the amortization period, funding progress will be accelerated and funded ratios will improve sooner.

Updated Service Credit (USC) and Annuity Increases (COLAs)-Cities that previously granted annually repeating USC and COLAs will see significantly higher contribution rates to advance-fund future years' benefits. The City of Duncanville has elected to rescind the annually repeating USC and COLAs and adopt them year-to-year on an ad hoc basis. It is important to note that ad hoc adoption does not reduce the cost of these benefits and that our liabilities will continue to rise and our funding ratio decline from year to year unless benefits are reduced.

Investment Return Assumption-In December 2007, the TMRS Board adopted a 7% investment return assumption, based on a change in investment policy that will result in a portfolio diversified approximately 60% equities and 40% fixed income at the end of a 5-year period. Under the prior investment policy (100% fixed income), the assumption would have been 5.5%. Diversification of the fund after 2008 will require passage of legislation by the Texas Legislature in 2009. If that legislation is not enacted, the TMRS Board will need to revisit this assumption and potentially reduce the interest rate assumption below 7%. With a lower assumption, higher liabilities and higher contribution rates are likely in the future.

Annual Pension Cost—For fiscal year 2008, the City's annual pension cost of \$1,929,489 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2007, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses), (b) projected salary increases which vary by age and service, (c) 2.1% (3.0 CPI) cost of living adjustment and (d) 3.0% inflation rate adjustment. The actuarial value of assets is amortized cost. The City's unfunded actuarial accrued liability is being amortized over a 30-year closed period as a level percentage of payrolls.

As required under GASB 50, following is a schedule of actuarial information and assumptions and funding progress as of December 31, 2007.

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | 2005 | 2006 | 2007 |
|--|-----------|-----------|-----------|
| A. Plan Provisions | | | |
| 1.Total # of participating entities in TMRS | 811 | 821 | 827 |
| 2.Employee deposit rate | 7% | 7% | 7% |
| 3.Matching ratio(city to employee) | 2 to 1 | 2 to 1 | 2 to 1 |
| 4.Years required for vesting | 5 | 5 | 5 |
| 5.Service retirement eligibility (age/yrs ser) | 60/5,0/20 | 60/5,0/20 | 60/5,0/20 |
| 6.Updated service credit | 100% | 100% | 100% |
| annually repeating (Y/N) | Y | Y | Y |
| 7.Annuity increase to retirees | 70% | 70% | 70% |
| annually repeating (Y/N) | Y | Y | Y |
| 8.Supplemental death benefit | | | |
| for active employees (Y/N) | N | N | N |
| for retirees (Y/N) | N | N | N |

B. Funding Policy

Cities are required to contribute at an actuarially determined rate; these rates are provided to the city on an annual basis, following the completion of the actuarial valuation. Note that there is a time delay in the valuation and when the rate becomes effective-- for example, the January 1, 2007 contribution rate is based on the 12/31/2005 valuation results; if a change in plan provisions is elected by the city, this rate can change. The actuary determines the contribution rates on a calendar-year basis;the city discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the city's fiscal year.

| | 2005 | 2006 | 2007 |
|--|---------------------------|---------------------------|------------------------------|
| C. Actuarial Information | | | |
| 1.Actuarial cost method | Unit Credit | Unit Credit | Projected Unit Credit |
| 2.Amortization method | Level % of payroll | Level % of payroll | Level % of payroll |
| 3.Amortization period | 25-years open | 25-years open | 30-years closed |
| 4.Asset valuation method | Amortized Cost | Amortized Cost | Amortized Cost |
| 5.Assumptions | | | |
| Investment return | 7% | 7% | 7% |
| Projected salary increases | None | None | varies by age and service |
| Inflation | 3.50% | 3.50% | 3.00% |
| Cost-of-living adjustments | None | None | 2.1%(3.0% CPI) |
| 6.City-specific assumptions | | | |
| Payroll growth assumption | 5% | 5% | 3% |
| Withdrawal rates for Male/Female (low, mid/low, mid, mid/high,high) | Mid/Low | Mid/Low | Mid/Mid-Low |
| D. Schedule of Funding Information | | | |
| 1.Actuarial valuation date | 12/31/2005 | 12/31/2006 | 12/31/2007 |
| 2.Actuarial value of assets | \$44,625,852 | \$43,797,930 | \$43,302,007 |
| 3.Actuarial accrued liability (AAL) | \$54,654,964 | \$55,013,760 | \$66,123,195 |
| 4.Unfunded actuarial accrued liability (UAAL) | \$10,029,112 | \$11,215,830 | \$22,821,188 |
| 5.Funded ratio | 81.70% | 79.60% | 65.50% |
| 6.Annual covered payroll (actuarial) | \$11,836,449 | \$12,316,312 | \$12,967,448 |
| 7.UAAL as a % of covered payroll | 84.70% | 91.10% | 176.00% |
| 8.Contributions made | \$1,636,376 | \$1,743,721 | \$1,929,489 |

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City's unfunded actuarial accrued liability would have been \$12,669,343 and the funded ratio would have been 77.4%.

Required supplementary information for the analysis of funding progress for the past eight years is presented immediately following the Notes to the 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 2008 was \$0.3509 per 1,000 gallons plus an annual demand charge of \$161,503 for each million gallons per day as established by the rate of flow controller setting (currently 12.5 million gallons at \$2,018,788 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 \$4,400 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 \$47,000 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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

rate as Dallas is charged by TRA for treatment of the wastewater). The City's current payments under the contract are approximately \$338,000 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 \$100,000 per plan year. A third-party insurance company coinsures with the City for individual claims in excess of \$100,000 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 coverage. 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 coverage. 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 \$163,728 and \$193,769 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 2007 and 2008 were:

| | | Beginning of Fiscal Year Liability | | Claims and Changes in Estimates | | Claim Payments | | Balance at Fiscal Year-End |
|-----------------------------------|------|---|----|--|----|---------------------------|----|---|
| Medical Self-Insurance Fund | | | | | | | | |
| | 2007 | \$ 127,409 | \$ | 1,966,331 | \$ | (1,942,322) | \$ | 151,418 |
| | 2008 | 151,418 | | 2,013,639 | | (2,001,329) | | 163,728 |
| Comprehensive Self-Insurance Fund | | | | | | | | |
| | 2007 | \$ 122,542 | \$ | 207,042 | \$ | (135,815) | \$ | 193,769 |
| | 2008 | 193,769 | | 154,610 | | (154,610) | | 193,769 |

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 inter-fund services provided and used; accordingly, they are treated as operating revenues of the Self-Insurance Internal Service Funds and operating expenditures/expenses of the participating funds.

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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 2008, \$157,287 in claims were paid on retirees covered under the plan.

13. CONTINGENT LIABILITIES

Pending Litigation—In the opinion of the City’s management, no pending litigation exists at September 30, 2008.

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, 2008, is \$370,403. 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, 2008, is \$172,287. In January 2008, the City of Cedar Hill issued \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113 and the City of Duncanville is obligated to pay one third of that total debt or \$1,021,371 over twenty years starting in FY09. 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. receives rent credit for any permanent improvements and fixtures costing over \$500. As at September 30, 2008, the

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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, 2008, of \$70,357 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. The ice facility is approximately 95,000 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 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 was made October 1, 2006, and the remaining payments are due October 1 of the succeeding years. The principal balance at September 30, 2008 was \$308,820. Proceeds from the loan were 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 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).

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

CITY OF DUNCANVILLE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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 Eight Fiscal Years**

| As of 12/31 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL)* | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percent of Covered Payroll |
|------------------------|--|---|--|-------------------------|---------------------------------------|---|
| 2000 | \$ 36,066,544 | \$ 41,424,862 | \$ 5,358,318 | 87.1% | \$ 10,120,246 | 52.9% |
| 2001 | 39,784,800 | 45,922,967 | 6,138,167 | 86.6% | 10,638,058 | 57.7% |
| 2002 | 40,096,818 | 47,065,054 | 6,968,236 | 85.2% | 10,989,239 | 63.4% |
| 2003 | 44,012,917 | 52,574,878 | 8,561,961 | 83.7% | 11,492,597 | 74.5% |
| 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% |
| 2006 | 43,797,930 | 55,013,760 | 11,215,830 | 79.6% | 12,316,312 | 91.1% |
| 2007 | 43,302,007 | 66,123,195 | 22,821,188 | 65.5% | 12,967,448 | 176.0% |

Source: Texas Municipal Retirement System Comprehensive Annual Financial Reports.

NOTES:

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

- * For years 2000 thru 2006, the actuarial accrued liability was calculated using the Unit Credit actuarial funding method. For year 2007, the actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method.

COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE-REVENUES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| PROPERTY TAXES: | | | | |
| Current taxes | \$ 10,198,759 | \$ 10,198,759 | \$ 10,090,430 | \$ (108,329) |
| Prior rolls | 185,000 | 194,421 | 240,496 | 46,075 |
| Penalties and interest | 125,000 | 130,000 | 161,418 | 31,418 |
| Total | <u>10,508,759</u> | <u>10,523,180</u> | <u>10,492,344</u> | <u>(30,836)</u> |
| SALES TAXES: | | | | |
| General | 3,911,704 | 3,711,621 | 3,598,689 | (112,932) |
| Property tax relief | 1,955,852 | 1,855,811 | 1,799,345 | (56,466) |
| Total | <u>5,867,556</u> | <u>5,567,432</u> | <u>5,398,034</u> | <u>(169,398)</u> |
| FRANCHISE TAXES: | | | | |
| TXU Electric | 1,180,000 | 1,180,000 | 1,163,796 | (16,204) |
| Atmos Energy | 293,500 | 343,233 | 332,385 | (10,848) |
| Telephone | 332,000 | 335,000 | 311,270 | (23,730) |
| Charter Cable Television | 136,000 | 118,307 | 117,243 | (1,064) |
| Utility Court Settlement | 69,841 | 69,841 | 69,842 | 1 |
| Telephone Video Services | - | 16,000 | 29,563 | 13,563 |
| Total | <u>2,011,341</u> | <u>2,062,381</u> | <u>2,024,099</u> | <u>(38,282)</u> |
| MIXED BEVERAGE TAXES | | | | |
| | <u>55,500</u> | <u>58,250</u> | <u>42,992</u> | <u>(15,258)</u> |
| Total taxes | <u>18,443,156</u> | <u>18,211,243</u> | <u>17,957,469</u> | <u>(253,774)</u> |
| LICENSES, PERMITS AND FEES: | | | | |
| Building permits | 354,363 | 157,062 | 145,290 | (11,772) |
| Zoning and special use permits | 16,395 | 8,300 | 7,350 | (950) |
| Electrical permits | 9,500 | 9,894 | 9,437 | (457) |
| Plumbing permits | 20,000 | 30,297 | 35,553 | 5,256 |
| Alarm permits | 47,500 | 47,500 | 39,132 | (8,368) |
| Solicitor licenses | 300 | 300 | 1,950 | 1,650 |
| 9-1-1 service fee | 288,491 | 288,491 | 295,831 | 7,340 |
| Emergency medical service | 550,000 | 600,000 | 624,997 | 24,997 |
| Sign permits | 19,000 | 17,500 | 15,393 | (2,107) |
| Health food inspection fees | 61,500 | 65,000 | 63,554 | (1,446) |
| Wrecker & storage fees | 28,666 | 33,269 | 22,992 | (10,277) |
| Total | <u>1,395,715</u> | <u>1,257,613</u> | <u>1,261,479</u> | <u>3,866</u> |
| MUNICIPAL COURT AND LIBRARY: | | | | |
| Municipal court | 1,105,720 | 781,661 | 726,509 | (55,152) |
| False alarm fees | 17,012 | 19,958 | 23,905 | 3,947 |
| Library | 22,359 | 22,359 | 22,912 | 553 |
| Total | <u>1,145,091</u> | <u>823,978</u> | <u>773,326</u> | <u>(50,652)</u> |
| INTERGOVERNMENTAL | | | | |
| | <u>393,602</u> | <u>393,602</u> | <u>222,487</u> | <u>(171,115)</u> |
| INTEREST | | | | |
| | <u>345,359</u> | <u>232,328</u> | <u>244,374</u> | <u>12,046</u> |
| RECREATION FEES | | | | |
| | <u>196,331</u> | <u>175,200</u> | <u>174,065</u> | <u>(1,135)</u> |
| OTHER SALES AND SERVICES: | | | | |
| Sale of capital assets/ auction proceeds | 70,273 | 34,840 | 38,840 | 4,000 |
| DCEDC Cost allocation | 66,445 | 66,445 | 66,445 | - |
| Miscellaneous | 211,033 | 177,399 | 266,288 | 88,889 |
| Rentals | 168,353 | 164,644 | 174,168 | 9,524 |
| Total | <u>516,104</u> | <u>443,328</u> | <u>545,741</u> | <u>102,413</u> |
| Total revenues | <u>\$ 22,435,358</u> | <u>\$ 21,537,292</u> | <u>\$ 21,178,941</u> | <u>\$ (358,351)</u> |

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE-EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

(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 | \$ - | \$ 2,749 | \$ 261,238 | \$ - |
| City manager | 386,442 | 223 | 10,687 | - |
| City secretary | 82,234 | 3,709 | 15,217 | - |
| Personnel services | 201,771 | 1,009 | 65,851 | - |
| Information systems | 170,257 | 227,071 | 141,872 | - |
| Community information | 73,267 | 420 | 12,629 | - |
| Library services | 587,779 | 12,316 | 31,272 | - |
| Total | <u>1,501,750</u> | <u>247,497</u> | <u>538,766</u> | <u>-</u> |
| Finance- | | | | |
| Administration | 407,678 | 17,218 | 140,221 | - |
| Municipal court | 246,701 | 11,974 | 140,744 | - |
| Purchasing | 95,235 | 653 | 196 | - |
| Teen court | 40,639 | 3,730 | 2,147 | - |
| City Marshall | 145,863 | 3,748 | 2,256 | - |
| Total | <u>936,116</u> | <u>37,323</u> | <u>285,564</u> | <u>-</u> |
| Community services - | | | | |
| Administration | 172,157 | 360 | 23,187 | - |
| Recreation programming | 285,995 | 13,830 | 23,328 | - |
| Athletic programming | 106,155 | 21,387 | 79,394 | 100 |
| Park grounds maintenance | 359,557 | 64,784 | 547,595 | 35,083 |
| Building services | 234,729 | 29,739 | 340,196 | 41,730 |
| Senior center | 108,982 | 4,429 | 22,038 | - |
| Horticulture | 124,013 | 16,680 | 34,690 | 20,519 |
| Total | <u>1,391,588</u> | <u>151,209</u> | <u>1,070,428</u> | <u>97,432</u> |
| Police- | | | | |
| Administration | 338,455 | 91,559 | 105,051 | - |
| Patrol | 3,326,290 | 39,039 | 176,705 | 3,216 |
| Criminal investigation | 867,155 | 11,184 | 37,652 | - |
| Animal control | 97,836 | 1,328 | 148,275 | - |
| School Guards | 48,919 | - | 11,313 | - |
| Crime prevention | 124,072 | 7,523 | 6,044 | - |
| Communication/ Records | 369,456 | 4,910 | 1,035,644 | 305 |
| School Resource officers | 483,895 | 40 | 4,408 | - |
| Special services | 166,458 | 35,557 | 59,374 | - |
| Detention | 159,651 | 18,358 | - | - |
| Total | <u>5,982,187</u> | <u>209,498</u> | <u>1,584,466</u> | <u>3,521</u> |

| <u>Capital</u> | <u>Total Expenditures</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|----------------|---------------------------|------------------------|---------------------|---|
| \$ - | \$ 263,987 | \$ 215,414 | \$ 234,375 | \$ (29,612) |
| - | 397,352 | 386,954 | 388,909 | (8,443) |
| - | 101,160 | 131,676 | 131,417 | 30,257 |
| - | 268,631 | 276,670 | 267,079 | (1,552) |
| - | 539,200 | 583,282 | 573,291 | 34,091 |
| - | 86,316 | 98,639 | 89,102 | 2,786 |
| <u>51,307</u> | <u>682,674</u> | <u>719,298</u> | <u>681,834</u> | <u>(840)</u> |
| <u>51,307</u> | <u>2,339,320</u> | <u>2,411,933</u> | <u>2,366,007</u> | <u>26,687</u> |
| - | 565,117 | 570,735 | 560,218 | (4,899) |
| - | 399,419 | 414,562 | 410,235 | 10,816 |
| - | 96,084 | 96,245 | 94,982 | (1,102) |
| - | 46,516 | 62,095 | 59,231 | 12,715 |
| - | 151,867 | 194,326 | 157,678 | 2,675 |
| <u>-</u> | <u>1,259,003</u> | <u>1,337,963</u> | <u>1,282,344</u> | <u>23,341</u> |
| - | 195,704 | 164,949 | 193,314 | (2,390) |
| - | 323,153 | 360,219 | 351,646 | 28,493 |
| - | 207,036 | 234,567 | 233,970 | 26,934 |
| - | 1,007,019 | 1,039,531 | 1,041,865 | 34,846 |
| - | 646,394 | 597,916 | 605,496 | (40,898) |
| - | 135,449 | 132,170 | 128,764 | (6,685) |
| - | 195,902 | 257,848 | 235,512 | 39,610 |
| <u>-</u> | <u>2,710,657</u> | <u>2,787,200</u> | <u>2,790,567</u> | <u>79,910</u> |
| - | 535,065 | 536,266 | 534,533 | (532) |
| 123,106 | 3,668,356 | 3,622,738 | 3,526,163 | (142,193) |
| - | 915,991 | 912,956 | 877,548 | (38,443) |
| - | 247,439 | 248,981 | 252,755 | 5,316 |
| - | 60,232 | 63,476 | 69,545 | 9,313 |
| - | 137,639 | 111,609 | 127,488 | (10,151) |
| - | 1,410,315 | 1,333,111 | 1,336,188 | (74,127) |
| - | 488,343 | 478,685 | 463,873 | (24,470) |
| - | 261,389 | 328,978 | 332,614 | 71,225 |
| - | 178,009 | 232,793 | 214,063 | 36,054 |
| <u>123,106</u> | <u>7,902,778</u> | <u>7,869,593</u> | <u>7,734,770</u> | <u>(168,008)</u> |

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE-EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

(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 | 246,939 | 5,768 | 50,621 | - |
| Building inspection | 429,264 | 15,176 | 113,493 | - |
| Streets | 806,111 | 169,147 | 811,740 | - |
| Signs and signals | 167,540 | 172,012 | 89,855 | 2,682 |
| Equipment services | 253,793 | 331,326 | 53,693 | 215,533 |
| Total | <u>1,903,647</u> | <u>693,429</u> | <u>1,119,402</u> | <u>218,215</u> |
| Fire- | | | | |
| Administration | 328,495 | 11,848 | 106,422 | 898 |
| Prevention | 110,856 | 7,554 | 9,480 | - |
| Suppression | 3,333,969 | 56,275 | 189,998 | 12,675 |
| Advanced life support | 974,935 | 71,323 | 159,225 | 95 |
| Emergency Management Administrator | 67,155 | 2,109 | 1,547 | - |
| Total | <u>4,815,410</u> | <u>149,109</u> | <u>466,672</u> | <u>13,668</u> |
| NON-DEPARTMENTAL | <u>4,366</u> | <u>60,153</u> | <u>256,381</u> | <u>-</u> |
| Subtotal | <u>16,535,064</u> | <u>1,548,218</u> | <u>5,321,679</u> | <u>332,836</u> |
| Total expenditures | <u>\$ 16,535,064</u> | <u>\$ 1,548,218</u> | <u>\$ 5,321,679</u> | <u>\$ 332,836</u> |

| <u>Capital</u> | <u>Total Expenditures</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-------------------|---------------------------|------------------------|----------------------|---|
| - | 303,328 | 334,124 | 319,115 | 15,787 |
| - | 557,933 | 589,079 | 543,217 | (14,716) |
| - | 1,786,998 | 1,802,938 | 1,803,552 | 16,554 |
| 22,750 | 454,839 | 499,085 | 461,583 | 6,744 |
| - | 854,345 | 847,430 | 848,241 | (6,104) |
| <u>22,750</u> | <u>3,957,443</u> | <u>4,072,656</u> | <u>3,975,708</u> | <u>18,265</u> |
| - | 447,663 | 441,221 | 482,159 | 34,496 |
| - | 127,890 | 124,306 | 127,838 | (52) |
| 17,693 | 3,610,610 | 3,342,353 | 3,483,643 | (126,967) |
| - | 1,205,578 | 1,122,628 | 1,195,482 | (10,096) |
| - | 70,811 | 64,628 | 69,511 | (1,300) |
| <u>17,693</u> | <u>5,462,552</u> | <u>5,095,136</u> | <u>5,358,633</u> | <u>(103,919)</u> |
| <u>8,873</u> | <u>329,773</u> | <u>295,170</u> | <u>324,453</u> | <u>(5,320)</u> |
| <u>223,729</u> | <u>23,961,526</u> | <u>23,869,651</u> | <u>23,832,482</u> | <u>(129,044)</u> |
| <u>\$ 223,729</u> | <u>\$ 23,961,526</u> | <u>\$ 23,869,651</u> | <u>\$ 23,832,482</u> | <u>\$ (129,044)</u> |



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CITY OF DUNCANVILLE, TEXAS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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 money 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:

Park Construction Fund - 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.

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

CITY OF DUNCANVILLE, TEXAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total Nonmajor Funds</u> |
|--|----------------------------|-----------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 424,724 | \$ 142,550 | \$ 567,274 |
| Receivables: | | | |
| Taxes | 101,962 | - | 101,962 |
| Trade accounts | 160,016 | - | 160,016 |
| Intergovernmental | 12,591 | - | 12,591 |
| Due from other funds | 53,349 | - | 53,349 |
| Prepaid items | 1,722 | - | 1,722 |
| Total assets | <u>\$ 754,364</u> | <u>\$ 142,550</u> | <u>\$ 896,914</u> |
| <u>LIABILITIES AND EQUITY</u> | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 58,486 | \$ 793 | \$ 59,279 |
| Accrued payroll | 6,943 | - | 6,943 |
| Due to other funds | 56,615 | - | 56,615 |
| Deferred revenue | 2,260 | - | 2,260 |
| Total liabilities | <u>124,304</u> | <u>793</u> | <u>125,097</u> |
| EQUITY: | | | |
| Fund balances- | | | |
| Reserved for prepaid items | 1,722 | - | 1,722 |
| Unreserved, reported in: | | | |
| Special revenue funds | 628,338 | - | 628,338 |
| Capital project funds | - | 141,757 | 141,757 |
| Total fund balances | <u>630,060</u> | <u>141,757</u> | <u>771,817</u> |
| Total liabilities & fund balances | <u>\$ 754,364</u> | <u>\$ 142,550</u> | <u>\$ 896,914</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, 2008**

| | Special Revenue | Capital Projects | Total Nonmajor Funds |
|--|--------------------|---------------------|-------------------------|
| REVENUES: | | | |
| Hotel taxes | \$ 593,725 | \$ - | 593,725 |
| Licenses, permits and fees | 414,718 | - | 414,718 |
| Fines and forfeitures | 84,070 | - | 84,070 |
| Recreation fees | 63,866 | - | 63,866 |
| Intergovernmental | 155,900 | - | 155,900 |
| Investment income | 10,600 | 7,049 | 17,649 |
| Rental and other | 63,664 | - | 63,664 |
| Total revenues | <u>1,386,543</u> | <u>7,049</u> | <u>1,393,592</u> |
| EXPENDITURES: | | | |
| Current- | | | |
| General government | 217,552 | - | 217,552 |
| Community services | 80,329 | - | 80,329 |
| Police | 49,478 | - | 49,478 |
| Public works | 113,115 | - | 113,115 |
| Special purposes - promotional | 481,470 | - | 481,470 |
| Capital outlay | 343,389 | 247,053 | 590,442 |
| Total expenditures | <u>1,285,333</u> | <u>247,053</u> | <u>1,532,386</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>101,210</u> | <u>(240,004)</u> | <u>(138,794)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | 13,914 | 13,914 |
| Transfers out | (227,393) | - | (227,393) |
| Total other financing sources (uses) | <u>(227,393)</u> | <u>13,914</u> | <u>(213,479)</u> |
| NET CHANGE IN FUND BALANCES | (126,183) | (226,090) | (352,273) |
| FUND BALANCES, beginning of year | <u>756,243</u> | <u>367,847</u> | <u>1,124,090</u> |
| FUND BALANCES, end of year | <u>\$ 630,060</u> | <u>\$ 141,757</u> | <u>\$ 771,817</u> |

CITY OF DUNCANVILLE, TEXAS

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

| | Hotel Motel Tax | Drainage Fees | Community Services | Grants |
|--|--------------------|-------------------|-----------------------|-------------------|
| ASSETS: | | | | |
| Cash and investments | \$ 55,929 | \$ 85,426 | \$ 26,021 | \$ 101,702 |
| Receivables: | | | | |
| Taxes | 101,962 | - | - | - |
| Trade accounts (net of allowance of \$1,194) | - | 160,016 | - | - |
| Intergovernmental | - | - | - | 12,591 |
| Due from other funds | - | - | 53,349 | - |
| Prepaid items | 814 | - | - | - |
| | <u>814</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 158,705</u> | <u>\$ 245,442</u> | <u>\$ 79,370</u> | <u>\$ 114,293</u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 32,818 | \$ 8,449 | \$ 14,136 | \$ 2,675 |
| Accrued payroll | 2,155 | 2,047 | - | 2,025 |
| Due to other funds | - | - | 3,265 | 53,350 |
| Deferred revenue | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>34,973</u> | <u>10,496</u> | <u>17,401</u> | <u>58,050</u> |
| FUND BALANCES: | | | | |
| Reserved for prepaid items | 814 | - | - | - |
| Unreserved | 122,918 | 234,946 | 61,969 | 56,243 |
| | <u>122,918</u> | <u>234,946</u> | <u>61,969</u> | <u>56,243</u> |
| Total fund balances | <u>123,732</u> | <u>234,946</u> | <u>61,969</u> | <u>56,243</u> |
| Total liabilities and fund balances | <u>\$ 158,705</u> | <u>\$ 245,442</u> | <u>\$ 79,370</u> | <u>\$ 114,293</u> |

| <u>Court Technology</u> | <u>Court Security</u> | <u>Juvenile Case Manager</u> | <u>Asset Forfeiture</u> | <u>Total</u> |
|-----------------------------|---------------------------|----------------------------------|-----------------------------|-------------------|
| \$ 8,959 | \$ 56,793 | \$ 35,123 | \$ 54,771 | \$ 424,724 |
| - | - | - | - | 101,962 |
| - | - | - | - | 160,016 |
| - | - | - | - | 12,591 |
| - | - | - | - | 53,349 |
| 908 | - | - | - | 1,722 |
| <u>\$ 9,867</u> | <u>\$ 56,793</u> | <u>\$ 35,123</u> | <u>\$ 54,771</u> | <u>\$ 754,364</u> |

| | | | | |
|------------|----------|------------|--------------|----------------|
| \$ 290 | \$ - | \$ 118 | \$ - | \$ 58,486 |
| - | - | 716 | - | 6,943 |
| - | - | - | - | 56,615 |
| - | - | - | 2,260 | 2,260 |
| <u>290</u> | <u>-</u> | <u>834</u> | <u>2,260</u> | <u>124,304</u> |

| | | | | |
|-----------------|------------------|------------------|------------------|-------------------|
| 908 | - | - | - | 1,722 |
| <u>8,669</u> | <u>56,793</u> | <u>34,289</u> | <u>52,511</u> | <u>628,338</u> |
| <u>9,577</u> | <u>56,793</u> | <u>34,289</u> | <u>52,511</u> | <u>630,060</u> |
| <u>\$ 9,867</u> | <u>\$ 56,793</u> | <u>\$ 35,123</u> | <u>\$ 54,771</u> | <u>\$ 754,364</u> |

CITY OF DUNCANVILLE, TEXAS

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Hotel Motel Tax | Drainage Fees | Community Services | Grants |
|--|--------------------|-------------------|-----------------------|------------------|
| REVENUES: | | | | |
| Hotel taxes | \$ 593,725 | \$ - | \$ - | \$ - |
| Licenses, permits and fees | - | 414,718 | - | - |
| Investment income | 4,303 | 2,927 | 383 | 56 |
| Intergovernmental | - | - | - | 155,900 |
| Recreation fees | - | - | 63,866 | - |
| Fines and forfeitures | - | - | - | - |
| Rental and other | - | 39,822 | - | 11,653 |
| | <u>598,028</u> | <u>457,467</u> | <u>64,249</u> | <u>167,609</u> |
| EXPENDITURES: | | | | |
| General government | 167,239 | - | - | 5,613 |
| Community services | - | - | 59,697 | 20,632 |
| Police | - | - | - | 36,957 |
| Public works | - | 53,276 | - | 59,839 |
| Special purposes-promotional | 481,470 | - | - | - |
| Capital outlay | - | 297,304 | - | - |
| | <u>648,709</u> | <u>350,580</u> | <u>59,697</u> | <u>123,041</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (50,681) | 106,887 | 4,552 | 44,568 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (24,393) | (203,000) | - | - |
| Total other financing sources (uses) | <u>(24,393)</u> | <u>(203,000)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (75,074) | (96,113) | 4,552 | 44,568 |
| FUND BALANCES, beginning | <u>198,806</u> | <u>331,059</u> | <u>57,417</u> | <u>11,675</u> |
| FUND BALANCES, ending | <u>\$ 123,732</u> | <u>\$ 234,946</u> | <u>\$ 61,969</u> | <u>\$ 56,243</u> |

| <u>Court Technology</u> | <u>Court Security</u> | <u>Juvenile Case Manager</u> | <u>Asset Forfeiture</u> | <u>Total</u> |
|-------------------------|-----------------------|------------------------------|-------------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 593,725 |
| - | - | - | - | 414,718 |
| 86 | 1,894 | 550 | 401 | 10,600 |
| - | - | - | - | 155,900 |
| - | - | - | - | 63,866 |
| 18,994 | 14,281 | 21,454 | 29,341 | 84,070 |
| - | - | - | 12,189 | 63,664 |
| <u>19,080</u> | <u>16,175</u> | <u>22,004</u> | <u>41,931</u> | <u>1,386,543</u> |
| 20,181 | 3,327 | 21,192 | - | 217,552 |
| - | - | - | - | 80,329 |
| - | - | - | 12,521 | 49,478 |
| - | - | - | - | 113,115 |
| - | - | - | - | 481,470 |
| - | 46,085 | - | - | 343,389 |
| <u>20,181</u> | <u>49,412</u> | <u>21,192</u> | <u>12,521</u> | <u>1,285,333</u> |
| (1,101) | (33,237) | 812 | 29,410 | 101,210 |
| - | - | - | - | (227,393) |
| - | - | - | - | (227,393) |
| (1,101) | (33,237) | 812 | 29,410 | (126,183) |
| <u>10,678</u> | <u>90,030</u> | <u>33,477</u> | <u>23,101</u> | <u>756,243</u> |
| <u>\$ 9,577</u> | <u>\$ 56,793</u> | <u>\$ 34,289</u> | <u>\$ 52,511</u> | <u>\$ 630,060</u> |



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CITY OF DUNCANVILLE, TEXAS

HOTEL-MOTEL TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| REVENUES: | | | | |
| Hotel, motel taxes | \$ 618,971 | \$ 594,781 | \$ 593,725 | \$ (1,056) |
| Interest on investments | 6,000 | 5,000 | 4,303 | (697) |
| Total revenues | <u>624,971</u> | <u>599,781</u> | <u>598,028</u> | <u>(1,753)</u> |
| EXPENDITURES: | | | | |
| General government | 247,779 | 255,676 | 167,239 | 88,437 |
| Special purposes-promotional | <u>354,154</u> | <u>388,816</u> | <u>481,470</u> | <u>(92,654)</u> |
| Total expenditures | <u>601,933</u> | <u>644,492</u> | <u>648,709</u> | <u>(4,217)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 23,038 | (44,711) | (50,681) | (5,970) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(26,956)</u> | <u>(24,393)</u> | <u>(24,393)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(26,956)</u> | <u>(24,393)</u> | <u>(24,393)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (3,918) | (69,104) | (75,074) | (5,970) |
| FUND BALANCES, beginning of year | <u>128,296</u> | <u>198,806</u> | <u>198,806</u> | <u>-</u> |
| FUND BALANCES, end of year | <u><u>\$ 124,378</u></u> | <u><u>\$ 129,702</u></u> | <u><u>\$ 123,732</u></u> | <u><u>\$ (5,970)</u></u> |

CITY OF DUNCANVILLE, TEXAS

DRAINAGE FEES FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES: | | | | |
| Drainage fees | \$ 411,479 | \$ 411,479 | \$ 414,718 | \$ 3,239 |
| Interest on investments | 2,000 | 3,000 | 2,927 | (73) |
| City services reimbursement | 25,000 | 39,822 | 39,822 | - |
| Total revenues | <u>438,479</u> | <u>454,301</u> | <u>457,467</u> | <u>3,166</u> |
| EXPENDITURES: | | | | |
| Public works | 250,536 | 115,843 | 53,276 | 62,567 |
| Capital outlay | - | 277,327 | 297,304 | (19,977) |
| Total expenditures | <u>250,536</u> | <u>393,170</u> | <u>350,580</u> | <u>42,590</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 187,943 | 61,131 | 106,887 | 45,756 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(203,000)</u> | <u>(203,000)</u> | <u>(203,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(203,000)</u> | <u>(203,000)</u> | <u>(203,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (15,057) | (141,869) | (96,113) | 45,756 |
| FUND BALANCES, beginning of year | <u>173,401</u> | <u>331,059</u> | <u>331,059</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 158,344</u> | <u>\$ 189,190</u> | <u>\$ 234,946</u> | <u>\$ 45,756</u> |

CITY OF DUNCANVILLE, TEXAS

**NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

| | Park Construction | Capital Improvements | Senior Center Building Improvements | Total |
|---------------------------------------|----------------------|-------------------------|---|-------------------|
| <u>ASSETS:</u> | | | | |
| Cash and investments | \$ 35,770 | \$ 99,963 | \$ 6,817 | \$ 142,550 |
| Total assets | <u>\$ 35,770</u> | <u>\$ 99,963</u> | <u>\$ 6,817</u> | <u>\$ 142,550</u> |
| <u>LIABILITIES AND FUND BALANCES:</u> | | | | |
| <u>LIABILITIES:</u> | | | | |
| Contracts payable | \$ - | \$ - | \$ 793 | \$ 793 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>793</u> | <u>793</u> |
| <u>FUND BALANCES:</u> | | | | |
| Unreserved | <u>35,770</u> | <u>99,963</u> | <u>6,024</u> | <u>141,757</u> |
| Total fund balances | <u>35,770</u> | <u>99,963</u> | <u>6,024</u> | <u>141,757</u> |
| Total liabilities and fund balances | <u>\$ 35,770</u> | <u>\$ 99,963</u> | <u>\$ 6,817</u> | <u>\$ 142,550</u> |

CITY OF DUNCANVILLE, TEXAS

**NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Park Construction | Capital Improvements | Senior Center Building Improvements | Total |
|--|----------------------|-------------------------|---|------------|
| REVENUES: | | | | |
| Investment income | \$ 202 | \$ 6,640 | \$ 207 | \$ 7,049 |
| Total revenues | 202 | 6,640 | 207 | 7,049 |
| EXPENDITURES: | | | | |
| Capital outlay | 17,233 | 226,726 | 3,094 | 247,053 |
| Total expenditures | 17,233 | 226,726 | 3,094 | 247,053 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (17,031) | (220,086) | (2,887) | (240,004) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 13,914 | - | 13,914 |
| NET CHANGE IN FUND BALANCES | (17,031) | (206,172) | (2,887) | (226,090) |
| FUND BALANCES, beginning | 52,801 | 306,135 | 8,911 | 367,847 |
| FUND BALANCES, end | \$ 35,770 | \$ 99,963 | \$ 6,024 | \$ 141,757 |

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, 2008**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|------------------|---|
| REVENUES: | | | | |
| Ad Valorem taxes | \$ 2,519,330 | \$ 2,519,330 | \$ 2,492,575 | \$ (26,755) |
| Delinquent taxes | 50,000 | 50,000 | 59,274 | 9,274 |
| Penalties and interest | 35,000 | 37,000 | 41,890 | 4,890 |
| Interest on investments | 22,000 | 14,000 | 18,861 | 4,861 |
| Total revenues | <u>2,626,330</u> | <u>2,620,330</u> | <u>2,612,600</u> | <u>(7,730)</u> |
| EXPENDITURES: | | | | |
| Principal retirement | 2,595,000 | 2,595,000 | 2,595,000 | - |
| Interest on debt | 245,163 | 245,163 | 245,163 | - |
| Paying agent fees | 9,167 | 9,167 | 2,171 | 6,996 |
| Total expenditures | <u>2,849,330</u> | <u>2,849,330</u> | <u>2,842,334</u> | <u>6,996</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (223,000) | (229,000) | (229,734) | (734) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>203,000</u> | <u>203,000</u> | <u>203,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>203,000</u> | <u>203,000</u> | <u>203,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (20,000) | (26,000) | (26,734) | (734) |
| FUND BALANCES, beginning of year | <u>69,591</u> | <u>32,639</u> | <u>32,639</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$ 49,591</u> | <u>\$ 6,639</u> | <u>\$ 5,905</u> | <u>\$ (734)</u> |

CITY OF DUNCANVILLE, TEXAS

**ENTERPRISE FUNDS
SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|----------------------|----------------------|----------------------|---|
| <u>UTILITY FUND</u> | | | | |
| WATER: | | | | |
| Sale of water | \$ 6,217,939 | \$ 6,364,186 | \$ 6,549,125 | \$ 184,939 |
| Water taps | 20,000 | 20,000 | 12,986 | (7,014) |
| Total | <u>6,237,939</u> | <u>6,384,186</u> | <u>6,562,111</u> | <u>177,925</u> |
| SEWER: | | | | |
| Sewer charges | 4,832,251 | 4,647,500 | 4,795,285 | 147,785 |
| Sewer taps | 15,308 | 8,000 | 2,100 | (5,900) |
| Total | <u>4,847,559</u> | <u>4,655,500</u> | <u>4,797,385</u> | <u>141,885</u> |
| PENALTIES | <u>72,000</u> | <u>72,000</u> | <u>69,971</u> | <u>(2,029)</u> |
| OTHER: | | | | |
| Refund from Trinity River Authority | - | 429,493 | 429,493 | - |
| Service charges | 130,000 | 130,000 | 134,270 | 4,270 |
| City services reimbursement | - | 10,241 | 26,298 | 16,057 |
| Collection of bad debts | 1,500 | 1,500 | - | (1,500) |
| Miscellaneous | 12,250 | 20,000 | 30,640 | 10,640 |
| Total | <u>143,750</u> | <u>591,234</u> | <u>620,701</u> | <u>29,467</u> |
| INTEREST INCOME | <u>181,024</u> | <u>94,000</u> | <u>136,454</u> | <u>42,454</u> |
| Total revenues Utility Fund | <u>\$ 11,482,272</u> | <u>\$ 11,796,920</u> | <u>\$ 12,186,622</u> | <u>\$ 389,702</u> |
| <u>SOLID WASTE FUND</u> | | | | |
| SOLID WASTE CHARGES | \$ 2,124,963 | \$ 2,160,350 | \$ 2,203,622 | \$ 43,272 |
| INTEREST INCOME | <u>500</u> | <u>200</u> | <u>138</u> | <u>(62)</u> |
| Total revenues Solid Waste Fund | <u>\$ 2,125,463</u> | <u>\$ 2,160,550</u> | <u>\$ 2,203,760</u> | <u>\$ 43,210</u> |
| Total revenues Enterprise Funds | <u>\$ 13,607,735</u> | <u>\$ 13,957,470</u> | <u>\$ 14,390,382</u> | <u>\$ 432,912</u> |



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CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | <u>Salaries and Benefits</u> | <u>Supplies</u> | <u>Other Services</u> | <u>Maintenance</u> |
|-------------------------------------|----------------------------------|-------------------|---------------------------|--------------------|
| <u>UTILITY FUND</u> | | | | |
| WATER SERVICES | \$ 443,216 | \$ 163,411 | \$ 3,104,958 | \$ 52,401 |
| WASTEWATER TREATMENT | 585,944 | 66,909 | 3,285,288 | 14,821 |
| ADMINISTRATION AND FISCAL | | | | |
| Utility administration | 282,396 | 22,920 | 39,473 | - |
| Utility accounting | 569,513 | 87,928 | 91,145 | 6,852 |
| INTEREST AND FISCAL CHARGES | - | - | 148,158 | - |
| TRANSFERS OUT | - | - | 2,729,198 | - |
| Total Utility Fund expenditures | <u>\$ 1,881,069</u> | <u>\$ 341,168</u> | <u>\$ 9,398,220</u> | <u>\$ 74,074</u> |
| <u>SOLID WASTE FUND</u> | | | | |
| SOLID WASTE | \$ 88,365 | \$ 410 | \$ 1,927,729 | \$ - |
| TRANSFERS OUT | - | - | 118,642 | - |
| Total Solid Waste Fund expenditures | <u>\$ 88,365</u> | <u>\$ 410</u> | <u>\$ 2,046,371</u> | <u>\$ -</u> |
| Total Enterprise Fund expenditures | <u>\$ 1,969,434</u> | <u>\$ 341,578</u> | <u>\$ 11,444,591</u> | <u>\$ 74,074</u> |

| <u>Capital</u> | <u>Total</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------|----------------------|----------------------------|-------------------------|---|
| 263,103 | \$ 4,027,089 | \$ 4,127,689 | \$ 3,864,080 | \$ (163,009) |
| 899,103 | 4,852,065 | 3,885,177 | 3,854,240 | (997,825) |
| - | 344,789 | 335,465 | 340,850 | (3,939) |
| - | 755,438 | 807,851 | 815,406 | 59,968 |
| - | 148,158 | 141,211 | 141,211 | (6,947) |
| <u>-</u> | <u>2,729,198</u> | <u>2,587,130</u> | <u>2,729,198</u> | <u>-</u> |
| <u>\$ 1,162,206</u> | <u>\$ 12,856,737</u> | <u>\$ 11,884,523</u> | <u>\$ 11,744,985</u> | <u>\$ (1,111,752)</u> |
| \$ - | \$ 2,016,504 | \$ 1,993,032 | \$ 2,018,580 | \$ 2,076 |
| <u>-</u> | <u>118,642</u> | <u>160,284</u> | <u>161,450</u> | <u>42,808</u> |
| <u>\$ -</u> | <u>\$ 2,135,146</u> | <u>\$ 2,153,316</u> | <u>\$ 2,180,030</u> | <u>\$ 44,884</u> |
| <u>\$ 1,162,206</u> | <u>\$ 14,991,883</u> | <u>\$ 14,037,839</u> | <u>\$ 13,925,015</u> | <u>\$ (1,066,868)</u> |



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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, 2008**

| ASSETS | <u>Fleet Replacement</u> | <u>Medical Self-Insurance</u> | <u>Comprehensive Self-Insurance</u> | <u>Total</u> |
|--|------------------------------|-----------------------------------|---|---------------------|
| Cash and investments | \$ 1,370,818 | \$ 286,184 | \$ 219,457 | \$ 1,876,459 |
| Accrued interest and other | 10,384 | 42,443 | - | 52,827 |
| Total current assets | <u>1,381,202</u> | <u>328,627</u> | <u>219,457</u> | <u>1,929,286</u> |
| Capital assets-Equipment net of depreciation | 303,872 | - | - | 303,872 |
| Capital assets-Vehicles net of depreciation | 1,494,666 | - | - | 1,494,666 |
| Total non-current assets | <u>1,798,538</u> | <u>-</u> | <u>-</u> | <u>1,798,538</u> |
| Total assets | <u>\$ 3,179,740</u> | <u>\$ 328,627</u> | <u>\$ 219,457</u> | <u>\$ 3,727,824</u> |
| | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 3,994 | \$ 11,939 | \$ 15,933 |
| Accrued liabilities | - | 163,728 | 193,769 | 357,497 |
| Total liabilities | <u>-</u> | <u>167,722</u> | <u>205,708</u> | <u>373,430</u> |
| | | | | |
| NET ASSETS | | | | |
| Invested in capital assets | 1,798,538 | - | - | 1,798,538 |
| Unrestricted | 1,381,202 | 160,905 | 13,749 | 1,555,856 |
| Total net assets | <u>\$ 3,179,740</u> | <u>\$ 160,905</u> | <u>\$ 13,749</u> | <u>\$ 3,354,394</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, 2008**

| | <u>Fleet Replacement</u> | <u>Medical Self-Insurance</u> | <u>Comprehensive Self-Insurance</u> | <u>Total</u> |
|-------------------------------------|------------------------------|-----------------------------------|---|---------------------|
| OPERATING REVENUES: | | | | |
| Premiums and charges for services | \$ 567,926 | \$ 2,161,490 | \$ 408,285 | \$ 3,137,701 |
| Other | - | 96,142 | - | 96,142 |
| Total operating revenues | <u>567,926</u> | <u>2,257,632</u> | <u>408,285</u> | <u>3,233,843</u> |
| OPERATING EXPENSES: | | | | |
| Claims and provision | - | 2,013,639 | 154,610 | 2,168,249 |
| Administrative and fiscal | - | 306,947 | 265,688 | 572,635 |
| Depreciation | <u>539,778</u> | - | - | <u>539,778</u> |
| Total operating expenses | <u>539,778</u> | <u>2,320,586</u> | <u>420,298</u> | <u>3,280,662</u> |
| OPERATING INCOME (LOSS) | <u>28,148</u> | <u>(62,954)</u> | <u>(12,013)</u> | <u>(46,819)</u> |
| NON-OPERATING REVENUES: | | | | |
| Gain/Loss on sale of capital assets | (7,054) | - | - | (7,054) |
| Interest income | <u>27,789</u> | <u>12,466</u> | <u>2,270</u> | <u>42,525</u> |
| Total non-operating revenues | <u>20,735</u> | <u>12,466</u> | <u>2,270</u> | <u>35,471</u> |
| CHANGE IN NET ASSETS | 48,883 | (50,488) | (9,743) | (11,348) |
| TOTAL NET ASSETS BEGINNING | <u>3,130,857</u> | <u>211,393</u> | <u>23,492</u> | <u>3,365,742</u> |
| TOTAL NET ASSETS-ENDING | <u>\$ 3,179,740</u> | <u>\$ 160,905</u> | <u>\$ 13,749</u> | <u>\$ 3,354,394</u> |

CITY OF DUNCANVILLE, TEXAS

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | <u>Fleet Replacement</u> | <u>Medical Self-Insurance</u> | <u>Comprehensive Self-Insurance</u> | <u>Total</u> |
|--|------------------------------|-----------------------------------|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from insured | \$ 8,090 | \$ 550,659 | \$ - | \$ 558,749 |
| Internal activity-receipts from other funds | 567,926 | 1,583,011 | 408,285 | 2,559,222 |
| Payments to suppliers | - | (2,330,608) | (417,473) | (2,748,081) |
| Other receipts | - | 96,142 | - | 96,142 |
| Net cash provided by (used in) operating activities | <u>576,016</u> | <u>(100,796)</u> | <u>(9,188)</u> | <u>466,032</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (198,014) | - | - | (198,014) |
| Sale of capital assets | (7,054) | - | - | (7,054) |
| Net cash provided by (used in) capital related and related financing activities | <u>(205,068)</u> | <u>-</u> | <u>-</u> | <u>(205,068)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received on investments | <u>27,789</u> | <u>12,466</u> | <u>2,270</u> | <u>42,525</u> |
| Net cash provided by investing activities | <u>27,789</u> | <u>12,466</u> | <u>2,270</u> | <u>42,525</u> |
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | 398,737 | (88,330) | (6,918) | 303,489 |
| CASH AND INVESTMENTS, beginning of year | <u>972,081</u> | <u>374,513</u> | <u>226,375</u> | <u>1,572,969</u> |
| CASH AND INVESTMENTS, end of year | <u>\$ 1,370,818</u> | <u>\$ 286,183</u> | <u>\$ 219,457</u> | <u>\$ 1,876,458</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 28,148 | \$ (62,954) | \$ (12,013) | \$ (46,819) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities- | | | | |
| Depreciation | 539,778 | - | - | 539,778 |
| Change in assets and liabilities- | | | | |
| Accounts and other receivables | 8,090 | (27,820) | - | (19,730) |
| Accounts and other payables | - | (10,022) | 2,825 | (7,197) |
| Total adjustments | <u>547,868</u> | <u>(37,842)</u> | <u>2,825</u> | <u>512,851</u> |
| Net cash provided by (used in) operating activities | <u>\$ 576,016</u> | <u>\$ (100,796)</u> | <u>\$ (9,188)</u> | <u>\$ 466,032</u> |

CITY OF DUNCANVILLE, TEXAS

COMPONENT UNIT COMBINING FINANCIAL STATEMENTS

The only component unit of the City is 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 construction, renovation and operation of municipal buildings, acquisition and improvement of parks, 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 benefiting and accomplishing public purposes of and to act on behalf of, the City of Duncanville.

CITY OF DUNCANVILLE, TEXAS

**DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
COMBINING BALANCE SHEET- FUND LEVEL
SEPTEMBER 30, 2008**

| <u>ASSETS</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Total</u> |
|--|----------------------------|-----------------------------|---------------------|
| Cash and investments | \$ 1,048,453 | \$ 224,771 | \$ 1,273,224 |
| Trade accounts | 305,250 | - | 305,250 |
| Accrued interest and other receivable | 1,153 | 1 | 1,154 |
| Prepaid items | 80 | - | 80 |
| Restricted cash and investments | - | 634,246 | 634,246 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,354,936</u> | <u>\$ 859,018</u> | <u>\$ 2,213,954</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 77,787 | \$ - | \$ 77,787 |
| Accrued liabilities | 1,424 | 130,000 | 131,424 |
| Customer performance and escrow deposits | - | 632,000 | 632,000 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>79,211</u> | <u>762,000</u> | <u>841,211</u> |
| FUND BALANCE | | | |
| Reserved for economic development | <u>1,275,725</u> | <u>97,018</u> | <u>1,372,743</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balance | <u>1,275,725</u> | <u>97,018</u> | <u>1,372,743</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balance | <u>\$ 1,354,936</u> | <u>\$ 859,018</u> | <u>\$ 2,213,954</u> |

CITY OF DUNCANVILLE, TEXAS

**DUNCANVILLE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Special Revenue | Capital Projects | Total |
|--|---------------------|---------------------|---------------------|
| REVENUES: | | | |
| Sales taxes | \$ 1,799,345 | \$ - | \$ 1,799,345 |
| Interest | 26,234 | 51,098 | 77,332 |
| Rental and other | 828,000 | - | 828,000 |
| Total revenues | 2,653,579 | 51,098 | 2,704,677 |
| EXPENDITURES: | | | |
| General government | 488,072 | - | 488,072 |
| Special purposes - promotional | 371,361 | - | 371,361 |
| Debt service- | | | |
| Principal retirement | 655,000 | - | 655,000 |
| Interest and fiscal charges | 996,338 | - | 996,338 |
| Capital outlay | - | 1,602,852 | 1,602,852 |
| Total expenditures | 2,510,771 | 1,602,852 | 4,113,623 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 142,808 | (1,551,754) | (1,408,946) |
| NET CHANGE IN FUND BALANCE | 142,808 | (1,551,754) | (1,408,946) |
| FUND BALANCE, beginning of year | 1,132,917 | 1,648,772 | 2,781,689 |
| FUND BALANCE, end of year | <u>\$ 1,275,725</u> | <u>\$ 97,018</u> | <u>\$ 1,372,743</u> |



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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.

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Sources: Unless otherwise noted, 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

DUNCANVILLE

The Perfect Blend of Family, Community and Business.

City of Duncanville

Schedule 1

**Net Assets by Component,
Last Five Fiscal Years**
(accrual basis of accounting)
(Unaudited)

| <u>Fiscal Year</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | |
| Invested in capital assets, net of related debt | \$ 17,756,803 | \$ 15,722,124 | \$ 24,133,362 | \$ 42,888,768 | \$ 46,679,459 | \$ 46,593,503 |
| Restricted | 692,896 | 451,812 | 350,885 | 313,581 | 127,374 | 112,865 |
| Restricted for Capital projects | - | - | - | 1,821,809 | 530,817 | - |
| Unrestricted | <u>5,296,858</u> | <u>10,568,601</u> | <u>9,503,794</u> | <u>6,736,230</u> | <u>5,958,769</u> | <u>5,617,301</u> |
| 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> | <u>\$ 53,296,418</u> | <u>\$ 52,323,669</u> |
| Business-type activities | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,428,266 | \$ 23,352,304 | \$ 23,903,050 | \$ 24,896,859 | \$ 25,534,318 | \$ 26,893,640 |
| Unrestricted | <u>2,070,357</u> | <u>1,918,169</u> | <u>3,127,522</u> | <u>4,125,250</u> | <u>3,669,424</u> | <u>3,531,505</u> |
| 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> | <u>\$ 29,203,742</u> | <u>\$ 30,425,145</u> |
| Primary government | | | | | | |
| Invested in capital assets, net of related debt | \$ 40,185,069 | \$ 39,074,428 | \$ 48,036,412 | \$ 67,785,627 | \$ 72,213,776 | \$ 73,487,143 |
| Restricted | 692,896 | 451,812 | 350,885 | 2,135,390 | 658,191 | 112,865 |
| Unrestricted | <u>7,367,215</u> | <u>12,486,770</u> | <u>12,631,316</u> | <u>10,861,480</u> | <u>9,628,193</u> | <u>9,148,806</u> |
| 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> | <u>\$ 82,500,160</u> | <u>\$ 82,748,814</u> |

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

City of Duncanville

Schedule 2

Changes in Net Assets
Last Five Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

| <u>Fiscal Year</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | |
| Governmental activities | | | | | | |
| General government | \$ 1,805,370 | \$ 1,815,776 | \$ 1,843,301 | \$ 2,887,854 | \$ 3,536,589 | \$ 4,057,131 |
| Finance | 942,631 | 1,017,176 | 1,013,884 | 1,204,589 | 1,183,866 | 1,312,673 |
| Community services | 3,236,439 | 3,122,149 | 3,688,927 | 4,703,438 | 2,818,521 | 3,214,940 |
| Police | 6,113,841 | 6,958,226 | 6,646,338 | 7,119,106 | 7,562,765 | 8,527,423 |
| Public works | 3,595,016 | 3,749,228 | 4,748,203 | 4,881,669 | 5,331,327 | 6,376,715 |
| Fire | 4,664,195 | 4,501,238 | 4,801,545 | 4,872,692 | 4,400,876 | 5,660,644 |
| Interest and fiscal charges | 873,138 | 883,919 | 817,745 | 759,939 | 697,552 | 584,910 |
| Total governmental activities expenses | <u>21,230,630</u> | <u>22,047,712</u> | <u>23,559,943</u> | <u>26,429,287</u> | <u>25,531,497</u> | <u>29,734,436</u> |
| Business-type activities | | | | | | |
| Water | 4,993,910 | 4,656,225 | 4,850,211 | 5,525,280 | 5,079,317 | 5,146,666 |
| Wastewater | 4,321,343 | 4,255,396 | 4,541,989 | 4,295,218 | 4,765,731 | 5,885,520 |
| Solid waste | 1,725,261 | 1,793,330 | 1,802,136 | 1,811,672 | 1,997,924 | 2,016,504 |
| 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> | <u>11,842,972</u> | <u>13,048,690</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> | <u>\$ 37,374,469</u> | <u>\$ 42,783,126</u> |
| Program Revenues | | | | | | |
| Governmental activities | | | | | | |
| Charges for services | \$ 3,159,686 | \$ 3,708,453 | \$ 3,060,042 | \$ 4,209,652 | \$ 4,179,329 | \$ 5,006,454 |
| Operating grants and contributions | 234,511 | 233,729 | 245,357 | 905,197 | 84,111 | 167,553 |
| Capital grants and contributions | 335,000 | 1,066,945 | 1,559,812 | 96,354 | 145,017 | 74,551 |
| 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> | <u>4,408,457</u> | <u>5,248,558</u> |
| Business-type activities | | | | | | |
| Charges for services | | | | | | |
| Water | 5,490,481 | 5,434,700 | 6,229,115 | 7,606,143 | 5,899,616 | 6,976,515 |
| Wastewater | 4,469,011 | 4,487,516 | 4,400,626 | 4,829,746 | 4,865,682 | 5,073,654 |
| Solid waste | 1,815,516 | 1,661,116 | 1,946,737 | 1,913,769 | 1,936,332 | 2,203,622 |
| Capital grants and contributions | 106,462 | 514,984 | 999,429 | 118,264 | 213,951 | 1,205,387 |
| 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> | <u>12,915,581</u> | <u>15,459,178</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> | <u>\$ 17,324,038</u> | <u>\$ 20,707,736</u> |

City of Duncanville

Schedule 2

Changes in Net Assets

Last Five Fiscal Years

(accrual basis of accounting)

(Unaudited)

| <u>Fiscal Year</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense)/Revenue | | | | | | |
| Governmental activities | \$ (17,501,433) | \$ (17,038,585) | \$ (18,694,732) | \$ (21,218,084) | \$ (21,123,040) | \$ (24,485,878) |
| Business-type activities | 627,820 | 1,393,365 | 2,381,571 | 2,835,752 | 1,072,609 | 2,410,488 |
| 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> | <u>\$ (20,050,431)</u> | <u>\$ (22,075,390)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental activities | | | | | | |
| Taxes | | | | | | |
| Ad valorem | \$ 11,055,022 | \$ 11,476,537 | \$ 11,746,407 | \$ 12,209,904 | \$ 12,401,242 | \$ 13,083,411 |
| Sales | 4,749,336 | 4,866,493 | 4,868,004 | 5,451,335 | 5,530,559 | 5,398,034 |
| Franchise | 2,056,464 | 1,852,614 | 1,938,736 | 2,129,943 | 2,000,905 | 2,024,099 |
| Hotel occupancy | 162,145 | 252,608 | 252,500 | 531,711 | 594,238 | 593,725 |
| Earnings on investments | 213,641 | 190,079 | 372,513 | 603,243 | 565,594 | 343,967 |
| Rentals and miscellaneous | 708,872 | 938,256 | 755,889 | - | 410,928 | 675,041 |
| Transfers | 935,228 | 1,105,768 | 892,061 | 1,082,850 | 1,155,604 | 1,325,677 |
| Total governmental activities | <u>19,880,708</u> | <u>20,682,355</u> | <u>20,826,110</u> | <u>22,008,986</u> | <u>22,659,070</u> | <u>23,443,954</u> |
| Business-type activities | | | | | | |
| Earnings on investments | 66,781 | 76,900 | 53,575 | 259,132 | 264,628 | 136,592 |
| Rentals and miscellaneous | 15,810 | - | - | - | - | - |
| Transfers | (935,228) | (1,105,768) | (892,061) | (1,082,850) | (1,155,604) | (1,325,677) |
| Total business-type activities | <u>(852,637)</u> | <u>(1,028,868)</u> | <u>(838,486)</u> | <u>(823,718)</u> | <u>(890,976)</u> | <u>(1,189,085)</u> |
| Total primary government | <u>\$ 19,028,071</u> | <u>\$ 19,653,487</u> | <u>\$ 19,987,624</u> | <u>\$ 21,185,268</u> | <u>\$ 21,768,094</u> | <u>\$ 22,254,869</u> |
| Change in Net Assets | | | | | | |
| Governmental activities | \$ 2,379,275 | \$ 3,643,770 | \$ 2,131,378 | \$ 790,902 | \$ 1,536,030 | \$ (1,041,924) |
| Business-type activities | (224,817) | 364,497 | 1,543,085 | 2,012,034 | 181,633 | 1,221,403 |
| Total primary government | <u>\$ 2,154,458</u> | <u>\$ 4,008,267</u> | <u>\$ 3,674,463</u> | <u>\$ 2,802,936</u> | <u>\$ 1,717,663</u> | <u>\$ 179,479</u> |

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

City of Duncanville

Schedule 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual)
(Unaudited)

| Fiscal Year | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved * | \$ 1,535 | \$ 39,127 | \$ 33,879 | \$ 49,213 | \$ 38,001 | \$ 24,719 | \$ 520,895 | \$ 714,077 | \$ 630,018 | \$ 542,049 |
| Unreserved | 3,088,913 | 3,377,193 | 3,730,873 | 4,342,900 | 4,650,654 | 5,908,556 | 4,518,077 | 3,977,424 | 3,740,803 | 2,507,519 |
| Total general Fund | <u>3,090,448</u> | <u>3,416,320</u> | <u>3,764,752</u> | <u>4,392,113</u> | <u>4,688,655</u> | <u>5,933,275</u> | <u>5,038,972</u> | <u>4,691,501</u> | <u>4,370,821</u> | <u>3,049,568</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved * | | | | | | | | | | |
| Debt service | \$ 985,538 | \$ 1,698,607 | \$ 1,395,465 | \$ 1,030,644 | \$ 755,775 | \$ 517,460 | \$ 296,625 | \$ 202,702 | \$ 32,639 | \$ 5,906 |
| Other Governmental Funds | - | - | - | - | - | - | - | 1,715 | 907 | 1,722 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 347,687 | 364,774 | 374,572 | 348,005 | 635,665 | 758,605 | 594,502 | 680,360 | 801,682 | 975,378 |
| Capital projects funds | 7,462,059 | 4,280,721 | 3,993,114 | 2,797,032 | 5,481,502 | 3,074,606 | 2,361,603 | 1,821,809 | 1,153,876 | 703,041 |
| Total all other governmental funds | <u>\$ 8,795,284</u> | <u>\$ 6,344,102</u> | <u>\$ 5,763,151</u> | <u>\$ 4,175,681</u> | <u>\$ 6,872,942</u> | <u>\$ 4,350,671</u> | <u>\$ 3,252,730</u> | <u>\$ 2,706,586</u> | <u>\$ 1,989,104</u> | <u>\$ 1,686,047</u> |

* Includes prepaid items and loans receivable

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

**Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual)
(Unaudited)

| Fiscal Year | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes - | | | | | | | | | | |
| Ad valorem | \$ 8,908,037 | \$ 9,340,345 | \$ 9,922,053 | \$ 10,488,959 | \$ 11,055,022 | \$ 11,520,666 | \$ 11,757,053 | \$ 12,211,482 | \$ 12,407,871 | \$ 13,086,084 |
| Sales | 5,050,304 | 5,210,094 | 4,944,933 | 5,027,906 | 4,749,336 | 4,866,493 | 4,868,004 | 5,451,335 | 5,530,559 | 5,398,034 |
| Franchise | 1,749,148 | 1,867,850 | 2,226,952 | 1,874,107 | 2,056,464 | 1,852,614 | 1,938,736 | 2,129,943 | 2,000,905 | 2,024,099 |
| Mixed beverage | 24,403 | 29,374 | 30,965 | 35,351 | 33,341 | 27,710 | 67,848 | 54,927 | 58,387 | 42,992 |
| Hotel | 159,271 | 169,482 | 135,393 | 148,549 | 162,145 | 252,608 | 252,500 | 476,784 | 594,238 | 593,725 |
| Licenses, permits and fees | 769,740 | 856,888 | 896,729 | 887,082 | 1,480,182 | 1,717,271 | 1,656,445 | 1,857,835 | 2,623,014 | 3,217,587 |
| Fines and forfeitures | 660,744 | 877,643 | 897,295 | 633,678 | 740,930 | 1,145,059 | 744,985 | 939,237 | 967,892 | 857,396 |
| Recreation fees | 117,097 | 152,779 | 217,535 | 202,331 | - | 282,010 | 265,436 | 286,767 | 254,874 | 237,931 |
| Intergovernmental | 306,070 | 867,683 | 1,496,503 | 1,695,035 | 994,658 | 532,071 | 534,844 | 1,328,817 | 406,006 | 378,387 |
| Investment income | 715,829 | 722,494 | 567,427 | 236,196 | 209,238 | 166,474 | 323,667 | 505,115 | 490,846 | 301,442 |
| Rental and other | 789,540 | 653,100 | 553,982 | 673,194 | 879,812 | 444,182 | 402,080 | 554,258 | 816,442 | 609,405 |
| Total revenues | <u>\$ 19,250,183</u> | <u>\$ 20,747,732</u> | <u>\$ 21,889,767</u> | <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> | <u>\$ 26,151,034</u> | <u>\$ 26,747,082</u> |
| Expenditures | | | | | | | | | | |
| General government/finance | \$ 2,152,977 | \$ 2,155,449 | \$ 2,603,533 | \$ 2,714,652 | \$ 2,664,197 | \$ 2,541,927 | \$ 2,636,846 | \$ 3,631,198 | \$ 3,568,078 | \$ 4,676,515 |
| Police | 5,241,079 | 5,430,645 | 5,725,059 | 6,025,292 | 6,327,454 | 6,454,933 | 6,796,628 | 7,088,021 | 8,091,558 | 8,606,164 |
| Fire | 3,402,879 | 3,784,295 | 3,897,142 | 4,255,258 | 4,225,807 | 4,260,359 | 4,573,261 | 4,794,582 | 5,176,242 | 5,462,552 |
| Public works | 2,901,481 | 2,969,607 | 3,197,037 | 3,212,504 | 3,337,296 | 3,475,872 | 4,009,839 | 3,988,391 | 4,123,636 | 4,070,557 |
| Parks and recreation | 1,699,600 | 2,010,585 | 2,281,989 | 2,319,692 | 2,324,759 | 2,159,116 | 3,251,930 | 3,553,111 | 2,636,565 | 2,790,986 |
| Library (Included in General government in 2008) | 429,836 | 594,662 | 556,562 | 571,641 | 581,378 | 524,111 | 643,502 | 632,693 | 676,184 | - |
| Special purposes - promotional | 61,388 | 37,409 | 78,487 | 29,826 | 34,671 | 44,853 | 53,398 | 330,032 | 370,135 | 481,470 |
| Capital outlay | 3,094,087 | 3,427,621 | 1,451,353 | 1,948,368 | 2,536,449 | 1,453,204 | 950,666 | 919,446 | 894,865 | 835,666 |
| Debt service | | | | | | | | | | |
| Principal retirement | 2,365,000 | 1,783,135 | 1,829,509 | 1,433,270 | 2,135,000 | 2,185,000 | 2,255,000 | 2,320,000 | 2,455,000 | 2,595,000 |
| Interest and fiscal charges | 1,227,961 | 1,767,225 | 1,587,130 | 1,482,613 | 822,227 | 585,460 | 524,833 | 452,239 | 352,537 | 247,334 |
| Total expenditures | <u>\$ 22,576,288</u> | <u>\$ 23,960,633</u> | <u>\$ 23,207,801</u> | <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> | <u>\$ 28,344,800</u> | <u>\$ 29,766,244</u> |
| Excess of revenues over (under) expenditures | (3,326,105) | (3,212,901) | (1,318,034) | (2,090,728) | (2,628,110) | (877,677) | (2,884,305) | (1,913,213) | (2,193,766) | (3,019,163) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bonds issued | 1,450,000 | - | - | - | 4,246,915 | - | - | - | - | - |
| Refunding bonds issued | - | - | - | 1,979,605 | 5,435,000 | - | - | - | - | - |
| Payments to escrow agent | - | - | - | (1,897,313) | (5,392,718) | - | - | - | - | - |
| Transfers in | 1,698,499 | 2,618,288 | 1,358,489 | 1,175,797 | 1,171,765 | 1,278,631 | 1,408,528 | 1,333,512 | 1,380,428 | 1,609,071 |
| Transfers out | (312,284) | (1,544,470) | (272,974) | (127,470) | (336,537) | (422,863) | (516,467) | (250,662) | (224,824) | (283,394) |
| Total other financing sources (uses) | <u>2,836,215</u> | <u>1,073,818</u> | <u>1,085,515</u> | <u>1,130,619</u> | <u>5,124,425</u> | <u>855,768</u> | <u>892,061</u> | <u>1,082,850</u> | <u>1,155,604</u> | <u>1,325,677</u> |
| Net change in fund balances | <u>\$ (489,890)</u> | <u>\$ (2,139,083)</u> | <u>\$ (232,519)</u> | <u>\$ (960,109)</u> | <u>\$ 2,496,315</u> | <u>\$ (21,909)</u> | <u>\$ (1,992,244)</u> | <u>\$ (830,363)</u> | <u>\$ (1,038,162)</u> | <u>\$ (1,693,486)</u> |
| Total capital outlay capitalized per the government wide statement of net assets | \$ - | \$ - | \$ - | \$ - | \$ 3,393,573 | \$ 1,110,410 | \$ 1,571,910 | \$ 2,408,353 | \$ 2,515,180 | \$ 666,370 |
| Debt service as a percentage of noncapital expenditures | 18.4% | 17.3% | 15.7% | 13.2% | 13.7% | 12.3% | 11.5% | 11.0% | 10.9% | 9.8% |

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**
(Unaudited)

| Fiscal Year Ended Sept. 30, | Assessed and Actual Value of Property (1) | | | Total Assessed Value | Less: Tax- Exempt Property (2) | Total Taxable Assessed Value | Total City Tax Rate (3) |
|--|--|--------------------------------|---|---------------------------------|---|---|--|
| | Residential Property | Commercial Property | Business Personal Property | | | | |
| 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 |
| 2007 | 1,321,639,790 | 443,079,030 | 133,742,100 | 1,898,460,920 | 155,134,821 | 1,743,326,099 | 0.696 |
| 2008 | 1,367,987,090 | 491,437,220 | 169,949,690 | 2,029,374,000 | 167,103,114 | 1,862,270,886 | 0.696 |

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
- (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 (1) | | | | |
|--------------------------------------|---------------------|--------------------|-------------|--------------------------|---------------------|---|---------------------------------|---|
| | General(2) | Debt Service(2) | Total (2) | Duncanville I.S.D.(2) | Dallas County(2) | Dallas County School Equalization (2) | Dallas County Hospital(2) | Dallas County Community College(2) |
| 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 |
| 2007 | 0.561098 | 0.134902 | 0.696000 | 1.736000 | 0.213900 | 0.005034 | 0.254000 | 0.081000 |
| 2008 | 0.558129 | 0.137871 | 0.696000 | 1.418000 | 0.228100 | 0.004714 | 0.254000 | 0.080400 |

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.

Source: Dallas Central Appraisal District

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

(Unaudited)

| Taxpayer / Company Name | 2008 | | | 1998 | | |
|---|---------------------------|------|--|---------------------------|------|--|
| | 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. Ouality Cabinets Division | \$ 45,838,150 | 1 | 2.46% | \$ 20,198,880 | 1 | 1.64% |
| Costco Wholesale Corporation Costco | 21,957,430 | 2 | 1.18% | - | - | - |
| C H Guenther & Son Pioneer Frozen Foods | 14,804,640 | 3 | 0.79% | 9,818,190 | 4 | 0.80% |
| Southwestern Bell/Cingular SBC Communications Inc. | 13,333,440 | 4 | 0.72% | 15,507,590 | 2 | 1.26% |
| Frankel Family Trust Meadowridge Apartments | 13,200,000 | 5 | 0.71% | 10,495,670 | 3 | 0.85% |
| SCI Duncanville Hotel LTD Hilton Garden Inn | 11,052,970 | 6 | 0.59% | - | - | - |
| Texas Utilities TXU Business Services | 10,530,520 | 7 | 0.57% | 9,708,550 | 5 | 0.79% |
| TT Duncanville LTD Village Shopping Center | 9,288,740 | 8 | 0.50% | - | - | - |
| Apple Reit Limited PS Main Park Apartments | 8,314,390 | 9 | 0.45% | 9,298,980 | 6 | 0.76% |
| Puget of Texas Fairmeadows Shopping Center | 7,200,000 | 10 | 0.39% | - | - | - |
| Wal-Mart Corporation Wal-Mart Store | | | | 6,012,910 | 7 | 0.49% |
| Pacific Retail Trust | | | | 5,816,780 | 8 | 0.47% |
| WLM Retail Partnership Cockrell Hill Crossing | | | | 5,631,430 | 9 | 0.46% |
| ACCO USA Inc. | | | | 4,910,570 | 10 | 0.40% |
| Total | <u>\$ 155,520,280</u> | | <u>12.63%</u> | <u>\$ 97,399,550</u> | | <u>7.91%</u> |

Note:

(a) Total Taxable Value as of October 1

\$ 1,862,275,885

\$ 1,231,639,024

Source: Dallas Central Appraisal District

**Property Tax Levies and Collections,
Last Ten Fiscal Years**
(Unaudited)

| Fiscal Year Ended Sept. 30, | <u>Collected within the Fiscal Year of the Levy</u> | | | <u>Total Collections to Date</u> | | |
|--|---|--------------|-----------------------|---|--------------|-----------------------|
| | Adjusted Taxes Levied for the Fiscal Year | Amount | Percentage of Levy | Collections in Subsequent Years (1) | Amount | Percentage of Levy |
| 1999 | \$ 8,860,779 | \$ 8,682,941 | 98.0% | \$ 138,119 | \$ 8,821,060 | 99.6% |
| 2000 | 9,328,856 | 9,122,351 | 97.8% | 181,406 | 9,303,757 | 99.7% |
| 2001 | 9,723,826 | 9,464,232 | 97.3% | 232,047 | 9,696,279 | 99.7% |
| 2002 | 10,360,379 | 10,109,103 | 97.6% | 226,789 | 10,335,892 | 99.8% |
| 2003 | 10,930,186 | 10,698,211 | 97.9% | 216,102 | 10,914,313 | 99.9% |
| 2004 | 11,452,545 | 11,109,031 | 97.0% | 74,451 | 11,183,482 | 97.7% |
| 2005 | 11,637,111 | 11,399,901 | 98.0% | 178,470 | 11,578,371 | 99.5% |
| 2006 | 12,062,008 | 11,779,327 | 97.7% | 203,220 | 11,982,547 | 99.3% |
| 2007 | 12,310,647 | 11,974,681 | 97.3% | 202,897 | 12,177,578 | 98.9% |
| 2008 | 12,891,479 | 12,573,089 | 97.5% | - | 12,573,089 | 97.5% |

Note:

- (1) Collections do not include penalty and interest on delinquent

Source: Dallas County Tax Assessor / Collector

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year Ended Sept. 30, | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | 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 | | | |
| 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 | 6,870,000 | 7,676,519 | 3,703,350 | 18,249,869 | 1.57% | 483 |
| 2007 | 7,290,710 | 6,354,813 | 3,610,000 | 17,255,523 | 0.99% | 456 |
| 2008 | 3,270,000 | 8,116,345 | 3,375,000 | 14,761,345 | 0.79% | 384 |

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.

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**
(Unaudited)

| Fiscal Year Ended Sept. 30, | <u>General Bonded Debt Outstanding</u> | | | Percentage of Actual Taxable Value of Property (1) | Per Capita (2) |
|--|--|---------------------------------------|---------------|--|-------------------|
| | General Obligation Bonds | Certificate of Obligation Bonds | Total | | |
| 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 | 1.95% | 669 |
| 2000 | 20,802,779 | 1,450,000 | 22,252,779 | 1.71% | 617 |
| 2001 | 18,973,270 | 1,450,000 | 20,423,270 | 1.51% | 565 |
| 2002 | 15,665,000 | 3,429,605 | 19,094,605 | 1.34% | 530 |
| 2003 | 9,635,000 | 11,671,519 | 21,306,519 | 1.44% | 585 |
| 2004 | 8,575,000 | 10,546,519 | 19,121,519 | 1.22% | 541 |
| 2005 | 7,495,000 | 9,371,519 | 16,866,519 | 1.03% | 459 |
| 2006 | 6,870,000 | 7,676,519 | 14,546,519 | 0.86% | 385 |
| 2007 | 7,290,710 | 6,354,813 | 13,645,523 | 0.78% | 361 |
| 2008 | 3,270,000 | 8,116,345 | 11,386,345 | 0.61% | 296 |

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.

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

Direct and Overlapping Governmental Activities Debt
As of September 30, 2008
(Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| Duncanville Independent School District | \$ 175,690,334 | 54.30% | \$ 95,399,851 |
| Dallas County | 160,486,552 | 1.24% | 1,990,033 |
| Dallas County Community College District | 298,185,000 | 1.24% | 3,697,494 |
| Subtotal, overlapping debt | | | \$ 101,087,379 |
| City direct debt | | | 14,761,345 |
| Total direct and overlapping debt | | | \$ 115,848,724 |

Source: First Southwest Company

Legal Debt Margin Information

As of September 30, 2008

(Unaudited)

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, 2008, is \$.696 per \$100 of assessed valuation with assessed valuation being 100% of market value.

Sources: City of Duncanville, Texas City Charter
State of Texas Constitution

**Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year Ended Sept. 30, | Operating Revenue and Other (a) | Less: Operating Expense (b) | Net available Revenue | Debt Service (c) | | Coverage |
|--|--|--|----------------------------------|-------------------------|-----------------|-----------------|
| | | | | Principal | Interest | |
| <u>Water and Sewer Bonds</u> | | | | | | |
| 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 | - | - | (d) |
| 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 | 9,658,496 | 3,036,357 | 125,000 | 150,686 | 11.0 |
| 2007 | 11,029,719 | 9,029,955 | 1,999,764 | 130,000 | 146,543 | 7.2 |
| 2008 | 12,186,622 | 10,127,539 | 2,059,084 | 235,000 | 140,611 | 5.5 |

Notes:

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

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year Ended Sept. 30, | Population (a) | Per Capita Income (a) | Median Household Income (a) | Number of Households (a) | School Enrollment (b) | Unemployment Rate | |
|------------------------------------|-----------------------|------------------------------|------------------------------------|---------------------------------|------------------------------|--------------------------|-----|
| 1999 | 35,939 | (e) | (e) | (e) | 10,119 | 2.60% | (d) |
| 2000 | 36,081 | 22,924 | 51,654 | 12,884 | 10,190 | 2.30% | (d) |
| 2001 | 36,171 | 27,661 | 54,142 | (e) | 10,319 | 3.20% | (d) |
| 2002 | 36,011 | (e) | (e) | (e) | 10,625 | 4.50% | (d) |
| 2003 | 36,402 | 25,867 | 56,645 | 12,894 | 10,762 | 4.50% | (d) |
| 2004 | 35,346 | (e) | (e) | (e) | 11,283 | 4.00% | (d) |
| 2005 | 36,725 | (e) | (e) | (e) | 11,736 | 6.00% | (c) |
| 2006 | 37,800 | 27,948 | 62,269 | 13,046 | 12,042 | 5.66% | (c) |
| 2007 | 38,251 | 28,824 | 63,961 | 13,088 | 12,149 | 4.58% | (c) |
| 2008 | 38,430 | 28,317 | 65,382 | 13,457 | 12,664 | 4.30% | (c) |

- Sources:
- (a) 2000 Census, all other years ESRI estimates
 - (b) Duncanville Independent School District
 - (c) Texas Workforce Commission 2005-2008
 - (d) Bureau of Labor Statistics Archives 1998-2004
 - (e) Information is not available

City of Duncanville

Schedule 15

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

| Employer | 2008 | | | 1999 | | |
|---|------------------|------|--|--------------|------|--|
| | Employees (2) | Rank | Percent of Total Employment (a) | Employees | Rank | Percent of Total Employment (a) |
| Duncanville Independent School District | 1,838 | 1 | 9.72% | 1,150 | 2 | 8.52% |
| Texwood/Quality Cabinets and Doors | 680 | 2 | 3.60% | 1,320 | 1 | 9.78% |
| City of Duncanville | 285 | 3 | 1.51% | 269 | 3 | 1.99% |
| Pioneer Frozen Foods | 179 | 4 | 0.95% | 150 | 4 | 1.11% |
| Pappadeaux | 170 | 5 | 0.90% | - | - | - |
| Costco | 132 | 6 | 0.70% | - | - | - |
| DeFord's | 130 | 7 | 0.69% | - | - | - |
| Brittle-Brittle | 75 | 8 | 0.40% | 60 | 5 | 0.44% |
| Personalized Communications | 70 | 9 | 0.37% | - | - | - |
| Hilton Garden Inn | 65 | 10 | 0.34% | - | - | - |
| Big Tex Ford | 65 | 10 | 0.34% | - | - | - |
| ACCO/USA | | | | 40 | 6 | 0.30% |
| Advanced Machine Tool | | | | 40 | 7 | 0.30% |
| Durable Spec. Inc. | | | | 37 | 8 | 0.27% |
| Baily Tool & Manufacturing | | | | 30 | 9 | 0.22% |
| Custom Canvas | | | | 30 | 10 | 0.22% |
| Total | 3,689 | | 19.51% | 3,126 | | 23.16% |

Note:

(a) Total City Employment (1) 18,904 13,500

Sources: (1) ESRI
(2) Duncanville Community Economic Development Corporation

Full-time Equivalent City Government Employees
Last Ten Fiscal Years
(unaudited)

| <u>Fiscal Year</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| By Functions | | | | | | | | | | |
| General Government | 33.0 | 35.0 | 34.0 | 33.0 | 31.0 | 31.0 | 31.0 | 33.0 | 34.0 | 35.0 |
| Fire Services | 53.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 53.0 | 53.0 |
| Police Services (Civil) | 71.0 | 62.0 | 63.0 | 63.0 | 62.0 | 74.0 | 61.0 | 61.0 | 60.0 | 63.0 |
| Police Services (Non-Civil) | 12.0 | 14.0 | 14.0 | 14.0 | 14.0 | 12.0 | 12.0 | 12.0 | 15.0 | 12.0 |
| Public Works | 32.0 | 33.5 | 33.5 | 34.5 | 33.5 | 33.5 | 34.5 | 33.5 | 33.0 | 31.5 |
| Library Services | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Parks and Recreation | 16.0 | 15.0 | 15.0 | 15.0 | 15.0 | 13.0 | 13.0 | 13.0 | 16.0 | 16.0 |
| Community Services | 9.0 | 9.0 | 9.0 | 10.0 | 8.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Water and Wastewater | 22.0 | 23.5 | 24.5 | 22.5 | 21.5 | 21.5 | 21.5 | 21.5 | 21.5 | 23.5 |
| Total Employees by Function | 257.0 | 253.0 | 254.0 | 253.0 | 246.0 | 252.0 | 240.0 | 241.0 | 247.5 | 249.0 |
| By Departments | | | | | | | | | | |
| General Government | 9.0 | 9.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 8.0 | 18.0 |
| Finance | 20.0 | 22.0 | 23.0 | 23.0 | 22.0 | 22.0 | 22.0 | 24.0 | 24.0 | 24.0 |
| Community Services | 34.0 | 33.0 | 33.0 | 34.0 | 32.0 | 28.0 | 28.0 | 28.0 | 31.0 | 22.0 |
| Police (Civil) | 71.0 | 62.0 | 63.0 | 63.0 | 62.0 | 74.0 | 61.0 | 61.0 | 60.0 | 63.0 |
| Police (Non-Civil) | 12.0 | 14.0 | 14.0 | 14.0 | 14.0 | 12.0 | 12.0 | 12.0 | 15.0 | 12.0 |
| Public Works | 30.0 | 30.0 | 31.0 | 32.0 | 31.0 | 30.5 | 31.5 | 30.5 | 30.5 | 31.5 |
| Utilities | 24.0 | 27.0 | 27.0 | 25.0 | 24.0 | 24.5 | 24.5 | 24.5 | 24.0 | 23.5 |
| Fire 53.0 | | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 53.0 | 53.0 |
| Economic Development | 4.0 | 4.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total Employees by Department | 257.0 | 253.0 | 254.0 | 253.0 | 246.0 | 252.0 | 240.0 | 241.0 | 247.5 | 249.0 |
| By Fund | | | | | | | | | | |
| General | 221.0 | 213.0 | 213.0 | 214.4 | 209.4 | 202.9 | 202.5 | 203.5 | 208.0 | 213.0 |
| Utility | 32.0 | 32.0 | 33.0 | 33.0 | 32.0 | 32.0 | 32.0 | 32.0 | 34.0 | 31.5 |
| Hotel/Motel | 1.0 | 1.0 | 0.5 | 0.5 | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Economic Development | 3.0 | 3.0 | 2.5 | 2.5 | 1.5 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Grant | - | - | 1.0 | 0.6 | 0.6 | 1.0 | 1.0 | 1.0 | 1.0 | - |
| Drainage | - | - | - | - | - | 0.1 | 0.5 | 0.5 | 0.5 | 0.5 |
| Solid Waste | - | 4.0 | 4.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total Employees by Fund | 257.0 | 253.0 | 254.0 | 253.0 | 246.0 | 240.0 | 240.0 | 241.0 | 247.5 | 249.0 |

Source: City of Duncanville, Texas Annual Budgets

Operating Indicators By Function/Program

Last Ten Fiscal Years

(unaudited)

| Fiscal Years | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Building Permits Issued | 505 | 376 | 257 | 265 | 285 | 502 | 421 | 433 | 421 | 359 |
| Police | | | | | | | | | | |
| Criminal Arrests | 3,042 | 2,471 | 2,438 | 2,564 | 2,871 | 2,584 | 2,058 | 2,394 | 2,320 | 1,808 |
| Index Crimes per 1,000 Population | 48.90 | 41.98 | 48.76 | 53.54 | 52.16 | 47.78 | 43.73 | 40.00 | 42.58 | 47.05 |
| Fire | | | | | | | | | | |
| Total Calls for Service (Fire & EMS) | 4,716 | 4,966 | 4,966 | 5,198 | 5,298 | 5,566 | 6,517 | 6,976 | 7,004 | 6,884 |
| Total Structural Inspections | 2,699 | 2,699 | 2,699 | 2,534 | 1,291 | 1,349 | 1,473 | 701 | 1,349 | 1,404 |
| Public Services | | | | | | | | | | |
| Utility Cuts Repaired | 120 | 120 | 120 | 106 | 127 | 142 | 142 | 89 | 104 | 112 |
| Sidewalk Repaired (Square Feet) | 16,042 | 9,465 | 9,465 | 5,605 | 7,731 | 7,358 | 7,358 | 7,729 | 13,618 | 12,815 |
| Parks and Recreation | | | | | | | | | | |
| Program Participation Hours | 15,000 | 20,000 | 20,000 | 20,000 | 18,000 | 13,648 | 13,648 | 18,623 | 17,829 | 18,231 |
| Number of Annual Passes Sold | N/A | 1,953 | 1,442 | 1,261 | 2,758 | 1,437 | 1,314 | 1,949 | 1,981 | 2,774 |
| Library | | | | | | | | | | |
| Volumes in Collection | 58,835 | 65,776 | 68,506 | 72,748 | 78,812 | 76,138 | 89,814 | 97,288 | 102,807 | 106,076 |
| Total Volumes Borrowed | 112,250 | 113,907 | 156,348 | 181,255 | 195,658 | 168,892 | 165,262 | 174,676 | 173,101 | 176,325 |
| Water/Wastewater | | | | | | | | | | |
| Water Main Breaks | 45 | 30 | 24 | 46 | 39 | 41 | 41 | 35 | 29 | 33 |
| Number of Gallons of Water Pumped (000s) | 2,259,085 | 2,314,931 | 2,240,629 | 2,165,850 | 2,023,335 | 1,875,701 | 1,949,561 | 2,196,549 | 1,683,823 | 1,907,801 |
| Average Daily Consumption (MGD) | 6.1 | 6.2 | 6.2 | 5.9 | 5.5 | 5.1 | 5.3 | 6.0 | 4.6 | 5.2 |
| Miles of Sewer Mains Cleaned | 20.00 | 9.70 | 5.39 | 10.63 | 14.49 | 12.46 | 8.73 | 4.80 | 5.70 | 3.75 |

Source: City of Duncanville, Texas Annual Budgets

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

(unaudited)

| Fiscal Year | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Emergency Vehicles (Police & Fire) | 29 | 31 | 31 | 30 | 31 | 29 | 29 | 36 | 34 | 34 |
| Public Works | | | | | | | | | | |
| Streets - Paved (Miles) | 155.98 | 155.98 | 155.98 | 155.98 | 155.98 | 155.98 | 155.98 | 155.98 | 156.05 | 156.05 |
| Alleys - Paved (Miles) | 40.07 | 40.07 | 40.07 | 40.07 | 40.07 | 40.28 | 40.28 | 40.28 | 36.11 | 36.11 |
| Traffic Signals | 38 | 38 | 38 | 36 | 36 | 36 | 36 | 36 | 34 | 34 |
| Street Signs | 1,921 | 1,921 | 1,921 | 1,921 | 1,921 | 1,926 | 1,926 | 1,928 | 1,966 | 1,966 |
| Regulatory & Non-regulatory Signs | 3,992 | 4,129 | 4,129 | 4,227 | 4,227 | 4,337 | 4,337 | 4,416 | 9,850 | 9,920 |
| Non-Emergency Vehicles | 68 | 72 | 69 | 70 | 70 | 38 | 68 | 72 | 79 | 79 |
| Parks and Recreation | | | | | | | | | | |
| Park Acres | 205.4 | 216.0 | 216.0 | 216.0 | 222.0 | 228.0 | 228.0 | 228.0 | 237.4 | 237.0 |
| Playgrounds | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 12 | 12 |
| Total Athletic Facilities Maintained | 49 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 56 | 54 |
| Water/Wastewater | | | | | | | | | | |
| Miles of Water Mains | 179.00 | 182.83 | 182.73 | 182.83 | 184.37 | 186.92 | 186.92 | 187.35 | 188.01 | 189.50 |
| Fire Hydrants | 1,160 | 1,162 | 1,166 | 1,183 | 1,204 | 1,283 | 1,296 | 1,306 | 1,341 | 1,355 |
| Sanitary Sewer Lines (Miles) | 139.59 | 150.98 | 150.30 | 150.76 | 152.33 | 152.35 | 152.35 | 153.45 | 154.06 | 153.60 |
| Sanitary Sewer Laterals (Miles) | 76.36 | 76.41 | 76.45 | 76.60 | 76.86 | 76.86 | 76.86 | 77.25 | 77.46 | 77.30 |

Source: City of Duncanville, Texas Annual Budgets



Duncanville
City of Champions

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The Perfect Blend of Family, Community and Business.