

# DUNCANVILLE

The Perfect Blend of Family, Community and Business



**Comprehensive Annual Financial Report  
For Year Ended September 30, 2012**

**City of Duncanville, Texas**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF DUNCANVILLE, TEXAS**

**FOR  
FISCAL YEAR ENDED  
SEPTEMBER 30, 2012**

**PREPARED BY:  
CITY OF DUNCANVILLE  
FINANCE DEPARTMENT**



**CITY OF DUNCANVILLE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.



# City of Duncanville

**Greg Contreras**  
**Interim City Manager**

April 11, 2013

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Duncanville, Texas for the fiscal year ended September 30, 2012.

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 of Duncanville. 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 all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver and Tidwell, 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, 2012. 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

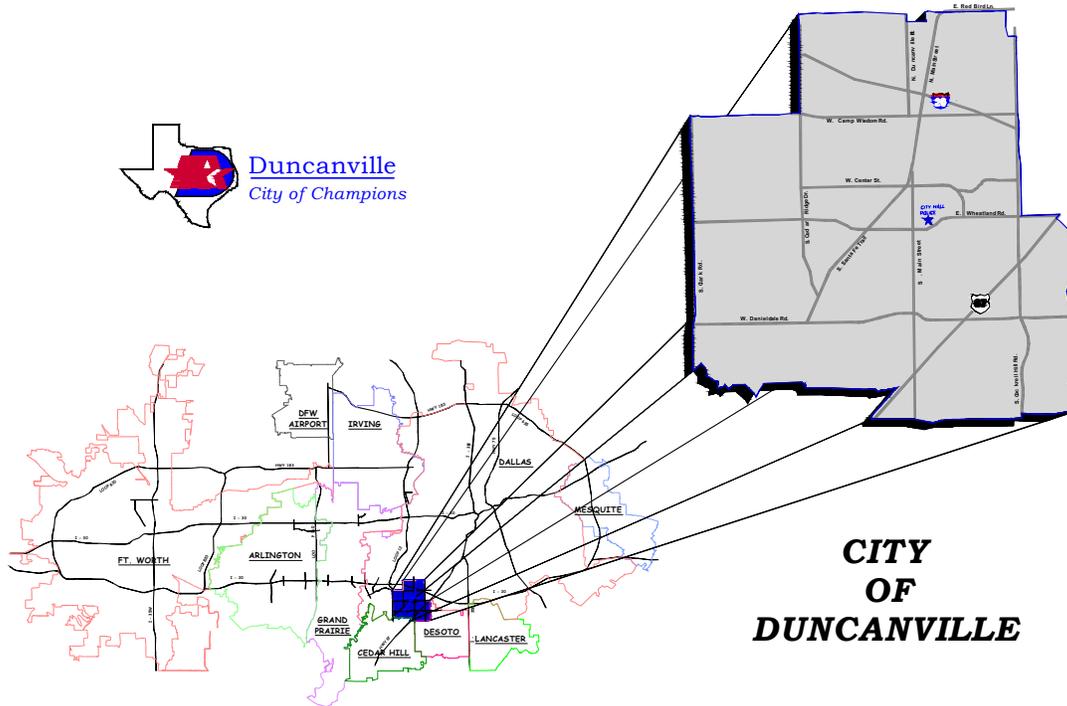
Located in the Best Southwest portion of Dallas County, the City of Duncanville is situated approximately 20 minutes from Fort Worth and just minutes from downtown Dallas. The City covers approximately 12 square miles and is easily accessible from major interstate and highway systems in North Texas, including I-35 (the NAFTA Corridor.), I-20, and Highway 67. The 2012 population for the City was 38,456. (<http://ESRI.com>)

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.



## 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 the Duncanville Fieldhouse 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 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 has continued to adequately maintain 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 2011 official estimate U.S. Census has the Dallas/Fort Worth Metroplex (DFW) at a population of 6,526,548. The Dallas-Fort Worth-Arlington MSA is, by population, the largest metropolitan area in Texas, the largest in the South, and the fourth-largest in the United States. The area continues, as it has for several decades, to add approximately a million in population each decade. (Wikipedia)
- As of 2012, DFW is home to 20 Fortune 500 headquarters and nearly 50 headquarters among the Fortune 1000. (Dallas Regional Chamber)
- The DFW Region is the 5<sup>th</sup> largest global exporter in the country with computer and electronics goods accounting for 16.4% of exports. (Dallas Regional Chamber)
- The North American Free Trade Agreement, or NAFTA, is a key driver for DFW, accounting for \$1.7 billion in total trade. (Dallas Regional Chamber)
- Forbes Magazine ranked Dallas the #1 city to earn a living with a total civilian labor force of 3,274,416. DFW is ranked #3 in the list of largest "over-the-year percentage increases in employment" for U.S. metropolitan areas. Total non-farm employment in DFW's MSA stood at 2,943,800 in October, 2011, up 48,800 or 1.7% from a year previous compared to a 1.1% national job increase over the same period. The largest increases were in Professional and Business services up 4.6% and Financial Activities up 4.5%. Other increases include Trade, Transportation and Utilities up 2.6% compared to 1.3% nationally; Leisure and hospitality up 2.3% compared with 1.6% nationally. (Forbes, Bureau of Labor Statistics)
- 97% of businesses in the DFW Region have less than 100 employees and 127 companies made the Inc. 5000 list, America's fastest growing private companies. (Dallas Regional Chamber)
- DFW is home to an impressive group of foreign based subsidiaries with over 200 companies from 34 countries locating their U.S. headquarters or substantial operations within the Region. (Dallas Regional Chamber)
- With 140 Corporate facility projects in 2011, the Dallas-Ft. Worth-Arlington metro area lived up to its "Big D" reputation adding \$1.46 billion in capital investment and generating 8,847 new jobs. (Dallas Regional Chamber).
- The DFW industrial space average lease price per square foot is \$3.73. Average vacancy in the market is 10.5%. (Dallas Regional Chamber)

- Dallas/Fort Worth offers the largest number of college and high school educated residents of any metro area in the state of Texas and among the highest in the nation. According to the Dallas Regional Chamber. Approximately 83% of the total workforce over 25 years old in DFW holds a high school diploma and above, and 31.1% have completed at least four years of college. (Dallas Regional Chamber)
- The Consumer Price Index for the DFW MSA as of November 2012 was 212.901 with an inflation rate of -0.5% compared to the U.S. City average of 229.594 and inflation rate of 1.7%. (Bureau of Labor Statistics)
- The DFW Region has 18 retail centers (malls) each with more than one million square feet. Direct Occupancy Rate market totals of 90.3% and an average lease rate of \$14.09 per square foot were reported, (Dallas Regional Chamber)
- 82 Acute Care Hospitals and numerous other major medical centers with nearly 20,000 beds serve the DFW Region and \$52 billion in total value added to regional economy annually by the Healthcare Industry and 601,000 healthcare jobs make up 15% of the DFW economy. (Dallas Regional Chamber)
- Beyond the central cultural districts, DFW offers more than 175 museums and galleries, more than 50 professional and community theaters, and dozens of local symphony and chamber orchestras, ballet groups and opera associations. (Dallas Regional Chamber)
- Within 100 miles of DFW there are more than 400 public parks covering nearly 23,000 acres, and more than 60 lakes and reservoirs, covering 550,500 acres. (Dallas Regional Chamber)
- The Brookings Institution ranks DFW's "Clean or Green Economy" 10<sup>th</sup> out of the nation's 100 largest metro areas. (Dallas Regional Chamber)

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

Duncanville is known as a first-tier suburb, meaning it is one of the first suburban cities to have developed on the periphery of Dallas. The bulk of the development activity took place during the 1960's and 1970's, leaving only a few small vacant tracts available and the City essentially a bedroom community (67% residential).

In keeping with our targeted growth, the re-development of Main Street is now in process, along with other projects of rehabilitation in older shopping centers. A full study for the revitalization of Main Street has been completed utilizing the concept of New Urbanism, which involves higher density uses to help create a compatible live/work environment. Many changes to Main Street will come during the next few years. One of the first of such projects is Main Station Railroad Flats which will consist of thirty-one live/work town-homes on Center Street, just one block off Main Street. The City received grant funds from NCTCOG for paving and beautification along Main Street in this area, which was a tremendous aid in funding this project. The first units at Main Station Railroad Flats have been completed and have been sold and Phase One of the Main Street Project was completed in early December 2011.

In recent years, projects have been completed in older shopping centers including a complete redecoration of Tom Thumb and Kroger Supermarkets, as well as the addition of a Terry's Supermarket and an ALDI grocery store. A full facelift is planned for the Cedar Park Shopping Center with plans for national tenants to be added.

Duncanville has limited land available for new residential development and any new development is expected to be of higher density than what took place previously. Limited land availability also restricts the amount of new industrial and manufacturing facilities that can be built. However, 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, 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 DFW area including Duncanville remains the distribution and financial center of the southwest with high tech industries, service industries, trade and corporate headquarters providing a stable and diverse local economy.
- Duncanville boasts a strong industrial community that includes subsidiaries of companies like **Masco Cabinetry**, the largest U.S. manufacturer of kitchen and bath cabinetry. They remain one of the City's largest tax payers and have a total of 706 employees.

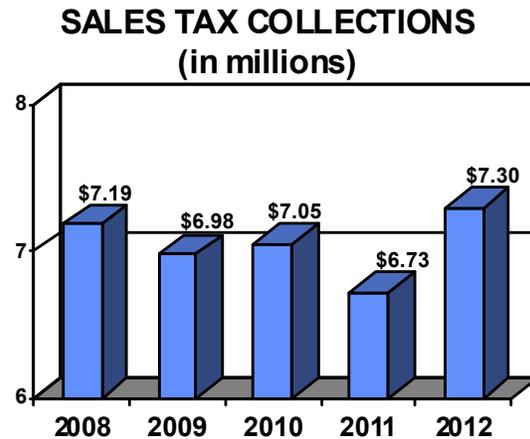
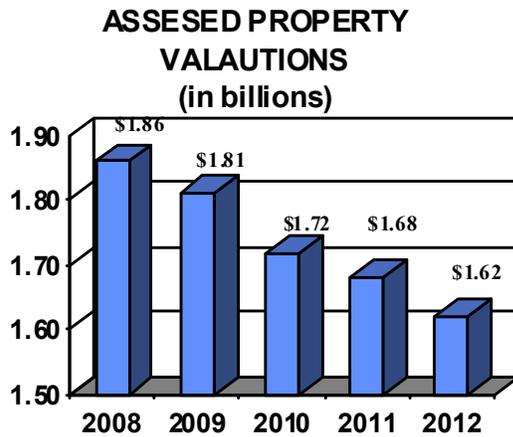
- **The Duncanville Fieldhouse** (a 95,000 sq. foot basketball/volleyball/multi-sport facility) opened in 2010 and draws people into the community from near and far for multi-state tournaments. The facility which was built and owned by the Duncanville Community and Economic Development Corporation (DCEDC) was sold to the City of Duncanville in late 2010.
- **Pappadeaux Seafood**, which opened in 2003, continues in their success in providing fine dining for area residents. The final DCEDC incentive payment which encouraged them to build sooner than planned was made in 2010.
- In August 2007, **Best Western Inn and Suites** opened a flagship hotel on the southeast section of Highway 67 and Cockrell Hill. They continue to receive high performance ratings 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 facility provides businesses and guests with access to 14,000 square feet of conference rooms and meeting space.
- Two major highways cross through Duncanville's city limits allowing the City to enjoy the convenience of nearby **D/FW International Airport** (highest capacity commercial airport in the world) and **Love Field Airport** to meet commercial passenger air transportation needs. (DFW Airport)
- **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 manufactures frozen dough products. They currently have 176 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 145 people.
- **Shops at Waterview Park**, a \$30,000,000 mixed-use development, continues to prosper with tenants including L.A. Fitness, Genghis Grill, Subway, Duncanville Dialysis Center, Dickey's Barbeque Pit, Farmers Insurance, KK Beauty Supply, Serenity Dental Spa, Veterans Administration offices, and Townview Realtors. Bella Ruscello, offering 216 units of upscale apartment living adjacent to the Shops at Waterview Park, continues at a high occupancy rate. The final DCEDC and City incentive transactions took place in 2010.
- **Aldi**, a leader in the international grocery retailing industry, serving Europe, the USA and Australia, opened in Duncanville in 2010.
- Through an investment of \$129,005 of DCEDC funds for beautification, the City's Parks Department was able to continue the landscape color change throughout the City, mowing of Duncanville's I-20 corridor, landscape maintenance of the City owned property at 1700 S. Main Street (Fieldhouse).
- In 2012, W&B Service Company completed construction of their 38,000 square foot facility on 16 acres and employ approximately 100 people to sell and service refrigerated tractor trailers.
- DCEDC funds of \$330,000 were committed to improvements and renovation of the Cedar Park Shopping Center to be paid over a ten year period in the form of sales tax rebates. With 2012 as the first full year following approval of the DCEDC incentive, the first payment could be requested in 2013.
- Phase I of the Main Street Initiative project was completed in 2011 and the City's Christmas Tree Lighting ceremony took place there in 2011 and 2012 with great success.

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 (12<sup>th</sup> 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



### Future Economic Outlook

Duncanville has experienced difficult economic times with the housing market decline and a recessionary economy. However, sales tax collections were up 8.5% this year compared to the previous year. Until the economy improves, we expect flat or very minor increases in sales tax revenues to continue. Property values decreased due to the debacle of the housing market and significant reappraisal by the Dallas Central Appraisal District, but not nearly as significantly as other parts of the country. Beer and wine sales continue to decrease as other area cities adopt ordinances allowing the sale of alcoholic beverages. The acquisition of the Bob Knight Fieldhouse presents many challenges and opportunities. Thankfully, the DCEDC provides a safety net agreeing to fund any shortage in debt service on the building. In the year 2024, when the debt on the Duncanville Fieldhouse is retired, it will provide another resource for general fund revenues that will be most welcome. Overall, Duncanville remains an attractive, well maintained city with a solid infrastructure that is well deserving of its moniker “City of Champions”.

### Relevant Financial Policies

The City implemented GASB 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” which resulted in a total liability of \$793,016 at 09/30/2011 and increased to \$1,108,037 at 09/30/12. The City opted for the “pay-as-you-go” method and will adjust this liability recognition annually.

It is the City's policy that all interest bearing 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 (currently \$250,000). 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. Non-interest bearing accounts such as our daily operating accounts are fully insured by the FDIC with no limits under the Frank Dodd Act. These provisions are set to expire December 31, 2012.

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 an Annual Summary Investment report are given to the City Council for review. These reports summarize all investments of the City and compare returns to benchmarks such as the 90 day Treasury-Bill rates. The reports also describe the portfolio in terms of investment securities, maturities, and risk characteristics. All investments and reports comply with the Public Funds Investment Act.

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.

Risk management programs have 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, 2011. 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. The 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 for review.

## 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 support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



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Greg Contreras  
Interim City Manager



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Richard Summerlin, CPA, CGFO  
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, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Egan*

Executive Director



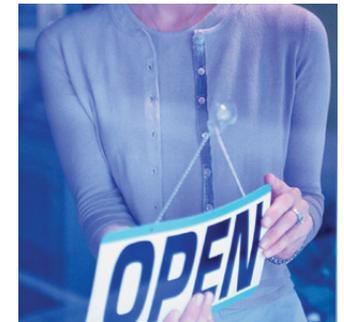
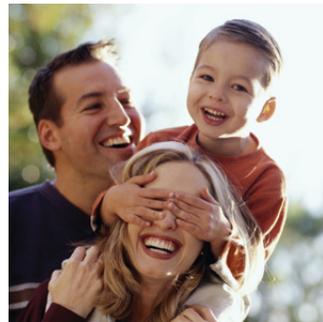
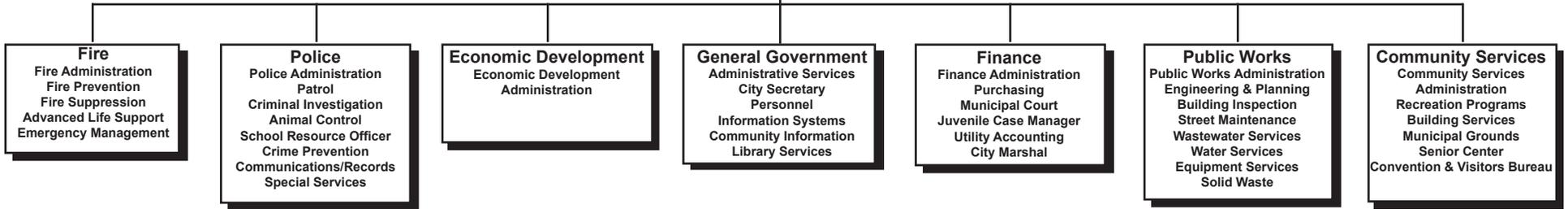
**Duncanville**  
*City of Champions*

**Citizens of Duncanville**

**Mayor & City Council  
(Elected)**

**Office of the City  
Manager**

# City of Duncanville Organizational Chart September 30, 2012



**The Perfect Blend of Family, Community & Business**

## **CITY OF DUNCANVILLE**

### **CITY COUNCIL**

Deborah Hodge, Mayor

Johnette Jameson, Mayor Pro Tem

Mark Cooks, Council Member

Stephen Jones, Council Member

Don Freeman, Council Member

Leslie Thomas, Council Member

Janet Harris, Council Member



### **ADMINISTRATIVE OFFICIALS**

Greg Contreras, Interim City Manager

Richard Summerlin, Finance Director

Tia Pettis, Assistant Finance Director

Angie Wade, Interim City Secretary





**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Duncanville, Texas (the City) as of and for the year ended September 30, 2012, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

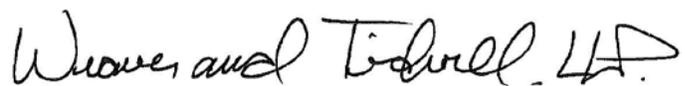
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund and the Traffic Improvement and Safety 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 April 11, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 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.

Accounting principles generally accepted in the United States of America require that the information identified in the accompanying table of contents as management's discussion and analysis, Texas Municipal Retirement System Analysis of Funding Progress, and the Other Postemployment Benefits Plan Analysis of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Weaver and Tidwell, L.L.P." with a stylized flourish at the end.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
April 11, 2013

## **City of Duncanville, Texas**

### **Management's Discussion and Analysis for the Fiscal Year Ended September 30, 2012**

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, 2012. 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 \$98.5 million (net position). This number must be viewed in the context of the vast majority of the City's net position of \$87.1 million are invested in capital assets, net of related debt, and that most capital assets in government do not directly generate revenue nor can be sold to generate liquid capital. Net position of 1.5 million is restricted for various purposes such as capital projects, public safety or community programs. The remaining \$9.9 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's Governmental Activities total assets exceeded total liabilities by \$66.3 million (Net Position). Governmental Activities Net Position increased by \$9.0 million this fiscal year compared to the prior year. The governmental activities includes a change of accounting principle increasing net position by \$7.6 million and a prior period adjustment decreasing net position by \$868 thousand. The City's total Net Position increased by \$9.3 million this fiscal year.
- As of the close of the current fiscal year, City of Duncanville governmental funds reported combined ending fund balances of \$7.4 million, an increase of \$1.4 million from the prior year. The \$1.4 million increase over prior year includes \$961 thousand adjustment due to change in accounting principle for Economic Development. Of this amount, \$5.6 million is unassigned and available for spending subject to the City's self-imposed limitations by management for intended use.
- At year-end, the unassigned fund balance for the General Fund was \$5.6 million. On a current financial resources basis, total fund balance for the General Fund increased by \$1.1 million which was higher than the budgeted increase of \$156 thousand.
- The City's net bonded debt increased by \$1.9 million during this current fiscal year. The increase was primarily due to the change in accounting principle for Economic Development. No new bonds were issued during the fiscal year.
- The City, like most governments, has been impacted by the current economic down turn. The City has seen certain revenues stagnate or decline and has aggressively reduced expenditures accordingly. However, there has been a significant increase in the sales tax revenue indicating a positive outlook for the future economy. The Economic Factors and Next Year's Budget section on the last page of this discussion provides additional information on this subject.

#### **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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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, economic development 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 blended component unit) under the governmental activities. The government-wide financials can be found on pages 11-13 of this report.

**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 basic governmental fund financial statements can be found on pages 14-22 of this report.

The City maintains fourteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Street Construction, Traffic and Safety Improvement and Economic Development funds, all of which are to be considered major funds. Data from seven non-major special revenue funds and two 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 on pages 62-72 of this report.

The City adopts an annual appropriated budget for its General, Debt Service, Hotel Tax, Drainage Fees, and Traffic Improvement and Safety Special Revenue funds. A budgetary comparison statement has been provided for the General and Traffic Improvement and Safety funds 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), Solid Waste, and Sports Facility 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-type 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, Solid Waste and Sports Facility funds since all 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. The basic proprietary fund financial statements can be found on pages 23-25 of this report. Individual fund data for proprietary funds in the form of budget data and combining statements can be found on pages 73-80 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements on pages 28-53 of this report.

**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 and other postemployment benefits to its employees. Required supplementary information is presented immediately following the notes to the basic financial statements.

The combining and individual fund statements are presented immediately following the required supplementary information on pensions. Included are budgetary schedules of revenues and expenditures for the General fund, non-major governmental fund individual and combining statements, and a schedule of operating revenues and expenses for the Utility, Solid Waste and Sports Facility funds.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Duncanville's assets exceeded its liabilities by \$98.5 million as of September 30, 2012.

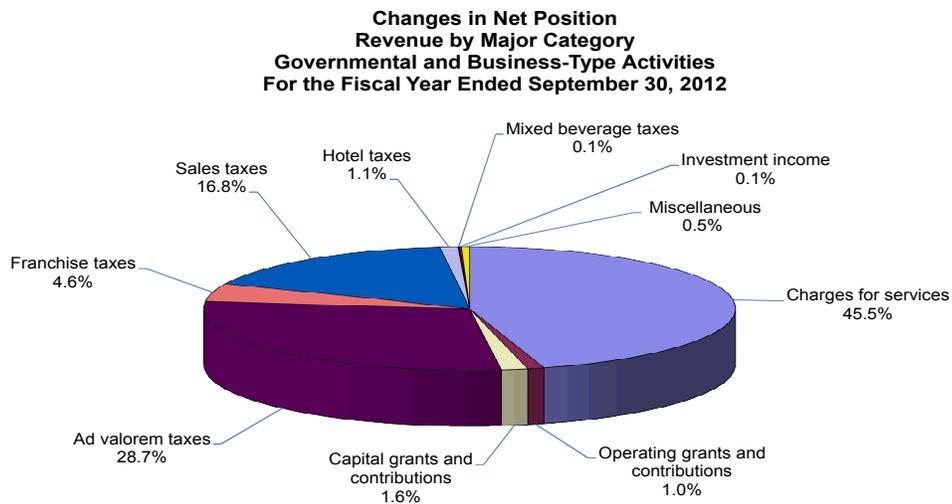
	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Current and other assets	\$ 13,687,834	\$ 12,480,270	\$ 7,059,263	\$ 6,993,659	\$ 20,747,097	\$ 19,473,929
Capital assets, net	66,282,846	56,185,175	35,753,483	35,747,542	102,036,329	91,932,717
Total assets	79,970,680	68,665,445	42,812,746	42,741,201	122,783,426	111,406,646
Current liabilities	1,966,576	2,329,806	1,962,828	1,561,990	3,929,404	3,891,796
Noncurrent liabilities	11,714,196	9,032,874	8,673,055	9,285,057	20,387,251	18,317,931
Total liabilities	13,680,772	11,362,680	10,635,883	10,847,047	24,316,655	22,209,727
Invested in capital assets, net of related debt	59,809,237	52,495,944	27,278,483	26,950,315	87,087,720	79,446,259
Restricted net position	1,515,702	-	-	-	1,515,702	-
Unrestricted net position	4,964,969	4,806,821	4,898,380	4,943,839	9,863,349	9,750,660
Total net position	\$ 66,289,908	\$ 57,302,765	\$ 32,176,863	\$ 31,894,154	\$ 98,466,771	\$ 89,196,919

The majority of the City's net position \$87.1 million (88.4%) 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 that resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

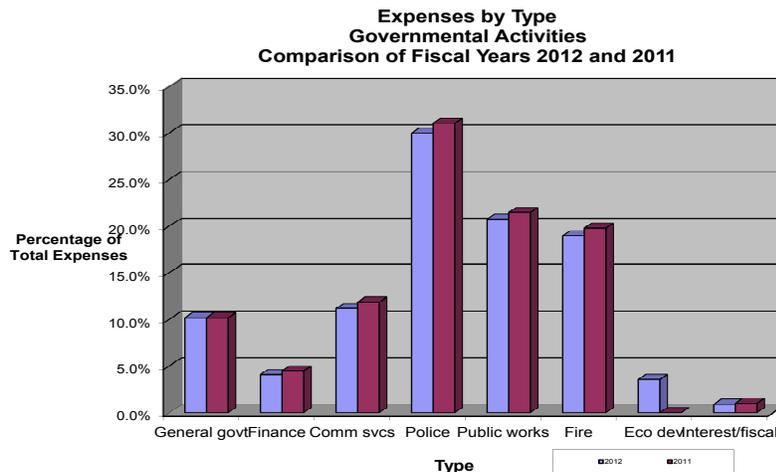
The City's balance of restricted net position of 1.5 (1.5%) million is reserved for various purposes such as capital projects, economic development, public safety and court programs.

The City's balance of unrestricted net position of \$9.9 million (10.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

**Analysis of the City's Operations-** Overall, the City's total net position increased \$9.3 million (10.4%) from the prior year. This increase includes a change in accounting principle of \$7.6 million, to reflect a previously discrete component unit to a blended component unit.



**Governmental Activities-** General revenue (excluding transfers) had a net increase of \$1.9 million. Ad valorem tax experienced a \$0.2 million decrease due to slight decline in property values. The City was able to recognize a significant increase in sales tax at \$2.3 million (45%). Partly this is attributed to the addition of the Economic Development component unit now blended with governmental activities, yet 8.5% of this increase can be attributed to the positive change in the local economy. The charges for services category had an overall increase of \$1.6 million over last fiscal year's delinquent ambulance accounts write-off.



**Business-type Activities-** Net position from business-type activities decreased by \$283 thousand. Program revenues decreased by \$1.4 million (8.6%) largely due to the change in accounting principle for the component unit. Business-type expenses reflected a modest increase \$343 thousand (3%).

The following table provides a summary of the City's operations at fiscal year end 2012:

<b>City of Duncanville's Changes in Net Position</b>						
<b>For the Fiscal Years Ending September 30, 2012 and 2011</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,081,666	\$ 3,501,446	\$ 14,696,557	\$ 15,111,562	\$ 19,778,223	\$ 18,613,008
Operating grants and contributions	418,470	399,930	-	933,665	418,470	1,333,595
Capital grants and contributions	709,483	404,913	-	33,500	709,483	438,413
<b>General revenues:</b>						
Ad valorem taxes	12,470,739	12,699,136	-	-	12,470,739	12,699,136
Franchise taxes	2,007,859	2,153,122	-	-	2,007,859	2,153,122
Sales taxes	7,303,949	5,048,659	-	-	7,303,949	5,048,659
Hotel taxes	458,744	445,385	-	-	458,744	445,385
Mixed beverage taxes	49,266	59,671	-	-	49,266	59,671
Investment income	45,695	39,971	8,197	6,821	53,892	46,792
Miscellaneous	228,377	221,430	-	-	228,377	221,430
<b>Total revenues</b>	<b><u>28,774,248</u></b>	<b><u>24,973,663</u></b>	<b><u>14,704,754</u></b>	<b><u>16,085,548</u></b>	<b><u>43,479,002</u></b>	<b><u>41,059,211</u></b>
<b>Expenses:</b>						
General government	2,795,748	2,798,564	-	-	2,795,748	2,798,564
Finance	1,126,940	1,241,303	-	-	1,126,940	1,241,303
Community services	3,069,011	3,263,161	-	-	3,069,011	3,263,161
Police	8,198,206	8,552,574	-	-	8,198,206	8,552,574
Public works	5,685,500	5,893,424	-	-	5,685,500	5,893,424
Fire	5,192,134	5,436,865	-	-	5,192,134	5,436,865
Economic development	994,421	-	-	-	994,421	-
Interest and fiscal charges	236,244	273,901	-	-	236,244	273,901
Water and sewer	-	-	10,154,306	10,279,168	10,154,306	10,279,168
Solid waste	-	-	2,143,944	2,024,938	2,143,944	2,024,938
Sports facility	-	-	1,352,511	1,003,941	1,352,511	1,003,941
<b>Total expenses</b>	<b><u>27,298,204</u></b>	<b><u>27,459,792</u></b>	<b><u>13,650,761</u></b>	<b><u>13,308,047</u></b>	<b><u>40,948,965</u></b>	<b><u>40,767,839</u></b>
Increase in net position before transfers	1,476,044	(2,486,129)	1,053,993	2,777,501	2,530,037	291,372
Transfers	771,284	1,690,476	(771,284)	(1,690,476)	-	-
<b>Increase/ (decrease) in net position</b>	<b><u>2,247,328</u></b>	<b><u>(795,653)</u></b>	<b><u>282,709</u></b>	<b><u>1,087,025</u></b>	<b><u>2,530,037</u></b>	<b><u>291,372</u></b>
Net position—beginning	57,302,765	58,098,418	31,894,154	30,807,129	89,196,919	88,905,547
Prior period adjustment	(867,734)	-	-	-	(867,734)	-
Change in accounting principal	7,607,549	-	-	-	7,607,549	-
<b>Net position—ending</b>	<b><u>\$ 66,289,908</u></b>	<b><u>\$ 57,302,765</u></b>	<b><u>\$ 32,176,863</u></b>	<b><u>\$ 31,894,154</u></b>	<b><u>\$ 98,466,771</u></b>	<b><u>\$ 89,196,919</u></b>

## 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.4 million. Approximately 76% of this total amount constitutes unassigned fund balance which is available for any public purpose. Approximately 2% of fund balance of has been assigned by City management for community services. The restricted fund balance of \$1.5 million is 21% of the total fund balance and is constrained by creditors, grantors, contributors or laws or regulations. The remainder of the fund balance is considered non-spendable to indicate that it is not available for new spending because it has already been reserved for prepaid expenses of \$26,612 and loans receivable of \$64,864. Fund balance for all governmental funds increased by \$451 thousand over the previous fiscal year.

In the General Fund, the original budget projected a \$136 thousand decrease in fund balance this fiscal year. This was changed to an increase of \$156 thousand with the final amended budget. It is one of the City's financial policies to maintain fund balance in General Fund to equal 60 days of expenditures. The property tax rate remained \$0.737692 and property values slightly decreased, mirroring the ad valorem tax revenue marginal decrease of less than 1%. Sales tax has gained a significant increase of \$429 thousand over the prior year. The sales tax increase was consistent throughout surrounding communities. All other tax based revenues declined. Collections of fines and forfeitures continue to rise due to the fully staffed police department. The City's continued emphasis on expenditure control, coupled with an overall increase in revenues are reflected in the General Fund's increase in fund balance of \$1.1 million.

The Debt Service fund had a decrease in fund balance of \$50 thousand for the fiscal year ended September 30, 2012, primarily to a transfer to general fund of \$80 thousand. The Street Construction capital project fund had a decrease in fund balance of \$178 thousand attributed to expenditures for various projects. Capital grants for Main Street helped to offset related street expenditures. The Economic Development fund had a net decrease in fund balance of \$506 thousand largely due to transfer to the Fieldhouse Sports Facility of \$629 thousand to aid in bond debt payments. The Traffic Improvement and Safety fund balance increased by \$99 thousand due to decreases in capital projects and maintenance.

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

The City has an "inverted block" rate structure, which was meant to be revenue neutral based on same consumption. The Utility proprietary fund net position increased \$196 thousand. The Solid Waste fund net position increased \$174 thousand during this fiscal year. The addition of the Fieldhouse Sports Facility has also presented some challenges as a new operation for the City. There was a decrease in net position of \$180 thousand for the Sports Facility. As stated before, the Economic Development fund transferred \$629 thousand to the Sports Facility Fund to cover debt payments.

### Capital Assets

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

At the end of fiscal year 2012, the City had \$102.0 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 increase of \$10.1 million which is 11.0% greater than the capital assets for the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	21,975	\$ 19,781	\$ 568	\$ 568	\$ 22,543	\$ 20,349
Construction in progress	26	1,942	401	440	427	2,382
Buildings	8,209	4,568	8,900	8,877	17,109	13,445
Infrastructure	26,454	25,164	22,472	22,373	48,926	47,537
Improvements	7,053	2,154	23	22	7,076	2,176
Equipment	2,566	2,576	124	106	2,690	2,682
Water rights	-	-	3,265	3,362	3,265	3,362
Totals	<u>\$ 66,283</u>	<u>\$ 56,185</u>	<u>\$ 35,753</u>	<u>\$ 35,748</u>	<u>\$ 102,036</u>	<u>\$ 91,933</u>

Capital asset events during the current fiscal year include the following:

- Water and wastewater capital costs for the current fiscal year were \$881 thousand. Of that, \$322 thousand was dedicated to the emergency repair of a generator.
- The Fieldhouse sports facility building value increased \$375 thousand as a result of a lawsuit settlement on items contained in the facility.
- The completion of the Main Street downtown revitalization project included current year expenditures of \$819 thousand and total final capitalized project of \$2.6 million. This project was primarily funded by a capital grant.
- Vehicle replacements of \$325 thousand included six new vehicles. The City deferred the replacement of well-maintained vehicles in light of the budget constraints.
- Waterview Park playground was completed in September 2012. This project was primarily fund by donated assets of capital developers valued at \$75 thousand.

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 \$16.2 million in bonded debt outstanding. The entire amount is comprised of bonded debt backed by the full faith and credit of the City. No new bonds were issued during the fiscal year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General Obligation and Certificate of Obligation bonds	\$ 7,740	\$ 5,191	\$ -	\$ -	\$ 7,740	\$ 5,191
Tax and Water/Wastewater Surplus Revenue bonds	-	-	8,475	9,130	8,475	9,130
Totals	<u>\$ 7,740</u>	<u>\$ 5,191</u>	<u>\$ 8,475</u>	<u>\$ 9,130</u>	<u>\$ 16,215</u>	<u>\$ 14,321</u>

The City's general obligation bonds have been assigned the rating of "AA-" 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 this agency. 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**

The following economic factors currently affect the City and were considered in the developing the 2012-2013 fiscal year budget:

- Ad valorem tax revenue is determined, in part, by total assessed property value established by the Dallas Central Appraisal District. Property values decreased on the total tax roll for 2012-13 from 2011-12 and are expected to continue to decrease the City's tax base.
- The second factor in determining ad valorem tax revenue is the tax rate set by City Council. For 2012-13 fiscal year budget, the City tax rate remained at \$.737692 per \$100 of assessed valuation, the same as the previous fiscal year.
- Sales tax revenue as of September 30, 2012 increased in the General Fund by 8.5%. This increase is an indicator that the regional and national economies are locally in the early stages of recovery from the economic downturn.
- The unemployment rate for the City has decreased from 9.6% to 6.8% supporting recovery from the recession.
- New fee structure was enacted for ambulance fees to maximize EMS revenues.
- On the expenditure side, the City management has continued to seek to reduce expenditures to offset expected revenue declines.

During the current fiscal year, the unassigned fund balance in the general fund was \$5.6 million, available for spending in the 2012-2013 fiscal year budget.

## **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, Finance Director  
P.O. Box 380280  
Duncanville, TX 75138-0280  
Phone: 972-780-5005  
Email: [rsummerlin@ci.duncanville.tx.us](mailto:rsummerlin@ci.duncanville.tx.us)

City of Duncanville  
Attn: Tia Pettis, Assistant Finance Director  
P.O. Box 380280  
Duncanville, TX 75138-0280  
Phone: 972-780-5007  
Email: [tpettis@ci.duncanville.tx.us](mailto:tpettis@ci.duncanville.tx.us)

CITY OF DUNCANVILLE, TEXAS

GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,872,772	\$ 2,442,343	\$ 4,315,115
Investments	6,700,000	1,300,000	8,000,000
Receivables (net of allowance for uncollectibles)	3,879,357	2,563,601	6,442,958
Accrued interest and other	172,035	16,118	188,153
Prepaid items	27,695	-	27,695
Restricted cash and investments	-	640,998	640,998
Internal balances	107,413	(107,413)	-
Loans receivable	64,864	-	64,864
Bond issue costs	99,486	203,616	303,102
Investment in joint ventures	764,212	-	764,212
Capital assets:			
Nondepreciable	22,001,418	968,489	22,969,907
Depreciable- net of accumulated depreciation	44,281,428	34,784,994	79,066,422
<b>Total Assets</b>	<b>79,970,680</b>	<b>42,812,746</b>	<b>122,783,426</b>
<b>LIABILITIES</b>			
Accounts payable	666,119	1,175,126	1,841,245
Contracts payable	3,923	-	3,923
Accrued liabilities	1,087,508	50,310	1,137,818
Accrued interest payable	81,392	42,424	123,816
Unearned revenue	106,535	48,195	154,730
Customer performance and escrow deposits	20,949	640,998	661,947
Maintenance bond and meter deposits	150	5,775	5,925
Noncurrent liabilities			
Due within one year:			
Bonds and certificates of obligation payable	1,408,474	670,000	2,078,474
Compensated absences	207,654	6,814	214,468
Due in more than one year:			
Bonds and certificates of obligation payable	6,331,902	7,805,000	14,136,902
Compensated absences	2,758,841	90,529	2,849,370
Other postemployment benefits	1,007,325	100,712	1,108,037
<b>Total Liabilities</b>	<b>13,680,772</b>	<b>10,635,883</b>	<b>24,316,655</b>
<b>NET POSITION</b>			
Net investment in capital assets	59,809,237	27,278,483	87,087,720
Restricted for:			
Street construction	23,886	-	23,886
Traffic improvement and safety	172,463	-	172,463
Economic development	455,358	-	455,358
Promotion of tourism, convention and hotel industry	97,448	-	97,448
Maintenance and construction of drainage projects	51,808	-	51,808
Public safety, cultural and recreational services	127,860	-	127,860
Court technology	13,597	-	13,597
Court security	53,076	-	53,076
Juvenile case management	81,362	-	81,362
Public safety and criminal investigations	292,930	-	292,930
Park construction	25,228	-	25,228
Capital improvements	120,686	-	120,686
Unrestricted	4,964,969	4,898,380	9,863,349
<b>Total Net Position</b>	<b>\$ 66,289,908</b>	<b>\$ 32,176,863</b>	<b>\$ 98,466,771</b>

The accompanying notes are an integral part of this statement. 11

CITY OF DUNCANVILLE, TEXAS

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

PROGRAM ACTIVITIES	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 2,795,748	\$ 378,816	\$ 21,598	\$ -
Finance	1,126,940	-	-	-
Community Services	3,069,011	297,470	95,749	-
Police	8,198,206	1,808,357	128,532	-
Public works	5,685,500	1,803,462	111,291	709,483
Fire	5,192,134	793,561	61,300	-
Economic development	994,421	-	-	-
Interest and fiscal charges	236,244	-	-	-
<b>Total governmental activities</b>	<b>27,298,204</b>	<b>5,081,666</b>	<b>418,470</b>	<b>709,483</b>
<b>Business-type activities:</b>				
Water	5,322,287	6,815,956	-	-
Sewer	4,832,019	4,828,861	-	-
Solid waste	2,143,944	2,505,455	-	-
Sports facility	1,352,511	546,285	-	-
<b>Total business-type activities</b>	<b>13,650,761</b>	<b>14,696,557</b>	<b>-</b>	<b>-</b>
<b>Total government</b>	<b>\$ 40,948,965</b>	<b>\$ 19,778,223</b>	<b>\$ 418,470</b>	<b>\$ 709,483</b>

General revenues:

Taxes:

  Ad valorem

  Sales

  Franchise

  Mixed beverage

  Hotel occupancy

  Earnings on investments

  Miscellaneous

Transfers

**Total general revenues and transfers**

  Change in net position

  Net position - beginning

  Prior period adjustment

  Change in accounting principle

  Net position - ending

*The accompanying notes are an integral part of this statement.*

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**Net (Expense) Revenue and Changes in Net Position**

---

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,395,334)	\$ -	\$ (2,395,334)
(1,126,940)	-	(1,126,940)
(2,675,792)	-	(2,675,792)
(6,261,317)	-	(6,261,317)
(3,061,264)	-	(3,061,264)
(4,337,273)	-	(4,337,273)
(994,421)	-	(994,421)
(236,244)	-	(236,244)
<u>(21,088,585)</u>	<u>-</u>	<u>(21,088,585)</u>
-	1,493,669	1,493,669
-	(3,158)	(3,158)
-	361,511	361,511
-	(806,226)	(806,226)
-	1,045,796	1,045,796
<u>(21,088,585)</u>	<u>1,045,796</u>	<u>(20,042,789)</u>
12,470,739	-	12,470,739
7,303,949	-	7,303,949
2,007,859	-	2,007,859
49,266	-	49,266
458,744	-	458,744
45,695	8,197	53,892
228,377	-	228,377
771,284	(771,284)	-
<u>23,335,913</u>	<u>(763,087)</u>	<u>22,572,826</u>
2,247,328	282,709	2,530,037
57,302,765	31,894,154	89,196,919
(867,734)	-	(867,734)
<u>7,607,549</u>	<u>-</u>	<u>7,607,549</u>
<u>\$ 66,289,908</u>	<u>\$ 32,176,863</u>	<u>\$ 98,466,771</u>

CITY OF DUNCANVILLE, TEXAS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Street Construction Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	2,343	22,933	1,089
Investments	4,800,000	1,200,000	100,000
Receivables -			
Property taxes (net of allowance)	352,982	30,641	-
Trade accounts (net of allowance)	991,272	-	-
Other taxes	1,755,166	-	-
Assessments	-	-	53,409
Intergovernmental	-	-	-
Accrued interest and other	23,738	4,397	6,720
Prepaid items	26,612	-	-
Due from other funds	-	-	-
Loans receivable	64,864	-	-
<b>Total assets</b>	<u>\$ 8,016,977</u>	<u>\$ 1,257,971</u>	<u>\$ 161,218</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 367,926	\$ -	\$ -
Customer performance and escrow deposits	20,949	-	-
Contracts payable	-	-	3,923
Accrued liabilities	280,925	-	-
Due to other funds	300,000	1,205,000	80,000
Deferred revenue	1,223,777	26,198	53,409
<b>Total liabilities</b>	<u>2,193,577</u>	<u>1,231,198</u>	<u>137,332</u>
<b>FUND BALANCES:</b>			
<b>Nonspendable:</b>			
Loans receivable	64,864	-	-
Prepaid items	26,612	-	-
<b>Restricted for:</b>			
Debt service	-	26,773	-
Street construction	-	-	23,886
Traffic improvement and safety	-	-	-
Economic development	-	-	-
Promotion of tourism, convention and hotel industry	-	-	-
Maintenance and construction of drainage projects	-	-	-
Public safety, cultural and recreational services	-	-	-
Court technology	-	-	-
Court security	-	-	-
Juvenile case management	-	-	-
Public safety and criminal investigations	-	-	-
Park construction	-	-	-
Capital improvements	-	-	-
<b>Assigned:</b>			
Community services	112,770	-	-
<b>Unassigned:</b>	<u>5,619,154</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>5,823,400</u>	<u>26,773</u>	<u>23,886</u>
<b>Total liabilities and fund balances</b>	<u>\$ 8,016,977</u>	<u>\$ 1,257,971</u>	<u>\$ 161,218</u>

The accompanying notes are an integral part of this statement.

<b>Traffic I&amp;S</b>	<b>Economic Development</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
157,582	65,823	484,771	\$ 734,541
100,000	100,000	100,000	6,400,000
-	-	-	383,623
56,781	344,851	188,347	1,581,251
-	-	84,307	1,839,473
-	-	-	53,409
-	-	21,601	21,601
726	3,557	-	39,138
-	-	-	26,612
-	-	208,000	208,000
-	-	-	64,864
<b>\$ 315,089</b>	<b>\$ 514,231</b>	<b>\$ 1,087,026</b>	<b>\$ 11,352,512</b>
\$ 142,157	58,098	\$ 52,896	\$ 621,077
-	150	-	21,099
-	-	-	3,923
469	625	3,862	285,881
-	-	128,000	1,713,000
-	-	38,273	1,341,657
<b>142,626</b>	<b>58,873</b>	<b>223,031</b>	<b>3,986,637</b>
-	-	-	64,864
-	-	-	26,612
-	-	-	26,773
-	-	-	23,886
172,463	-	-	172,463
-	455,358	-	455,358
-	-	97,448	97,448
-	-	51,808	51,808
-	-	127,860	127,860
-	-	13,597	13,597
-	-	53,076	53,076
-	-	81,362	81,362
-	-	292,930	292,930
-	-	25,228	25,228
-	-	120,686	120,686
-	-	-	112,770
-	-	-	5,619,154
<b>172,463</b>	<b>455,358</b>	<b>863,995</b>	<b>7,365,875</b>
<b>\$ 315,089</b>	<b>\$ 514,231</b>	<b>\$ 1,087,026</b>	<b>\$ 11,352,512</b>

**CITY OF DUNCANVILLE, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2012**

---

**TOTAL FUND BALANCE- GOVERNMENTAL FUNDS** \$ 7,365,875

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

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds balance sheet, (excluding internal service funds assets of \$1,053,331). 65,229,515

Revenue earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements. 1,235,122

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. (81,392)

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 an internal balance of \$107,413. 3,391,286

Investments in joint ventures represent a financial asset not reported in governmental funds. 764,212

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	(195,000)	
Certificates of obligation	(7,545,376)	
Less issuance costs (to be amortized as interest expense)	99,486	
Compensated absences	(2,966,495)	
Other post employment benefits	(1,007,325)	
		(11,614,710)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** 66,289,908

*The accompanying notes are an integral part of this statement.*



**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED SEPTEMBER 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Street Construction</u>
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$ 11,136,390	\$ 1,353,792	\$ -
Sales	5,477,962	-	-
Franchise	2,007,859	-	-
Mixed beverage	49,266	-	-
Hotel	-	-	-
Licenses, permits and fees	1,255,754	-	-
Fines and forfeitures	950,553	-	-
Recreational fees	297,410	-	-
Intergovernmental	363,169	-	709,483
Investment income	24,120	8,237	633
Rental and other	585,876	-	-
Gifts and contributions	57,401	-	-
<b>Total revenues</b>	<u>22,205,760</u>	<u>1,362,029</u>	<u>710,116</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,883,214	-	-
Finance	1,061,212	-	-
Community services	2,713,411	-	-
Police	7,493,749	-	-
Public works	3,700,952	-	23,295
Fire	5,256,237	-	-
Non-departmental	406,330	-	-
Special purposes - promotional	-	-	-
Debt Service:			
Principal retirement	-	1,085,622	-
Interest and fiscal charges	-	449,522	-
Capital outlay:			
General government	68,072	-	-
Community services	-	-	-
Police	-	-	-
Public works	14,807	-	896,097
Fire	74,838	-	-
Special purposes - promotional	-	-	-
<b>Total expenditures</b>	<u>22,672,822</u>	<u>1,535,144</u>	<u>919,392</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(467,062)</u>	<u>(173,115)</u>	<u>(209,276)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,541,448	203,525	31,000
Transfers out	-	(80,000)	-
<b>Total other financing sources (uses)</b>	<u>1,541,448</u>	<u>123,525</u>	<u>31,000</u>
Net change in fund balances	1,074,386	(49,590)	(178,276)
Fund balances, beginning of year	4,749,014	76,363	202,162
Change in accounting principle	-	-	-
Fund balances, end of year	<u>\$ 5,823,400</u>	<u>\$ 26,773</u>	<u>\$ 23,886</u>

The accompanying notes are an integral part of this statement.

<u>Traffic I &amp; S</u>	<u>Economic Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 12,490,182
-	1,825,987	-	7,303,949
-	-	-	2,007,859
-	-	-	49,266
-	-	458,744	458,744
823,658	-	637,461	2,716,873
-	-	231,865	1,182,418
-	-	-	297,410
-	-	230,761	1,303,413
1,125	2,693	1,030	37,838
-	-	1	585,877
-	-	-	57,401
<u>824,783</u>	<u>1,828,680</u>	<u>1,559,862</u>	<u>28,491,230</u>
111,724	338,371	159,128	2,492,437
48,333	-	-	1,109,545
-	-	-	2,713,411
489,908	-	162,754	8,146,411
1,200	-	355,817	4,081,264
-	-	10,490	5,266,727
-	-	-	406,330
-	156,033	284,124	440,157
-	900,000	-	1,985,622
-	192,975	-	642,497
-	-	-	68,072
-	-	16,299	16,299
-	-	62,938	62,938
-	-	342,762	1,253,666
-	-	-	74,838
-	51,556	-	51,556
<u>651,165</u>	<u>1,638,935</u>	<u>1,394,312</u>	<u>28,811,770</u>
<u>173,618</u>	<u>189,745</u>	<u>165,550</u>	<u>(320,540)</u>
-	-	68,842	1,844,815
<u>(74,848)</u>	<u>(695,889)</u>	<u>(222,794)</u>	<u>(1,073,531)</u>
<u>(74,848)</u>	<u>(695,889)</u>	<u>(153,952)</u>	<u>771,284</u>
98,770	(506,144)	11,598	450,744
73,693	-	852,397	5,953,629
-	961,502	-	961,502
<u>\$ 172,463</u>	<u>\$ 455,358</u>	<u>\$ 863,995</u>	<u>\$ 7,365,875</u>

**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, 2012**

---

**NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS** \$ 450,744

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 the cost of those assets is allocated over their estimated useful lives as depreciation expense, (excluding internal service capital additions of \$325,057). 1,527,369

Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense. 75,448

The net change in equity of the joint venture is not reported at the fund level; however, it is reported at the government-wide level. (77,521)

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but it does require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (2,577,919)

Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. 1,985,622

Bond issuance costs are expenditures in the fund financial statements when debt is issued, but is amortized over the term of the bond in the government-wide financial statements. (17,423)

Current year changes in the long term liability for compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. 151,172

Current year changes in accrued interest payable do not require the use of current financial resources, therefore, they are not reported as expenditures in governmental funds. (7,599)

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 234,556

Current year changes in accreted interest do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. 235,228

Current year changes in the long term liability for OPEB does not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. (283,344)

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 \$93,005 allocated to business type activities). 550,995

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 2,247,328

*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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 11,209,344	\$ 11,157,000	\$ 11,136,390	\$ (20,610)
Sales	4,972,356	5,372,732	5,477,962	105,230
Franchise	1,992,650	1,988,416	2,007,859	19,443
Other	44,100	44,100	49,266	5,166
Licenses, permits and fees	1,276,900	1,235,555	1,255,754	20,199
Fines and forfeitures	773,000	913,718	950,553	36,835
Recreation fees	195,060	201,000	297,410	96,410
Intergovernmental	291,300	291,300	363,169	71,869
Investment income	16,400	17,000	24,120	7,120
Rental and other	530,079	495,964	585,876	89,912
Gifts and contributions	-	-	57,401	57,401
<b>Total revenues</b>	<u>21,301,189</u>	<u>21,716,785</u>	<u>22,205,760</u>	<u>488,975</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,889,579	1,936,559	1,883,214	53,345
Finance	1,129,659	1,089,617	1,061,212	28,405
Community services	2,655,251	2,686,838	2,713,411	(26,573)
Police	7,550,661	7,628,319	7,493,749	134,570
Public works	3,859,488	3,785,080	3,700,952	84,128
Fire	5,327,994	5,366,634	5,256,237	110,397
Non-departmental	311,462	441,166	406,330	34,836
Capital outlay:				
General government	76,795	76,795	68,072	8,723
Public works	15,000	14,807	14,807	-
Fire	75,751	76,005	74,838	1,167
<b>Total expenditures</b>	<u>22,891,640</u>	<u>23,101,820</u>	<u>22,672,822</u>	<u>428,998</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,590,451)</u>	<u>(1,385,035)</u>	<u>(467,062)</u>	<u>917,973</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,454,933	1,541,448	1,541,448	-
<b>Total other financing sources</b>	<u>1,454,933</u>	<u>1,541,448</u>	<u>1,541,448</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (135,518)</u>	<u>\$ 156,413</u>	<u>1,074,386</u>	<u>\$ 917,973</u>
<b>FUND BALANCE, beginning of year</b>			<u>4,749,014</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 5,823,400</u>	

*The notes to the financial statements are an integral part of this statement.*

CITY OF DUNCANVILLE, TEXAS

**TRAFFIC IMPROVEMENT AND SAFETY FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Traffic enforcement fees	\$ 700,000	\$ 700,000	\$ 823,658	\$ 123,658
Interest on investments	1,300	1,300	1,125	(175)
<b>Total revenues</b>	<u>701,300</u>	<u>701,300</u>	<u>824,783</u>	<u>123,483</u>
<b>EXPENDITURES</b>				
General government	66,305	66,911	111,724	(44,813)
Police	486,882	486,882	489,908	(3,026)
Public works	-	-	1,200	(1,200)
Finance	52,717	52,717	48,333	4,384
<b>Total expenditures</b>	<u>605,904</u>	<u>606,510</u>	<u>651,165</u>	<u>(44,655)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>95,396</u>	<u>94,790</u>	<u>173,618</u>	<u>78,828</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(74,906)	(74,848)	(74,848)	-
<b>NET CHANGE IN FUND BALANCE</b>	20,490	19,942	98,770	78,828
<b>FUND BALANCE, beginning of year</b>			<u>73,693</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 172,463</u>	

*The accompanying notes are an integral part of this statement.*

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2012

	Utility	Solid Waste	Fieldhouse Sports Facility	Total	Governmental Activities - Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,031,497	\$ 409,669	\$ 1,177	\$ 2,442,343	1,138,231
Investments	1,300,000	-	-	1,300,000	300,000
Receivables-					
Customers (net of allowance)	1,119,155	208,921	-	1,328,076	-
Unbilled	1,064,338	171,187	-	1,235,525	-
Due from other funds	217,000	-	-	217,000	1,505,000
Accrued interest and other	14,561	92	1,465	16,118	132,897
Prepaid items	-	-	-	-	1,083
<b>Total current assets</b>	<b>5,746,551</b>	<b>789,869</b>	<b>2,642</b>	<b>6,539,062</b>	<b>3,077,211</b>
Non-current assets:					
Restricted cash-					
Customer deposits	640,998	-	-	640,998	-
Capital assets-					
Land and construction-in-progress	490,053	-	478,436	968,489	-
Water rights, net	3,265,608	-	-	3,265,608	-
Buildings and improvements, net	2,584,058	-	6,339,451	8,923,509	-
Distribution lines and equipment, net	22,590,289	-	5,588	22,595,877	1,053,331
Bond issue costs	55,908	-	147,708	203,616	-
<b>Total non-current assets</b>	<b>29,626,914</b>	<b>-</b>	<b>6,971,183</b>	<b>36,598,097</b>	<b>1,053,331</b>
<b>TOTAL ASSETS</b>	<b>35,373,465</b>	<b>789,869</b>	<b>6,973,825</b>	<b>43,137,159</b>	<b>4,130,542</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	600,943	154,051	420,132	1,175,126	45,042
Accrued liabilities	44,585	1,287	4,438	50,310	801,627
Due to other funds	-	-	217,000	217,000	-
Accrued interest payable	12,545	-	29,879	42,424	-
Deferred revenue	-	-	48,195	48,195	-
Accrued compensated absences - current	6,814	-	-	6,814	-
Bonds payable - current	280,000	-	390,000	670,000	-
<b>Total current liabilities</b>	<b>944,887</b>	<b>155,338</b>	<b>1,109,644</b>	<b>2,209,869</b>	<b>846,669</b>
Long-term Liabilities:					
Accrued compensated absences	68,903	4,466	17,160	90,529	-
Bonds payable	2,075,000	-	5,730,000	7,805,000	-
Other postemployment benefits liability	83,227	13,117	4,368	100,712	-
Payable from restricted assets					
Customer deposits	640,998	-	-	640,998	-
Maintenance bond and meter deposit payables	5,775	-	-	5,775	-
<b>Total long-term liabilities</b>	<b>2,873,903</b>	<b>17,583</b>	<b>5,751,528</b>	<b>8,643,014</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,818,790</b>	<b>172,921</b>	<b>6,861,172</b>	<b>10,852,883</b>	<b>846,669</b>
<b>NET POSITION</b>					
Invested in capital assets	26,575,008	-	703,475	27,278,483	1,053,331
Unrestricted	4,979,667	616,948	(590,822)	5,005,793	2,230,542
<b>TOTAL NET POSITION</b>	<b>\$ 31,554,675</b>	<b>\$ 616,948</b>	<b>\$ 112,653</b>	<b>32,284,276</b>	<b>\$ 3,283,873</b>

Reconciliation to government-wide statement of net position:  
 Adjustment to reflect the consolidation of internal service funds  
 activities related to enterprise funds (107,413)  
 Net position of business-type activities \$ 32,176,863

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Utility	Solid Waste	Fieldhouse Sports Facility	Total	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>					
Water	\$ 6,493,251	\$ -	\$ -	\$ 6,493,251	\$ -
Sewer	4,828,861	-	-	4,828,861	-
Solid waste	-	2,505,455	-	2,505,455	-
Sports facility	-	-	482,682	482,682	-
Penalties	150,411	-	-	150,411	-
Premiums, charges for services and other	172,294	-	63,603	235,897	3,633,429
<b>Total operating revenues</b>	<b>11,644,817</b>	<b>2,505,455</b>	<b>546,285</b>	<b>14,696,557</b>	<b>3,633,429</b>
<b>OPERATING EXPENSES</b>					
Water services	4,175,218	-	-	4,175,218	-
Sewer	3,695,143	-	-	3,695,143	-
Solid waste	-	2,149,281	-	2,149,281	-
Sports facility	-	-	849,216	849,216	-
Claims and provision	-	-	-	-	1,921,504
Administrative and fiscal	1,256,916	-	-	1,256,916	581,569
Depreciation and amortization	1,001,231	-	249,170	1,250,401	517,418
<b>Total operating expenses</b>	<b>10,128,508</b>	<b>2,149,281</b>	<b>1,098,386</b>	<b>13,376,175</b>	<b>3,020,491</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,516,309</b>	<b>356,174</b>	<b>(552,101)</b>	<b>1,320,382</b>	<b>612,938</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	7,712	485	-	8,197	7,857
Interest and fiscal charges	(110,344)	-	(257,247)	(367,591)	-
Gain on sale of capital assets	-	-	-	-	23,205
<b>Total non-operating revenues (expenses)</b>	<b>(102,632)</b>	<b>485</b>	<b>(257,247)</b>	<b>(359,394)</b>	<b>31,062</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,413,677</b>	<b>356,659</b>	<b>(809,348)</b>	<b>960,988</b>	<b>644,000</b>
Transfers in	-	-	629,038	629,038	-
Transfers out	(1,217,809)	(182,513)	-	(1,400,322)	-
<b>CHANGES IN NET POSITION</b>	<b>195,868</b>	<b>174,146</b>	<b>(180,310)</b>	<b>189,704</b>	<b>644,000</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>31,358,807</b>	<b>442,802</b>	<b>292,963</b>		<b>2,639,873</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 31,554,675</b>	<b>\$ 616,948</b>	<b>\$ 112,653</b>		<b>\$ 3,283,873</b>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				93,005	
Change in net position of business-type activities				\$ 282,709	

The accompanying notes are an integral part of this statement.

CITY OF DUNCANVILLE, TEXAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED SEPTEMBER 30, 2012

	Utility Fund	Solid Waste Fund	Fieldhouse Sports Facility	Total	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 11,796,882	\$ 2,495,778	\$ 482,682	\$ 14,775,342	\$ -
Payments to suppliers	(7,267,092)	(2,162,920)	(123,392)	(9,553,404)	(2,383,310)
Payments to employees	(1,755,093)	(79,870)	(300,768)	(2,135,731)	-
Internal activity - receipts from other funds	-	-	-	-	3,609,856
Other receipts	172,294	-	63,603	235,897	6,056
<b>Net cash provided by operating activities</b>	<b>2,946,991</b>	<b>252,988</b>	<b>122,125</b>	<b>3,322,104</b>	<b>1,232,602</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to (from) other funds	(1,217,809)	(182,513)	629,038	(771,284)	-
Due to (from) other funds	(217,000)	-	217,000	-	(1,505,000)
<b>Net cash provided (used in) by noncapital financing activities</b>	<b>(1,434,809)</b>	<b>(182,513)</b>	<b>846,038</b>	<b>(771,284)</b>	<b>(1,505,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(881,342)	-	(375,000)	(1,256,342)	(325,057)
Sale of capital assets	-	-	-	-	23,205
Principal paid on bond maturities	(270,000)	-	(385,000)	(655,000)	-
Interest paid on bond maturities	(105,493)	-	(244,779)	(350,272)	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,256,835)</b>	<b>-</b>	<b>(1,004,779)</b>	<b>(2,261,614)</b>	<b>(301,852)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Maturity (purchase) of investments	(500,000)	-	-	(500,000)	-
Interest on investments	5,442	485	-	5,927	5,843
<b>Net cash provided by (used in) investing activities</b>	<b>(494,558)</b>	<b>485</b>	<b>-</b>	<b>(494,073)</b>	<b>5,843</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(239,211)</b>	<b>70,960</b>	<b>(36,616)</b>	<b>(204,867)</b>	<b>(568,407)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>2,911,706</b>	<b>338,709</b>	<b>37,793</b>	<b>3,288,208</b>	<b>1,706,638</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>2,672,495</b>	<b>409,669</b>	<b>1,177</b>	<b>3,083,341</b>	<b>1,138,231</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income	\$ 1,516,309	\$ 356,174	\$ (552,101)	\$ 1,320,382	\$ 612,938
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	905,184	-	249,170	1,154,354	517,418
Amortization of water rights	96,047	-	-	96,047	-
Change in assets and liabilities:					
Accounts receivable	313,981	(9,677)	-	304,304	(17,517)
Accrued compensated absences	3,950	767	6,604	11,321	-
Other postemployment benefits liability	24,398	2,911	4,368	31,677	-
Accounts payable and accrued liabilities	76,422	(97,187)	414,084	393,319	119,763
Customer deposits	10,700	-	-	10,700	-
<b>Total adjustments</b>	<b>1,430,682</b>	<b>(103,186)</b>	<b>674,226</b>	<b>2,001,722</b>	<b>619,664</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,946,991</b>	<b>\$ 252,988</b>	<b>\$ 122,125</b>	<b>\$ 3,322,104</b>	<b>\$ 1,232,602</b>
<b>RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET ASSETS</b>					
Unrestricted cash and cash equivalents				2,442,343	1,138,231
Restricted cash and cash equivalents				640,998	-
				<b>\$ 3,083,341</b>	<b>\$ 1,138,231</b>

The accompanying notes are an integral part of this statement.



**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.

**CITY OF DUNCANVILLE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & NEW GASB PRONOUNCEMENTS**

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

The financial statements of the City have been prepared to conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally 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 blended component unit, the Duncanville Community and Economic Development Corporation ("DCEDC"), an entity for which the City is financially and operationally responsible for.

The DCEDC was incorporated on April 28, 1995 as a nonprofit industrial development corporation under the Development Corporation Act of 1979 ("Act"). 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. The DCEDC operates under a seven member Board of Directors which is comprised of four City Council members. The DCEDC meets all three requirements sufficient to be considered a component unit (direct benefit, access to resources, and significance to the primary government). The DCEDC is a blended component due to the substantial representation of the City Council on the DCEDC board and the City management's operational responsibility for the board. The blended component unit (DCEDC) is reported as a governmental fund 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 position and the statement of activities) report information on all 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. 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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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.

The statement of activities presents information showing how the City's net position 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 fourteen 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, Street Construction, Traffic Improvement and Safety, and Economic Development funds which are considered to be major funds. A budgetary comparison statement has also been provided for the General and Traffic Improvement and Safety funds. 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, Solid Waste and Fieldhouse Sports Facility 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. The internal service funds predominately benefit governmental rather than business-type functions, so 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 and Individual Fund Statements and Schedules section of this report. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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 currently does not have any agency funds to maintain.

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**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 position.

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, and expenditures related to compensated absences are recorded only when payment is due.

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 revenue source is derived from red light ticket fines.
- The Economic Development fund accounts for 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 revenue is derived from additional sales and use tax rate of ½%.

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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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.
- The Solid Waste enterprise fund is used to account for the rendering of sanitation services to the residents and businesses of the City.
- The Fieldhouse Sports Facility enterprise fund is used to account for the rendering of sporting league, tournament and event services for the residents and non-residents.

All proprietary fund activities necessary to provide such services are accounted for in each individual 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. There were no encumbrances for the City at fiscal year-end.

**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 a surplus 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 position. 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 statement of net position.

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 (other than certificates of deposit) of the funds are regarded as cash equivalents.

**Restricted Assets**—Certain cash and investment balances are restricted by various legal and contractual obligations. The Utility Fund is used to report those proceeds of revenue bond issuances that are restricted for use in construction. Also included in the Utility enterprise fund are customer deposits received for water and wastewater service, which are, by law, considered restricted assets.

**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 position, 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, 2012, 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-

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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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	7 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, 2012 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 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.

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**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 position. 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 or uses.

**Fund Equity**—The City has adopted GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarification of existing government fund type definitions. The fund balance classifications under GASB No. 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period used only for the specific purposes determined and approved by formal action of the City Council majority vote, which is the highest level of decision making authority for the City. The same level of action is required to modify or rescind a fund balance commitment.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council itself (b) a body (budget or finance committee for example) or (c) an official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. Assignments are made by the City Council, City Manager, or Finance Director.

Unassigned fund balance represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City will maintain a minimum fund balance equal to sixty days of the total operating expenditures of the General Fund.

Additionally, the implementation of GASB No. 54 required the City to evaluate the classification of Special Revenue Funds. In accordance with GASB No. 54, Special Revenue Funds are used only to account for specific revenue sources that are externally restricted or committed by the government's highest level of decision making authority for specific purposes other than debt service or capital projects.

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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***New Accounting Standards/Pronouncements-***

GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" is effective for the City beginning in fiscal year 2012. This statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans. The City implemented GASB No. 57 in this annual report.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No.4. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating guidance on deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City opted for early implementation of GASB No. 63 in this annual report.

GASB Statement No. 64, Accounting and Financial Reporting-for Derivative Instruments will be effective for periods beginning after June 15, 2011. The Statement clarifies the existing requirements for the termination of hedge accounting. This statement applies to all state and local governments and amends Statement 53, paragraphs 22d and 82. The City has no derivative instruments. In the future, if there is a situation that applies to this Statement, the City will account for it appropriately.

GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" is effective for the City beginning in fiscal year 2013. This statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34" is effective for the City beginning in fiscal year 2013. This statement is to improve financial reporting for a governmental financial reporting entity. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" is effective for the City beginning in fiscal year 2013. This statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations; Accounting Principles Board Opinions; Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, will be effective for periods beginning after December 15, 2012. The Statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement applies to all state and local governmental entities. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

GASB Statement No. 67, Financial Reporting for Pension Plans will be effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

transparency. This Statement applies to all state and governmental entities and amends Statements 25 and 50. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions will be effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state- and governmental entities and replaces Statements 27 and 50. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

**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 fair value of not less than 102% of the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2012, in full compliance with state statute and City policy. At year-end, the reconciled balance of the City's cash was \$128,504. The combined bank balances of the City were \$1,176,064. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and the remainder by collateral in the amount of \$926,064. 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 participates in the Texas Local Government Investment Pool (TexPool) and the Local Government Investment Cooperative (LOGIC). TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexPool is governed by an Advisory Board composed equally of participants in the Pool and other persons who do not have a business relationship with the Pool who are qualified to advise the Pool. LOGIC is a public funds investment pool managed by First Southwest Management Company. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City is not issued securities, but rather owns an individual beneficial interest in the assets of the related investment pools. LOGIC uses amortized cost rather than fair value to report net position to compute share prices. For both TexPool and LOGIC, the fair value of the City's position in the pool is the same as the value of the pool shares. These investments and deposits are fully insured by the Federal Depository Insurance Corporation or collateralized by securities held in the name of Texas Treasury Safekeeping Trust Company. Authorized investments include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit and repurchase agreements.

The City's investments at September 30, 2012 are as follows:

Description	Fair Value	Less Than 1 Year	Weighted Average Maturity
<b>Cash equivalents</b>			
Local Government Investment Cooperative ("Logic") (AAA/MR1+, 2a-7 like pool)	\$ 1,820,728	\$ 1,820,728	45 days
Texpool (AAAm, 2a-7 like pool)	4,745	4,745	41 days
Money Market Funds	3,002,136	3,002,136	1 day
Total cash equivalents	<u>4,827,609</u>	<u>4,827,609</u>	
<b>Investments</b>			
Certificates of deposit	<u>8,000,000</u>	<u>8,000,000</u>	161 days
Total cash equivalents and investments	<u>\$ 12,827,609</u>	<u>\$ 12,827,609</u>	

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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All the City's investments at September 30, 2012, 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 investments. Such investments include: (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal on which are unconditionally guaranteed by the State of Texas or the United States or their respective agencies; (4) collateralized certificates of deposit; (5) eligible local government investment pools which are continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service and; (6) repurchase agreements, reverse repurchase agreements, bankers acceptances, and commercial paper to the extent that they are contained in the portfolios of approved public funds investment pools in which the City invests.

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

**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%
Financial Institution 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 of 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, 2011, upon which the 2012 fiscal year levy was based, was \$1,687,526,045.

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 to 18% on July 1, additional interest accrues at the rate of 1% each month thereafter. As of July 1, a 20% collection cost may be added to all delinquent accounts. Total tax collections for the year ended September 30, 2012 were 97.1% of the 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

**CITY OF DUNCANVILLE, TEXAS**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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.

**4. RECEIVABLES**

Receivables at September 30, 2012, 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	Economic Development	Nonmajor Governmental	Utility Fund	Solid Waste Fund	Total
Receivables									
Accounts	\$ 2,167,900	\$ -	\$ -	\$ 56,781	\$ 344,851	\$ 210,355	\$ 2,663,498	\$ 445,754	\$ 5,889,139
Ad valorem taxes	667,717	144,777	-	-	-	-	-	-	812,494
Other taxes	1,755,166	-	-	-	-	84,307	-	-	1,839,473
Assessments	-	-	53,409	-	-	-	-	-	53,409
Intergovernmental	-	-	-	-	-	21,601	-	-	21,601
Gross receivables	4,590,783	144,777	53,409	56,781	344,851	316,263	2,663,498	445,754	8,616,116
Less allowance for uncollectibles	(1,491,363)	(114,136)	-	-	-	(22,008)	(480,005)	(65,646)	(2,173,158)
Net total receivables	\$ 3,099,420	\$ 30,641	\$ 53,409	\$ 56,781	\$ 344,851	\$ 294,255	\$ 2,183,493	\$ 380,108	\$ 6,442,958

**5. CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2012:

Governmental activities:	Beginning Balance, As Originally Reported		Restatement	Beginning Balance, As Restated		Increases	Decreases	Transfers	Ending Balance
	Reported	As Restated		As Restated	As Restated				
Capital assets not being depreciated:									
Land	\$ 19,780,967	\$ 2,194,452	\$ 2,194,452	\$ 21,975,419	\$ -	\$ -	\$ -	\$ -	\$ 21,975,419
Construction in progress	1,942,155	-	-	1,942,155	1,330,607	-	(3,246,763)	-	25,999
Total capital assets, not being depreciated	21,723,122	2,194,452	2,194,452	23,917,574	1,330,607	-	(3,246,763)	-	22,001,418
Capital assets being depreciated:									
Buildings	7,484,452	5,098,637	5,098,637	12,583,089	-	-	-	-	12,583,089
Infrastructure	57,147,683	-	-	57,147,683	-	-	3,155,016	-	60,302,699
Improvements	3,469,982	5,366,566	5,366,566	8,836,548	13,438	-	91,747	-	8,941,733
Equipment	12,701,174	508,230	508,230	13,209,404	583,827	(281,808)	-	-	13,511,423
Total capital assets being depreciated	80,803,291	10,973,433	10,973,433	91,776,724	597,265	(281,808)	3,246,763	-	95,338,944
Less accumulated depreciation for:									
Buildings	(2,916,076)	(1,206,382)	(1,206,382)	(4,122,458)	(251,662)	-	-	-	(4,374,120)
Infrastructure	(31,983,909)	(47,746)	(47,746)	(32,031,655)	(1,816,802)	-	-	-	(33,848,457)
Improvements	(1,315,857)	(372,965)	(372,965)	(1,688,822)	(200,338)	-	-	-	(1,889,160)
Equipment	(10,125,396)	(275,656)	(275,656)	(10,401,052)	(826,535)	281,808	-	-	(10,945,779)
Total accumulated depreciation	(46,341,238)	(1,902,749)	(1,902,749)	(48,243,987)	(3,095,337)	281,808	-	-	(51,057,516)
Total capital assets being depreciated, net	34,462,053	9,070,684	9,070,684	43,532,737	(2,498,072)	-	3,246,763	-	44,281,428
Governmental activities capital assets, net	\$ 56,185,175	\$ 11,265,136	\$ 11,265,136	\$ 67,450,311	\$ (1,167,465)	\$ -	\$ -	\$ -	\$ 66,282,846

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Business-type activities:	Beginning Balance, As Originally Reported	Restatement	Beginning Balance, As Restated	Increases	Transfers	Ending Balance
Capital assets not being depreciated:						
Land	\$ 567,630	\$ -	\$ 567,630	\$ -	\$ -	\$ 567,630
Construction in progress	439,983	-	439,983	873,061	(912,185)	400,859
Total capital assets, not being depreciated	<u>1,007,613</u>	<u>-</u>	<u>1,007,613</u>	<u>873,061</u>	<u>(912,185)</u>	<u>968,489</u>
Capital assets being depreciated:						
Buildings	11,328,957	-	11,328,957	375,000	-	11,703,957
Infrastructure	39,399,489	-	39,399,489	-	912,185	40,311,674
Water rights	4,802,361	-	4,802,361	-	-	4,802,361
Improvements	29,130	-	29,130	-	-	29,130
Equipment	1,149,673	-	1,149,673	8,281	-	1,157,954
Total capital assets being depreciated	<u>56,709,610</u>	<u>-</u>	<u>56,709,610</u>	<u>383,281</u>	<u>912,185</u>	<u>58,005,076</u>
Less accumulated depreciation for:						
Buildings	(2,451,670)	3	(2,451,673)	(352,172)	-	(2,803,845)
Infrastructure	(17,026,441)	55,458	(17,081,899)	(758,013)	-	(17,839,912)
Water rights	(1,440,706)	-	(1,440,706)	(96,047)	-	(1,536,753)
Improvements	(7,245)	(2,093)	(5,152)	(581)	-	(5,733)
Equipment	(1,043,619)	(53,368)	(990,251)	(43,588)	-	(1,033,839)
Total accumulated depreciation	<u>(21,969,681)</u>	<u>-</u>	<u>(21,969,681)</u>	<u>(1,250,401)</u>	<u>-</u>	<u>(23,220,082)</u>
Total capital assets being depreciated, net	<u>34,739,929</u>	<u>-</u>	<u>34,739,929</u>	<u>(867,120)</u>	<u>912,185</u>	<u>34,784,994</u>
Business-type activities capital assets, net	<u>\$ 35,747,542</u>	<u>\$ -</u>	<u>\$ 35,747,542</u>	<u>\$ 5,941</u>	<u>\$ -</u>	<u>\$ 35,753,483</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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

General Government	\$	124,755
Community services		410,807
Police		39,166
Public works		1,652,844
Fire		66,150
Economic Development		<u>284,197</u>
Total governmental activities		2,577,919
Internal service activity:		
Fleet rotation		<u>517,418</u>
Total government & internal service activities	\$	<u>3,095,337</u>
Business-like activities:		
Water and sewer	\$	905,184
Water rights amortization		96,047
Fieldhouse		<u>249,170</u>
Total business-like activities	\$	<u>1,250,401</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**Discretely presented component unit**

Due to the change in accounting principle, activity for the DCEDC for the year ended September 30, 2012, was restated to governmental activities as follows:

	Beginning Balance, As Originally Reported	Restatement	Beginning Balance, As Restated
Capital assets-not being depreciated			
Land	\$ 2,194,452	\$ (2,194,452)	\$ -
Total capital assets - not being depreciated	<u>2,194,452</u>	<u>(2,194,452)</u>	<u>-</u>
Capital assets-being depreciated			
Buildings	5,098,637	(5,098,637)	-
Improvements	5,366,566	(5,366,566)	-
Equipment	<u>508,230</u>	<u>(508,230)</u>	<u>-</u>
Total capital assets-being depreciated	<u>10,973,433</u>	<u>(10,973,433)</u>	<u>-</u>
Less accumulated depreciation for:			
Buildings	1,201,424	(1,201,424)	-
Improvements	443,868	(443,868)	-
Equipment	<u>257,457</u>	<u>(257,457)</u>	<u>-</u>
Total accumulated depreciation	<u>1,902,749</u>	<u>(1,902,749)</u>	<u>-</u>
Total capital assets-being depreciated, net	<u>9,070,684</u>	<u>(9,070,684)</u>	<u>-</u>
Capital assets - net	<u>\$ 11,265,136</u>	<u>\$ (11,265,136)</u>	<u>\$ -</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

The City has active construction projects as of September 30, 2012. Total accumulated commitments for ongoing capital projects are composed of the following:

Governmental activities	
Capital Improvements Fund	\$ 180,000
Total governmental activities	<u>\$ 180,000</u>
Business-type activities:	
Utility Fund	\$ 1,200,141
Total business-type activities	<u>\$ 1,200,141</u>

**6. INTERFUND BALANCES AND TRANSFERS**

Interfund balances as of September 30, 2012 are as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital replacement internal service fund	General	\$ 300,000
Capital replacement internal service fund	Debt service	1,205,000
Asset forfeiture (non-major special revenue fund)	Hotel motel (non-major special revenue fund)	65,000
Asset forfeiture (non-major special revenue fund)	Drainage (non-major special revenue fund)	63,000
Capital improvement (non-major capital project fund)	Street construction (capital project fund)	80,000
Utility (enterprise fund)	Sports facility (enterprise fund)	217,000
	Total	<u>\$ 1,930,000</u>

Transfers were as follows for the fiscal year ended September 30, 2012:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
General	\$ 1,541,448	\$ -
Debt service	203,525	80,000
Street construction	31,000	-
Traffic I & S	-	74,848
Economic development	-	695,889
Non-major governmental funds	68,842	222,794
Utility	-	1,217,809
Solid waste	-	182,513
Sports Facility	629,038	-
Total	<u>\$ 2,473,853</u>	<u>\$ 2,473,853</u>

The transfers were for matching funds for grants, payments in lieu of taxes, and/or administrative and overhead charges.

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**
**7. BUDGETARY COMPLIANCE**

Budgets are legally adopted at the fund level of control for the General, Debt Service, Traffic Safety and 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 include 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, 2012, expenditures exceeded appropriations (the legal level of budgetary control) in the General Fund's Community Services by \$26,573 and Traffic Improvement and Safety by \$44,655. The over expenditures were funded by greater than expected revenues in each fund.

**8. LONG-TERM DEBT**

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

- General obligation bonds are issued pursuant to voter authorization for infrastructure and facility projects accounted for in 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.

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	1,408,474	635,007	670,000	333,937
2014	1,181,546	657,159	685,000	316,645
2015	1,153,589	684,616	710,000	296,473
2016	410,000	102,105	730,000	274,573
2017-2021	2,320,000	243,493	3,455,000	944,013
2022-2026	-	-	2,225,000	289,807
Total	6,473,609	2,322,380	8,475,000	2,455,448
Accreted Interest	1,266,767			
Total	7,740,376			

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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Long-term bonded debt at September 30, 2012, includes the following individual issues:

	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
<b>Governmental Activities</b>				
General Obligation Bonds:				
Series 1998 refunding and improvements	4.25-5.00	2/15/2013	\$ 195,000	\$ 195,000
Total general obligation bonds			<u>195,000</u>	<u>195,000</u>
Certificate of Obligation Bonds:				
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue	4.55-5.00	2/15/2015	3,675,376	848,474
C.O. Series 2006 Tax & WW/SS Rev	4-4.125	2/15/2021	<u>3,870,000</u>	<u>365,000</u>
Total certificate of obligation bonds			<u>7,545,376</u>	<u>1,213,474</u>
Total governmental activities long-term bonded debt			<u>\$ 7,740,376</u>	<u>\$ 1,408,474</u>
<b>Business-Like Activities</b>				
Water and Sewer Revenue Bonds:				
Series 2002 Tax and Waterworks and Sewer System Surplus Revenue refunding bonds	3.25-4.55	2/15/2020	\$ 2,355,000	\$ 280,000
Series 2010 Tax and Waterworks and Sewer System Revenue Certificates of Obligation	1.0 -4.625	8/15/2025	<u>\$ 6,120,000</u>	<u>\$ 390,000</u>
Total business-like activities long-term debt			<u>\$ 8,475,000</u>	<u>\$ 670,000</u>
Total long-term bonded debt (primary government)			<u>\$ 16,215,376</u>	<u>\$ 2,078,474</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Restatement	Beginning Balance, Restated	Additions	Reductions	Interest Accreted	Accreted Retirements	Ending Balance	Due Within One Year
Governmental activities:									
Bonds payable:									
General obligation bonds	\$ 385,000	\$ -	\$ 385,000	\$ -	\$ 190,000	\$ -	\$ -	\$ 195,000	\$ 195,000
Certificates of obligation	4,806,226	4,155,000	8,961,226	-	1,180,622	199,150	434,378	7,545,376	1,213,474
Revenue bonds-sales tax	-	615,000	615,000	-	615,000	-	-	-	-
Total bonds payable	5,191,226	4,770,000	9,961,226	-	1,985,622	199,150	434,378	7,740,376	1,408,474
Accrued compensated absences	3,117,667	-	3,117,667	942,329	1,093,501	-	-	2,966,495	207,654
Other postemployment benefits	723,981	-	723,981	386,651	103,307	-	-	1,007,325	-
Total governmental activities	9,032,874	4,770,000	13,802,874	1,328,980	3,182,430	199,150	434,378	11,714,196	1,616,128
Business-type activities:									
Bonds payable:									
Series 2002 Tax and Waterworks and Sewer system Surplus Revenue refunding bonds	2,625,000	-	2,625,000	-	270,000	-	-	2,355,000	280,000
Series 2010 Tax and Waterworks and Sewer System Revenue Certificates of Obligation	6,505,000	-	6,505,000	-	385,000	-	-	6,120,000	390,000
Total bonds payable	9,130,000	-	9,130,000	-	655,000	-	-	8,475,000	670,000
Accrued compensated absences	86,022	-	86,022	86,071	74,750	-	-	97,343	6,814
Other postemployment benefits	69,035	-	69,035	31,947	270	-	-	100,712	-
Total business-like activities	9,285,057	-	9,285,057	118,018	730,020	-	-	8,673,055	676,814
Total long-term liabilities (primary government)	\$ 18,317,931	\$ -	\$ 18,317,931	\$ 1,446,998	\$ 3,912,450	\$ 199,150	\$ 434,378	\$ 20,387,251	\$ 2,292,942
DCEDC:									
Bonds payable:									
Revenue bonds-sales tax	615,000	(615,000)	-	-	-	-	-	-	-
Certificates of obligation	4,155,000	(4,155,000)	-	-	-	-	-	-	-
Total DCEDC	4,770,000	(4,770,000)	-	-	-	-	-	-	-
Total DCEDC long-term liabilities	\$ 4,770,000	\$ (4,770,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The long-term liabilities other than debt, such as compensated absences and other postemployment benefits, are paid from the General, Enterprise, and Internal Service funds based on the assignment of the employee at termination.

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 847 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; in addition, the report is available on TMRS’ website at [www.TMRS.com](http://www.TMRS.com).

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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:

	<u>2011</u>	<u>2012</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (age/yrs service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

**Contributions**— Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service cost contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service cost contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. 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 serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2011, valuation is effective for rates beginning January 2013).

The City's net pension obligation (NPO) for the current year and two preceding years are as follows:

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
NPO, beginning of the year	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution	1,684,656	1,654,157	2,449,820
Contributions made	<u>(1,684,656)</u>	<u>(1,654,157)</u>	<u>(2,449,820)</u>
NPO, end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DUNCANVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

**Actuarial Methods and Assumptions**—The required contribution rates for fiscal year 2012 were determined as a part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Fiscal Year	2010	2011	2011	2012
		Prior to Restructuring	Restructured	
Valuation Date	12/31/2009	12/31/2010	12/31/2010	12/31/2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % of payroll			
GASB 25 Equivalent Single Amortization Period	27.9 years closed period	27.1 years closed period	24.9 years closed period	24.9 years closed period
Amortization period for new gains/losses	30 years	30 years	25 years	25 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions				
Investment return*	7.5%	7.5%	7.0%	7.0%
Projected salary increases*	varies by age and service			
* Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	0.00%	0.00%	0.00%	0.00%

**Funded Status and Funding Progress**— In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2011 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2011 is presented as follows:

Actuarial valuation date	12/31/2009	12/31/2010	12/31/2010	12/31/2011
		Prior to Restructuring	Restructured	
Actuarial value of assets	\$40,772,620	\$40,127,975	\$82,267,239	\$86,515,076
Actuarial accrued liability (AAL)	\$48,707,813	\$48,350,695	\$79,705,167	\$82,820,057
Unfunded actuarial accrued liability (UAAL)	\$7,935,193	\$8,222,720	(\$2,562,072)	(\$3,695,019)
Funded ratio	83.7%	83.0%	103.2%	104.5%
Annual covered payroll (actuarial)	\$13,323,633	\$13,648,170	\$13,648,170	\$13,830,220
UAAL as a % of covered payroll	59.6%	60.2%	(18.8)%	(26.7)%

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The City has elected not to participate in the TMRS Supplemental Death Benefits Fund for active employees or retirees.

## 10. REGIONAL SYSTEMS FOR WATER SUPPLY AND WASTEWATER TREATMENT

***City of Dallas Water Purchase Agreement*** - In 2010, the City entered into a thirty-year agreement to purchase treated water from the City of Dallas. The rate during fiscal 2012 was \$0.3581 per 1,000 gallons plus an annual demand charge of \$199,958 for each million gallons per day as established by the rate of flow controller setting (currently 12.0 million gallons at \$2,399,496 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 (TRA) 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 the 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, 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 from Joe Pool Lake to the cities. 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 \$4,910 per year.

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**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 \$12,054 per year.

**Dallas Wastewater Treatment Contract** - The City entered into a contract with the City of Dallas, dated July 27, 1984 with a term of 30 years, for the City of Dallas to transport and treat wastewater from an area in the northeastern part of the City. Under the contract, the City is required to pay a transportation charge (based on cost of service) and a treatment charge (at the same rate as Dallas is charged by TRA for treatment of the wastewater). The City's current payments under the contract are approximately \$228,740 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 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 \$240,373 and \$561,254 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.

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Changes in the funds' claims liability amount in fiscal years 2011 and 2012 were:

	<b>Beginning of Fiscal Year Liability</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year-End</b>
Medical Self-Insurance Fund				
2011	290,794	2,071,123	(2,054,105)	307,812
2012	307,812	1,619,605	(1,687,044)	240,373
Comprehensive Self-Insurance Fund				
2011	393,028	178,142	(162,370)	408,800
2012	408,800	301,899	(149,445)	561,254

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. All claims are expected to be paid within one year. 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.

## 12. POSTEMPLOYMENT BENEFITS

**Plan Description-** 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 who qualify to receive pension disbursements from Texas Municipal Retirement System (TMRS) through a single-employer defined benefit healthcare plan. The retiree pays premiums for the retiree and dependents monthly. During fiscal year ended 2012, \$309,632 in claims were paid on retirees covered under the plan. The plan does not issue a separate financial report.

**Benefits Provided-** The benefits are provided to the retired employee and dependants under the same plan as active employees in accordance with State law. As of September 30, 2012, twenty-five retirees were covered under the healthcare plan.

**Funding Policy-** The City's contribution is based on a pay-as-you-go funding policy where the City's contributions are equal to claims in excess of retiree contributions. For fiscal year 2012, retiree contributions were \$597 to \$1,118 per month depending on the amount of dependents selected. In fiscal year 2012, total member contributions were \$232,488. The City contributions for fiscal year 2012, which are also equal to claims paid in excess of premiums collected, were \$77,144 for claims paid on retirees covered under the plan.

**Annual OPEB Cost and Net OPEB Obligation-** The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities (or funding excess) over a closed period of not to exceed thirty years.

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Annual required contribution	\$ 477,081	\$ 375,782	\$ 382,913
Interest on net OPEB	-	27,506	35,686
Adjustment to annual required contribution	-	(20,375)	(26,434)
Annual OPEB cost (expense)	477,081	382,913	392,165
Contributions made	(260,249)	(201,140)	(77,144)
Increase in net OPEB obligation	216,832	181,773	315,021
Net OPEB obligation- beginning of the year	394,411	611,243	793,016
Net OPEB obligation- end of the year	\$ 611,243	\$ 793,016	\$ 1,108,037
Percentage of OPEB costs contributed	54.6%	52.5%	19.7%

**Funded Status and Funding Progress-** As of December 31, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$4,582,492, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan for the current fiscal year) was \$13,830,220 and the ratio of the unfunded actuarial accrued liability to the covered payroll is 33.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions-** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspectives of the calculations.

In the December 31, 2010 actuarial valuation, the Projected Unit Cost Credit Cost Method was used. The actuarial present value of benefits allocated to the valuation year is the Normal Cost. The actuarial present value of benefits allocated to all prior periods is the Actuarial Accrued Liability. Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized by level (principal and interest combined) percent-of-payroll contributions. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent-of-payroll required to fully amortize the UAAL over a 30 year closed period. The Actuarial Value of Assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.50%.

Actuarial assumptions include a rate of investment return of 4.50% a year compounded annually net after investment expenses. The assumed rate of return is the rate of return in excess of price inflation. General inflation is assumed to be 3.00% per year. Considering other assumptions used in the valuation, the 4.50% nominal rate translates to a net real return of 1.50%. The annual healthcare

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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cost trend rate of 9.00% is assumed initially and reduced by decrements to an ultimate rate of 4.50% after ten years.

**13. CONTINGENT LIABILITIES**

***Pending Litigation***—In the opinion of the City's management, pending litigation exists at September 30, 2012, requiring recognition of disclosure in notes to financial statements.

***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 ("the 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 position. The value of the City's share in the equity of the facility as of September 30, 2012, is \$541,892. 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 ("the 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 position. 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 fiscal year 2009. The City's remaining debt obligation to pay at fiscal year-end is \$816,061. The value of the City's share in the equity of the facility net of the debt is \$145,590 as of September 30, 2012. 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.

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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**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. At the completion of the lease agreement in 2009, D.I.S.D. opted to continue to lease the City building on a month-to-month basis. Total rent due and received from D.I.S.D. in fiscal year 2012 was \$84,000.

**17. 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 of \$562,000. The grant was to be paid for a period not to exceed eight (8) years, with a commencement date of January 1, 2004. The grant period ended this fiscal year. No payments were made in fiscal year 2012.

**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 (2005) and ending on the tenth anniversary of completion. DCEDC shall reimburse SCI for eighty percent (80%) of the City and County (but not school district) ad valorem taxes assessed to and paid by SCI with respect to the Hotel and Hotel Site. The City paid \$51,142 on this incentive in fiscal year 2012.

**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 the 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). The City paid \$235,255 on the agreement in fiscal year 2012.

**City of Duncanville (City) photo red light enforcement program agreement with Redflex Traffic Systems, Inc.:**

City agreed to pay Redflex Traffic Systems, Inc. for red light equipment, processes and back office services. The current rate is \$5,072 monthly per services per approach and the City utilizes equipment for eight approaches. Each year the rate is subject to increase by the Consumer Price Index (CPI). The terms of the agreement are in effect for ten years ending in June 2022. In fiscal year 2012, the City paid Redflex \$489,608 from the Traffic & Safety Improvement fund.

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**


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**18. CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2012, four members of the DCEDC board were also members of the City Council, providing substantively the same governing body as the primary government, as well as operational responsibility for economic development. These factors changed the reporting requirements of the DCEDC from a discretely presented component unit to a blended component unit (presented as a governmental fund). The change in accounting principle effect on governmental funds is displayed below.

	<u>Economic Development- Governmental Fund</u>	<u>Economic Development- Component Unit</u>
Fund balances, beginning of year	\$ -	\$ 961,502
Change in accounting principle	961,502	(961,502)
Fund balances, restated	<u>\$ 961,502</u>	<u>\$ -</u>

The impact on governmental activities includes the addition of \$11,264,136 net capital assets and \$4,770,000 in debt. The impact on net position on the government wide statements is displayed below:

	<u>Component Unit</u>	<u>Governmental Activities</u>
Net position, beginning of the year	\$ 7,607,549	\$ 57,302,765
Change in accounting principle	(7,607,549)	7,607,549
Net position, restated	<u>\$ -</u>	<u>\$ 64,910,314</u>

**19. PRIOR PERIOD ADJUSTMENT**

In fiscal year 2012, it was necessary to record an adjusting entry of \$867,734 to reduce the Tri-City Animal Shelter joint venture. The reduction of \$867,734 recognizes the amount of debt obligation that is outstanding in relation to the animal shelter. In prior years the obligation outstanding failed to be reported in the government wide statements, resulting in the following restatement:

	<u>Governmental Activities</u>
Net position, beginning of the year	\$ 57,302,765
Prior period adjustment	(867,734)
Net position, restated	<u>\$ 56,435,031</u>

**19. SUBSEQUENT EVENT**

At fiscal year end the legal case of Community Bank v. City of Duncanville was pending. In this case, Community Bank sought recovery of items contained in the Fieldhouse that were purchased prior to the City's ownership of the Fieldhouse. In January 2013, the City paid Community Bank a settlement of \$375,000. This settlement was accrued as a liability at fiscal year end 2012.

End of Notes to Basic Financial Statements

**City of Duncanville, Texas**

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

<b>As of 12/31</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) <sup>(1)</sup></b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percent of Covered Payroll</b>
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%
2008	39,951,321	47,795,005	7,843,684	83.6%	13,481,452	58.2%
2009	40,772,620	48,707,813	7,935,193	83.7%	13,323,633	59.6%
2010 <sup>(2)</sup>	40,127,975	48,350,695	8,222,720	83.0%	13,648,170	60.2%
2010 <sup>(3)</sup>	82,267,239	79,705,167	(2,562,072)	103.2%	13,648,170	(18.8)%
2011	86,515,076	82,820,057	(3,695,019)	104.5%	13,830,220	(26.7)%

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.

<sup>(1)</sup> For years 2005 and 2006, the actuarial accrued liability was calculated using the Unit Credit actuarial funding method. For years 2007 and forward, the actuarial accrued liability was calculated using the Projected Unit Credit actuarial funding method.

<sup>(2)</sup> Actuarial valuation performed under the original fund structure

<sup>(3)</sup> Actuarial valuation performed under the new fund structure

**City of Duncanville**

**Required Supplementary Information  
City of Duncanville Other Post Employment Benefits Plan  
Analysis of Funding Progress  
Last Three Fiscal Years  
(Unaudited)**

<b>As of 12/31</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percent of Covered Payroll</b>
2009	\$ -	6,508,510	6,508,510	0.0%	13,323,633	48.8%
2010	-	4,582,492	4,582,492	0.0%	13,648,170	33.6%
2011	-	4,582,492	4,582,492	0.0%	13,830,220	33.1%

Trend data presented is based on December 31, 2011, the date of the actuarial valuation.

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE-REVENUES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>PROPERTY TAXES:</b>				
Current Taxes	\$ 10,949,344	\$ 10,840,000	\$ 10,805,292	\$ (34,708)
Prior rolls	160,000	169,000	195,079	26,079
Penalties	100,000	148,000	136,019	(11,981)
<b>Total</b>	<b>11,209,344</b>	<b>11,157,000</b>	<b>11,136,390</b>	<b>(20,610)</b>
<b>SALES TAXES:</b>				
General	3,314,904	3,581,821	3,651,975	70,154
Property tax relief	1,657,452	1,790,911	1,825,987	35,076
<b>Total</b>	<b>4,972,356</b>	<b>5,372,732</b>	<b>5,477,962</b>	<b>105,230</b>
<b>FRANCHISE TAXES:</b>				
TXU Electric	1,130,000	1,130,000	1,154,215	24,215
Atmos Energy	320,000	300,000	252,857	(47,143)
Telephone	287,650	254,416	249,223	(5,193)
Charter Cable Television	110,000	104,000	131,767	27,767
Telephone Video Services	145,000	200,000	219,797	19,797
<b>Total</b>	<b>1,992,650</b>	<b>1,988,416</b>	<b>2,007,859</b>	<b>19,443</b>
<b>MIXED BEVERAGE TAXES</b>				
<b>Total taxes</b>	<b>44,100</b>	<b>44,100</b>	<b>49,266</b>	<b>5,166</b>
	<b>18,218,450</b>	<b>18,562,248</b>	<b>18,671,477</b>	<b>109,229</b>
<b>LICENSES, PERMITS AND FEES:</b>				
Building permits	80,000	174,000	182,299	8,299
Zoning and special use permits	7,300	8,500	7,500	(1,000)
Electrical permits	9,500	12,500	13,039	539
Plumbing permits	30,000	40,000	42,032	2,032
Alarm permits	58,000	58,000	62,213	4,213
Solicitor licenses	100	655	655	-
9-1-1 service fee	293,000	293,000	285,364	(7,636)
Emergency medical service	700,000	550,000	539,560	(10,440)
Sign permits	14,000	16,000	17,910	1,910
Health food inspection fees	63,000	65,000	76,663	11,663
Pool inspection fees	2,000	2,900	2,900	-
Wrecker & storage fees	20,000	15,000	25,619	10,619
<b>Total</b>	<b>1,276,900</b>	<b>1,235,555</b>	<b>1,255,754</b>	<b>20,199</b>
<b>MUNICIPAL COURT AND LIBRARY:</b>				
Municipal court	741,000	877,656	914,137	36,481
False alarm fees	17,000	17,000	15,888	(1,112)
Library	15,000	19,062	20,528	1,466
<b>Total</b>	<b>773,000</b>	<b>913,718</b>	<b>950,553</b>	<b>36,835</b>
<b>INTERGOVERNMENTAL</b>	<b>291,300</b>	<b>291,300</b>	<b>363,169</b>	<b>71,869</b>
<b>INTEREST</b>	<b>16,400</b>	<b>17,000</b>	<b>24,120</b>	<b>7,120</b>
<b>RECREATIONAL FEES</b>	<b>195,060</b>	<b>201,000</b>	<b>297,410</b>	<b>96,410</b>
<b>OTHER SALES AND SERVICES:</b>				
Sale of capital assets/auction proceeds	21,000	21,000	31,809	10,809
Gifts and Contributions	-	-	57,401	57,401
Miscellaneous	210,380	176,265	250,506	74,241
Rentals	298,699	298,699	303,561	4,862
<b>Total</b>	<b>530,079</b>	<b>495,964</b>	<b>643,277</b>	<b>147,313</b>
<b>Total revenues</b>	<b>\$ 21,301,189</b>	<b>\$ 21,716,785</b>	<b>\$ 22,205,760</b>	<b>\$ 488,975</b>

CITY OF DUNCANVILLE, TEXAS

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE-EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(Continued on following page)

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
<b>DEPARTMENTS:</b>			
General government-			
Mayor and council	\$ -	\$ 1,693	\$ 64,215
City manager	446,610	154	1,544
City secretary	68,021	30,419	16,075
Personnel services	101,754	637	32,155
Information systems	161,074	176,847	123,700
Community information	65,575	1,096	1,252
Library services	538,075	7,040	45,278
<b>Total</b>	<u>1,381,109</u>	<u>217,886</u>	<u>284,219</u>
Finance-			
Administration	378,363	7,350	90,402
Municipal court	233,728	4,693	125,206
Purchasing	90,228	119	100
City Marshall	123,521	2,597	4,905
<b>Total</b>	<u>825,840</u>	<u>14,759</u>	<u>220,613</u>
Community services-			
Administration	177,063	169	33,727
Recreational programming	176,458	5,750	14,656
Athletic programming	114,110	23,783	122,821
Park grounds maintenance	386,424	40,814	505,212
Building services	231,024	29,724	283,760
Senior center	104,229	7,153	34,698
Horticulture	150,208	8,104	1,480
Community services other	-	24,687	167,349
<b>Total</b>	<u>1,339,516</u>	<u>140,184</u>	<u>1,163,703</u>
Police			
Administration	341,700	9,745	123,430
Patrol	2,976,886	51,200	153,583
Criminal investigation	1,058,030	19,977	56,963
Animal control	93,899	1,243	232,794
School guards	71,664	127	4,644
Crime prevention	107,789	4,939	7,408
Communication/Records	267,926	4,709	823,968
School Resource officers	365,991	144	6,205
Special services	357,827	39,598	15,408
Detention	205,258	12,686	71,331
<b>Total</b>	<u>5,846,970</u>	<u>144,368</u>	<u>1,495,734</u>

<u>Maintenance</u>	<u>Capital</u>	<u>Total Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ 65,908	\$ 94,735	\$ 85,991	\$ 20,083
-	-	448,308	376,520	447,667	(641)
-	-	114,515	111,517	111,040	(3,475)
-	-	134,546	117,558	139,161	4,615
-	-	461,621	450,270	467,398	5,777
-	-	67,923	75,662	71,296	3,373
-	68,072	658,465	740,112	690,802	32,337
-	68,072	1,951,286	1,966,374	2,013,355	62,069
-	-	476,115	505,933	497,552	21,437
-	-	363,627	397,173	369,598	5,971
-	-	90,447	93,287	91,495	1,048
-	-	131,023	133,266	130,972	(51)
-	-	1,061,212	1,129,659	1,089,617	28,405
-	-	210,959	208,816	209,728	(1,231)
-	-	196,864	225,017	220,604	23,740
41	-	260,755	269,930	268,560	7,805
36,338	-	968,788	1,013,467	1,025,355	56,567
29,093	-	573,601	628,281	658,954	85,353
-	-	146,080	148,866	146,828	748
4,536	-	164,328	160,874	156,809	(7,519)
-	-	192,036	-	-	(192,036)
70,008	-	2,713,411	2,655,251	2,686,838	(26,573)
-	-	474,875	477,667	476,678	1,803
6,480	-	3,188,149	3,255,842	3,266,225	78,076
-	-	1,134,970	1,113,434	1,140,794	5,824
-	-	327,936	312,789	328,283	347
-	-	76,435	79,172	78,963	2,528
-	-	120,136	117,941	117,091	(3,045)
197	-	1,096,800	1,182,272	1,098,517	1,717
-	-	372,340	379,390	375,297	2,957
-	-	412,833	397,610	455,878	43,045
-	-	289,275	234,544	290,593	1,318
6,677	-	7,493,749	7,550,661	7,628,319	134,570

CITY OF DUNCANVILLE, TEXAS

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Salaries and Benefits</u>	<u>Supplies</u>	<u>Other Services</u>
<b>DEPARTMENTS (Continued):</b>			
Public works-			
Engineering/Planning	174,355	782	38,290
Building inspection	423,067	4,106	66,479
Streets	566,740	132,410	868,775
Signs and signals	173,322	129,824	187,509
Equipment services	223,275	341,851	46,198
<b>Total</b>	<u>1,560,759</u>	<u>608,973</u>	<u>1,207,251</u>
Fire-			
Administration	329,557	11,530	122,266
Prevention	111,937	6,218	10,117
Suppression	3,056,510	58,024	316,196
Advanced life support	875,372	65,745	206,339
Emergency Management Administrator	67,112	1,525	902
<b>Total</b>	<u>4,440,488</u>	<u>143,042</u>	<u>655,820</u>
<b>NON-DEPARTMENTAL</b>	<u>3,157</u>	<u>42,883</u>	<u>360,290</u>
<b>Total expenditures</b>	<u>\$ 15,397,839</u>	<u>\$ 1,312,095</u>	<u>\$ 5,387,630</u>

<b>Maintenance</b>	<b>Capital</b>	<b>Total Expenditures</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance with Final Budget Positive (Negative)</b>
-	-	213,427	207,602	215,339	1,912
-	-	493,652	518,194	524,868	31,216
-	-	1,567,925	1,692,077	1,591,951	24,026
2,392	14,807	507,854	533,504	531,072	23,218
321,577	-	932,901	923,111	936,657	3,756
<b>323,969</b>	<b>14,807</b>	<b>3,715,759</b>	<b>3,874,488</b>	<b>3,799,887</b>	<b>84,128</b>
5,998	-	469,351	463,193	476,240	6,889
-	-	128,272	129,485	132,153	3,881
9,024	61,833	3,501,587	3,544,446	3,560,131	58,544
1,865	13,005	1,162,326	1,195,791	1,200,075	37,749
-	-	69,539	70,830	74,040	4,501
<b>16,887</b>	<b>74,838</b>	<b>5,331,075</b>	<b>5,403,745</b>	<b>5,442,639</b>	<b>111,564</b>
-	-	406,330	311,462	441,165	34,835
<b>\$ 417,541</b>	<b>\$ 157,717</b>	<b>\$ 22,672,822</b>	<b>\$ 22,891,640</b>	<b>\$ 23,101,820</b>	<b>\$ 428,998</b>



**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.

## CITY OF DUNCANVILLE

### 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 monies 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.

Grants Fund-to account for funds granted to the City by state and federal governments 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 PROJECTS FUND:

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.

CITY OF DUNCANVILLE, TEXAS

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 417,794	\$ 66,977	\$ 484,771
Investments	100,000	-	100,000
Receivables:			
Taxes	84,307	-	84,307
Trade accounts	188,214	133	188,347
Intergovernmental	21,601	-	21,601
Due from other funds	128,000	80,000	208,000
<b>Total assets</b>	<u>\$ 939,916</u>	<u>\$ 147,110</u>	<u>\$ 1,087,026</u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 51,700	\$ 1,196	\$ 52,896
Accrued payroll	3,862	-	3,862
Due to other funds	128,000	-	128,000
Deferred revenue	38,273	-	38,273
<b>Total liabilities</b>	<u>221,835</u>	<u>1,196</u>	<u>223,031</u>
<b>EQUITY:</b>			
Fund balances-			
Restricted	718,081	145,914	863,995
<b>Total fund balances</b>	<u>718,081</u>	<u>145,914</u>	<u>863,995</u>
<b>Total liabilities &amp; fund balances</b>	<u>\$ 939,916</u>	<u>\$ 147,110</u>	<u>\$ 1,087,026</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, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>			
Hotel taxes	\$ 458,744	\$ -	\$ 458,744
Licenses, permits and fees	637,461	-	637,461
Fines and forfeitures	231,865	-	231,865
Intergovernmental	230,761	-	230,761
Investment income	1,030	-	1,030
Rental and other	1	-	1
<b>Total revenues</b>	<u>1,559,862</u>	<u>-</u>	<u>1,559,862</u>
<b>EXPENDITURES</b>			
Current:			
General government	159,128	-	159,128
Police	162,754	-	162,754
Public works	355,817	-	355,817
Fire	10,490	-	10,490
Special purposes - promotional	284,124	-	284,124
Capital outlay:			
Community services	-	16,299	16,299
Police	62,938	-	62,938
Public works	182,345	160,417	342,762
<b>Total expenditures</b>	<u>1,217,596</u>	<u>176,716</u>	<u>1,394,312</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>342,266</u>	<u>(176,716)</u>	<u>165,550</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	68,842	68,842
Transfers out	(222,794)	-	(222,794)
<b>Total other financing sources (uses)</b>	<u>(222,794)</u>	<u>68,842</u>	<u>(153,952)</u>
<b>NET CHANGE IN FUND BALANCES</b>	119,472	(107,874)	11,598
<b>FUND BALANCES, beginning of year</b>	<u>598,609</u>	<u>253,788</u>	<u>852,397</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 718,081</u>	<u>\$ 145,914</u>	<u>\$ 863,995</u>

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2012

	<u>Hotel Motel Tax</u>	<u>Drainage Fees</u>	<u>Grants</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 833	\$ 7,212	\$ 108,082
Investments	100,000	-	-
Receivables:			
Taxes	84,307	-	-
Trade accounts (net of allowance)	-	135,344	-
Intergovernmental	-	-	21,601
Due from other funds	-	-	-
<b>Total assets</b>	<u>\$ 185,140</u>	<u>\$ 142,556</u>	<u>\$ 129,683</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 22,692	\$ 24,890	\$ 909
Accrued payroll	-	2,858	914
Due to other funds	65,000	63,000	-
Deferred revenue	-	-	-
<b>Total liabilities</b>	<u>87,692</u>	<u>90,748</u>	<u>1,823</u>
<b>FUND BALANCES:</b>			
<b>Restricted for:</b>			
Promotion of tourism and hotel industry	97,448	-	-
Maintenance and construction of drainage projects	-	51,808	-
Public safety, cultural and recreational services	-	-	127,860
Court technology	-	-	-
Court security	-	-	-
Juvenile case management	-	-	-
Public safety and criminal investigations	-	-	-
<b>Total fund balances</b>	<u>97,448</u>	<u>51,808</u>	<u>127,860</u>
<b>Total liabilities &amp; fund balances</b>	<u>\$ 185,140</u>	<u>\$ 142,556</u>	<u>\$ 129,683</u>

<u>Court Technology</u>	<u>Court Security</u>	<u>Juvenile Case Manager</u>	<u>Asset Forfeiture</u>	<u>Total</u>
\$ 14,490	\$ 53,332	\$ 81,421	\$ 152,424	\$ 417,794
-	-	-	-	100,000
-	-	-	-	84,307
-	-	-	52,870	188,214
-	-	-	-	21,601
-	-	-	128,000	128,000
<u>\$ 14,490</u>	<u>\$ 53,332</u>	<u>\$ 81,421</u>	<u>\$ 333,294</u>	<u>\$ 939,916</u>
\$ 893	\$ 166	\$ 59	\$ 2,091	\$ 51,700
-	90	-	-	3,862
-	-	-	-	128,000
-	-	-	38,273	38,273
<u>893</u>	<u>256</u>	<u>59</u>	<u>40,364</u>	<u>221,835</u>
-	-	-	-	97,448
-	-	-	-	51,808
-	-	-	-	127,860
13,597	-	-	-	13,597
-	53,076	-	-	53,076
-	-	81,362	-	81,362
-	-	-	292,930	292,930
<u>13,597</u>	<u>53,076</u>	<u>81,362</u>	<u>292,930</u>	<u>718,081</u>
<u>\$ 14,490</u>	<u>\$ 53,332</u>	<u>\$ 81,421</u>	<u>\$ 333,294</u>	<u>\$ 939,916</u>

CITY OF DUNCANVILLE, TEXAS

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Hotel Motel Tax</b>	<b>Drainage Fees</b>	<b>Grants</b>
<b>REVENUES</b>			
Hotel taxes	\$ 458,744	\$ -	\$ -
Licenses, permits and fees	-	637,461	-
Fines and forfeitures	-	-	-
Intergovernmental	-	-	230,761
Investment income	764	5	-
Rental and other	1	-	-
<b>Total revenues</b>	<b>459,509</b>	<b>637,466</b>	<b>230,761</b>
<b>EXPENDITURES</b>			
Current:			
General government	111,842	-	1,665
Police	-	-	66,734
Public works	-	245,571	110,246
Fire	-	-	10,490
Special purposes - promotional	284,124	-	-
Capital outlay:			
Police	-	-	49,500
Public works	-	182,345	-
<b>Total expenditures</b>	<b>395,966</b>	<b>427,916</b>	<b>238,635</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<b>63,543</b>	<b>209,550</b>	<b>(7,874)</b>
<b>OTHER FINANCING USES</b>			
Transfers out	(19,269)	(203,525)	-
<b>Total other financing uses</b>	<b>(19,269)</b>	<b>(203,525)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>			
	44,274	6,025	(7,874)
<b>FUND BALANCES, beginning of year</b>			
	53,174	45,783	135,734
<b>FUND BALANCES, end of year</b>			
	<b>\$ 97,448</b>	<b>\$ 51,808</b>	<b>\$ 127,860</b>

<u>Court Technology</u>	<u>Court Security</u>	<u>Juvenile Case Manager</u>	<u>Asset Forfeiture</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 458,744
-	-	-	-	637,461
26,484	19,841	32,799	152,741	231,865
-	-	-	-	230,761
-	64	197	-	1,030
-	-	-	-	1
<u>26,484</u>	<u>19,905</u>	<u>32,996</u>	<u>152,741</u>	<u>1,559,862</u>
21,755	21,946	1,920	-	159,128
-	-	-	96,020	162,754
-	-	-	-	355,817
-	-	-	-	10,490
-	-	-	-	284,124
-	-	-	13,438	62,938
-	-	-	-	182,345
<u>21,755</u>	<u>21,946</u>	<u>1,920</u>	<u>109,458</u>	<u>1,217,596</u>
<u>4,729</u>	<u>(2,041)</u>	<u>31,076</u>	<u>43,283</u>	<u>342,266</u>
-	-	-	-	(222,794)
-	-	-	-	(222,794)
4,729	(2,041)	31,076	43,283	119,472
<u>8,868</u>	<u>55,117</u>	<u>50,286</u>	<u>249,647</u>	<u>598,609</u>
<u>\$ 13,597</u>	<u>\$ 53,076</u>	<u>\$ 81,362</u>	<u>\$ 292,930</u>	<u>\$ 718,081</u>

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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Hotel, motel taxes	\$ 468,923	\$ 448,189	\$ 458,744	\$ 10,555
Interest on investments	800	900	764	(136)
Other	-	-	1	1
<b>Total revenues</b>	<u>469,723</u>	<u>449,089</u>	<u>459,509</u>	<u>10,420</u>
<b>EXPENDITURES</b>				
General government	147,254	137,722	111,842	25,880
Special purposes-promotional	<u>246,621</u>	<u>270,621</u>	<u>284,124</u>	<u>(13,503)</u>
<b>Total expenditures</b>	<u>393,875</u>	<u>408,343</u>	<u>395,966</u>	<u>12,377</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	75,848	40,746	63,543	22,797
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(19,029)</u>	<u>(19,269)</u>	<u>(19,269)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	56,819	21,477	44,274	22,797
<b>FUND BALANCE, beginning of year</b>			<u>53,174</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 97,448</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Drainage fees	\$ 662,550	\$ 619,936	\$ 637,461	\$ 17,525
Interest on investments	100	35	5	(30)
City services reimbursement	15,000	-	-	-
<b>Total revenues</b>	<u>677,650</u>	<u>619,971</u>	<u>637,466</u>	<u>17,495</u>
<b>EXPENDITURES</b>				
Public works	290,827	252,283	245,571	6,712
Capital outlay	210,000	189,995	182,345	7,650
<b>Total expenditures</b>	<u>500,827</u>	<u>442,278</u>	<u>427,916</u>	<u>14,362</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	176,823	177,693	209,550	31,857
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(203,525)</u>	<u>(203,525)</u>	<u>(203,525)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(26,702)	(25,832)	6,025	31,857
<b>FUND BALANCE, beginning of year</b>			<u>45,783</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 51,808</u>	

CITY OF DUNCANVILLE, TEXAS

NON-MAJOR CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2012

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	<u>Park Construction</u>	<u>Capital Improvements</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 25,228	\$ 41,749	\$ 66,977
Receivables	133	-	133
Due from other funds	-	80,000	80,000
<b>Total assets</b>	<u>25,361</u>	<u>121,749</u>	<u>147,110</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	<u>133</u>	<u>1,063</u>	<u>1,196</u>
<b>Total liabilities</b>	<u>133</u>	<u>1,063</u>	<u>1,196</u>
<b>FUND BALANCES:</b>			
<b>Restricted for:</b>			
Park construction	25,228	-	25,228
Capital improvements	<u>-</u>	<u>120,686</u>	<u>120,686</u>
<b>Total fund balances</b>	<u>25,228</u>	<u>120,686</u>	<u>145,914</u>
<b>Total liabilities &amp; fund balances</b>	<u>\$ 25,361</u>	<u>\$ 121,749</u>	<u>\$ 147,110</u>

CITY OF DUNCANVILLE, TEXAS

**NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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	<u>Park Construction</u>	<u>Capital Improvements</u>	<u>Total</u>
<b>REVENUES</b>			
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital outlay			
Community services	16,299	-	16,299
Public works	<u>-</u>	<u>160,417</u>	<u>160,417</u>
<b>Total expenditures</b>	<u>16,299</u>	<u>160,417</u>	<u>176,716</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(16,299)</u>	<u>(160,417)</u>	<u>(176,716)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	68,842	68,842
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
	-	68,842	68,842
<b>NET CHANGE IN FUND BALANCES</b>	(16,299)	(91,575)	(107,874)
<b>FUND BALANCES, beginning of year</b>	<u>41,527</u>	<u>212,261</u>	<u>253,788</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 25,228</u>	<u>\$ 120,686</u>	<u>\$ 145,914</u>

CITY OF DUNCANVILLE, TEXAS

**DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,312,375	\$ 1,312,375	\$ 1,273,937	\$ (38,438)
Delinquent taxes	27,000	32,000	36,054	4,054
Penalties and interest	15,000	21,000	43,801	22,801
Interest on investments	1,600	3,000	8,237	5,237
<b>Total revenues</b>	<u>1,355,975</u>	<u>1,368,375</u>	<u>1,362,029</u>	<u>(6,346)</u>
<b>EXPENDITURES</b>				
Principal retirement	1,085,622	1,085,622	1,085,622	-
Interest on debt	448,878	448,878	448,878	-
Paying agent fees	5,000	1,500	644	856
<b>Total expenditures</b>	<u>1,539,500</u>	<u>1,536,000</u>	<u>1,535,144</u>	<u>856</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(183,525)	(167,625)	(173,115)	(5,490)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	203,525	203,525	203,525	-
Transfers out	-	-	(80,000)	(80,000)
<b>NET CHANGE IN FUND BALANCES</b>	20,000	35,900	(49,590)	(85,490)
<b>FUND BALANCES, beginning of year</b>			<u>76,363</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 26,773</u>	

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS  
 SCHEDULE OF DETAILED REVENUES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b><u>UTILITY FUND</u></b>				
<b>WATER:</b>				
Sale of water	\$ 6,206,820	\$ 6,251,746	\$ 6,483,831	\$ 232,085
Water taps	5,000	5,000	9,420	4,420
<b>Total</b>	<u>6,211,820</u>	<u>6,256,746</u>	<u>6,493,251</u>	<u>236,505</u>
<b>SEWER:</b>				
Sewer charges	4,674,123	4,740,464	4,824,651	84,187
Sewer taps	1,200	1,200	4,210	3,010
<b>Total</b>	<u>4,675,323</u>	<u>4,741,664</u>	<u>4,828,861</u>	<u>87,197</u>
<b>PENALTIES</b>	<u>105,000</u>	<u>97,834</u>	<u>150,411</u>	<u>52,577</u>
<b>OTHER:</b>				
Service charges	120,000	132,310	124,240	(8,070)
City services reimbursement	-	-	27,856	27,856
Miscellaneous	33,300	41,493	20,198	(21,295)
<b>Total</b>	<u>153,300</u>	<u>173,803</u>	<u>172,294</u>	<u>(1,509)</u>
<b>INTEREST INCOME</b>	<u>12,600</u>	<u>6,500</u>	<u>7,712</u>	<u>1,212</u>
<b>Total revenues - Utility Fund</b>	<u>\$ 11,158,043</u>	<u>\$ 11,276,547</u>	<u>\$ 11,652,529</u>	<u>\$ 375,982</u>
<b><u>SOLID WASTE FUND</u></b>				
<b>SOLID WASTE CHARGES:</b>	\$ 2,489,799	2,460,639	\$ 2,505,455	\$ 44,816
<b>INTEREST INCOME:</b>	250	250	485	235
<b>Total revenues - Solid Waste Fund</b>	<u>2,490,049</u>	<u>2,460,889</u>	<u>2,505,940</u>	<u>45,051</u>
<b><u>FIELDHOUSE SPORTS FACILITY</u></b>				
<b>SPORTS FACILITY:</b>	\$ 1,114,965	\$ 558,777	\$ 546,285	\$ (12,492)
<b>INTEREST INCOME:</b>	1,200	500	-	(500)
<b>TRANSFERS IN</b>	127,972	779,038	629,038	(150,000)
<b>Total revenues - Sports Facility Fund</b>	<u>1,244,137</u>	<u>1,338,315</u>	<u>1,175,323</u>	<u>(162,992)</u>
<b>Total revenues - Enterprise Funds</b>	<u>\$ 14,892,229</u>	<u>\$ 15,075,751</u>	<u>\$ 15,333,792</u>	<u>\$ 258,041</u>

CITY OF DUNCANVILLE, TEXAS

ENTERPRISE FUNDS  
 SCHEDULE OF DETAILED REVENUES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Salaries and Benefits	Supplies	Other Services	Maintenance
<b>UTILITY FUND</b>				
<b>WATER SERVICES</b>	\$ 491,401	\$ 199,970	\$ 3,397,414	\$ 86,433
<b>WASTEWATER TREATMENT</b>	467,385	94,805	3,113,644	19,309
<b>ADMINISTRATION AND FISCAL</b>				
Utility administration	282,961	10,486	35,480	-
Utility accounting	535,225	122,921	268,548	1,295
	<u>1,776,972</u>	<u>428,182</u>	<u>6,815,086</u>	<u>107,037</u>
<b>INTEREST AND FISCAL CHARGES</b>	-	-	110,344	-
<b>PRINCIPAL RETIREMENT</b>	-	-	270,000	-
<b>TRANSFERS OUT</b>	-	-	1,217,809	-
<b>Total Utility Fund expenditures</b>	<u>\$ 1,776,972</u>	<u>\$ 428,182</u>	<u>\$ 8,413,239</u>	<u>\$ 107,037</u>
<b>SOLID WASTE FUND</b>				
<b>SOLID WASTE</b>	\$ 83,614	\$ 7,664	\$ 2,056,747	\$ 1,256
<b>TRANSFERS OUT</b>	-	-	182,513	-
<b>Total Solid Waste Fund expenditures</b>	<u>83,614</u>	<u>7,664</u>	<u>2,239,260</u>	<u>1,256</u>
<b>FIELDHOUSE SPORTS FACILITY</b>				
<b>SPORTS FACILITY</b>	\$ 335,245	\$ 21,581	\$ 470,480	\$ 21,910
<b>INTEREST AND FISCAL CHARGES</b>	-	-	257,247	-
<b>PRINCIPAL RETIREMENT</b>	-	-	385,000	-
<b>Total Sports Facility Fund expenditures</b>	<u>335,245</u>	<u>21,581</u>	<u>1,112,727</u>	<u>21,910</u>
<b>Total Enterprise Fund expenditures</b>	<u>\$ 2,195,831</u>	<u>\$ 457,427</u>	<u>\$ 11,765,226</u>	<u>\$ 130,203</u>

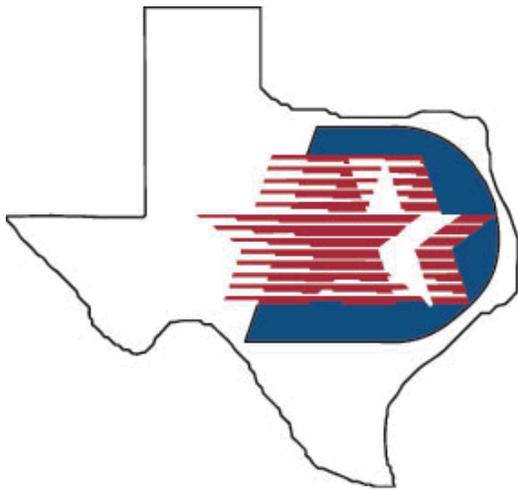
Reconciliation from budgetary  
 basis (modified accrual) to full accrual:

**Total modified accrual expenditures**

Reconciling Items:  
 Capital outlay  
 Principal retirement  
 Depreciation and amortization  
 Interest expense  
 Transfers

**Total full accrual operating expenditures**

<u>Capital</u>	<u>Total</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
419,537	\$ 4,594,755	\$ 4,223,763	\$ 4,201,364	\$ (393,391)
461,806	4,156,949	4,148,621	3,757,070	(399,879)
-	328,927	339,974	339,050	10,123
-	927,989	1,076,411	1,107,776	179,787
<u>881,343</u>	<u>10,008,620</u>	<u>9,788,769</u>	<u>9,405,260</u>	<u>(603,360)</u>
-	110,344	106,093	106,093	(4,251)
-	270,000	270,000	270,000	-
-	1,217,809	1,209,706	1,217,809	-
<u>\$ 881,343</u>	<u>\$ 11,606,773</u>	<u>\$ 11,374,568</u>	<u>\$ 10,999,162</u>	<u>\$ (607,611)</u>
\$ -	\$ 2,149,281	\$ 2,166,442	\$ 2,159,506	\$ 10,225
-	182,513	182,513	182,513	-
-	2,331,794	2,348,955	2,342,019	10,225
375,000	\$ 1,224,216	\$ 614,783	\$ 887,577	\$ (336,639)
-	257,247	244,354	244,354	(12,893)
-	385,000	385,000	385,000	-
<u>375,000</u>	<u>1,866,463</u>	<u>1,244,137</u>	<u>1,516,931</u>	<u>(349,532)</u>
<u>\$ 1,256,343</u>	<u>\$ 15,805,030</u>	<u>\$ 14,967,660</u>	<u>\$ 14,858,112</u>	<u>\$ (946,918)</u>
	<u>\$ 15,805,030</u>			
	(1,256,343)			
	(655,000)			
	1,250,401			
	(367,591)			
	<u>(1,400,322)</u>			
	<u>\$ 13,376,175</u>			



**Duncanville**  
*City of Champions*

**DUNCANVILLE**

The Perfect Blend of Family, Community and Business.

CITY OF DUNCANVILLE

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 POSITION  
SEPTEMBER 30, 2012**

	<b>Fleet Replacement</b>	<b>Medical Self-Insurance</b>	<b>Comprehensive Self- Insurance</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 542,236	\$ 369,904	\$ 226,091	\$ 1,138,231
Investments	100,000	-	200,000	300,000
Accrued interest and other	28,261	103,160	1,476	132,897
Due from other funds	1,505,000	-	-	1,505,000
Prepaid items	-	1,083	-	1,083
<b>Total current assets</b>	<b>2,175,497</b>	<b>474,147</b>	<b>427,567</b>	<b>3,077,211</b>
Capital assets - equipment net of depreciation	158,751	-	-	158,751
Capital assets - vehicles net of depreciation	894,580	-	-	894,580
<b>Total non-current assets</b>	<b>1,053,331</b>	<b>-</b>	<b>-</b>	<b>1,053,331</b>
<b>Total assets</b>	<b>\$ 3,228,828</b>	<b>\$ 474,147</b>	<b>\$ 427,567</b>	<b>\$ 4,130,542</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 173	\$ 44,869	\$ 45,042
Accrued liabilities	-	240,373	561,254	801,627
<b>Total liabilities</b>	<b>-</b>	<b>240,546</b>	<b>606,123</b>	<b>846,669</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,053,331	-	-	1,053,331
Unrestricted	2,175,497	233,601	(178,556)	2,230,542
<b>Total net position</b>	<b>\$ 3,228,828</b>	<b>\$ 233,601</b>	<b>\$ (178,556)</b>	<b>\$ 3,283,873</b>

CITY OF DUNCANVILLE, TEXAS

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Fleet Replacement</b>	<b>Medical Self-Insurance</b>	<b>Comprehensive Self-Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Premiums and charges for services	\$ 860,175	\$ 2,334,590	\$ 415,091	\$ 3,609,856
Other	-	23,573	-	23,573
<b>Total operating revenues</b>	<b>860,175</b>	<b>2,358,163</b>	<b>415,091</b>	<b>3,633,429</b>
<b>OPERATING EXPENSES</b>				
Claims and provision	-	1,619,605	301,899	1,921,504
Administrative and fiscal	-	410,399	171,170	581,569
Depreciation	517,418	-	-	517,418
<b>Total operating expenses</b>	<b>517,418</b>	<b>2,030,004</b>	<b>473,069</b>	<b>3,020,491</b>
<b>OPERATING INCOME (LOSS)</b>	<b>342,757</b>	<b>328,159</b>	<b>(57,978)</b>	<b>612,938</b>
<b>NON-OPERATING REVENUES</b>				
Gain/loss on sale of capital assets	23,205	-	-	23,205
Interest income	1,956	2,640	3,261	7,857
<b>Total non-operating revenues</b>	<b>25,161</b>	<b>2,640</b>	<b>3,261</b>	<b>31,062</b>
<b>CHANGE IN NET POSITION</b>	<b>367,918</b>	<b>330,799</b>	<b>(54,717)</b>	<b>644,000</b>
<b>TOTAL NET POSITION- BEGINNING</b>	<b>2,860,910</b>	<b>(97,198)</b>	<b>(123,839)</b>	<b>2,639,873</b>
<b>TOTAL NET POSITION- ENDING</b>	<b>\$ 3,228,828</b>	<b>\$ 233,601</b>	<b>\$ (178,556)</b>	<b>\$ 3,283,873</b>

CITY OF DUNCANVILLE, TEXAS

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Fleet Replacement	Medical Self-Insurance	Comprehensive Self-Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Internal activity-receipts from other funds	860,175	2,334,590	415,091	3,609,856
Payments to suppliers	-	(2,097,346)	(285,964)	(2,383,310)
Other	(23,517)	29,573	-	6,056
<b>Net cash provided by operating activities</b>	<b>836,658</b>	<b>266,817</b>	<b>129,127</b>	<b>1,232,602</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due from other funds	(1,505,000)	-	-	(1,505,000)
<b>Net cash used in noncapital financing activities</b>	<b>(1,505,000)</b>	<b>-</b>	<b>-</b>	<b>(1,505,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(325,057)	-	-	(325,057)
Sale of capital assets	23,205	-	-	23,205
<b>Net cash used in capital related financing and related financing activities</b>	<b>(301,852)</b>	<b>-</b>	<b>-</b>	<b>(301,852)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	1,943	1,719	2,181	5,843
<b>Net cash provided by investing activities</b>	<b>1,943</b>	<b>1,719</b>	<b>2,181</b>	<b>5,843</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(968,251)</b>	<b>268,536</b>	<b>131,308</b>	<b>(568,407)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>1,510,487</b>	<b>101,368</b>	<b>94,783</b>	<b>1,706,638</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>542,236</b>	<b>369,904</b>	<b>226,091</b>	<b>1,138,231</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating (income) loss	342,757	328,159	(57,978)	612,938
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	517,418	-	-	517,418
Change in assets and liabilities-				
Accounts and other receivables	(23,517)	6,000	-	(17,517)
Accounts and other payables	-	(67,342)	187,105	119,763
<b>Total adjustments</b>	<b>493,901</b>	<b>(61,342)</b>	<b>187,105</b>	<b>619,664</b>
<b>Net cash provided by (used in) operating activities</b>	<b>836,658</b>	<b>266,817</b>	<b>129,127</b>	<b>1,232,602</b>

## CITY OF DUNCANVILLE

### COMPONENT UNIT COMBINING FINANCIAL STATEMENTS

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. Up until fiscal year 2012, the Duncanville Community and Economic Development Corporation (DCEDC) was considered a discretely presented component unit. Currently four members of the DCEDC board are also members of the City Council, changing the reporting requirements of the DCEDC from a discretely presented component unit to a blended component unit (presented as a governmental fund). The financial statements are exhibited here only to show the restatement due to change in accounting principle.



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*City of Champions*

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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, 2012

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	<u>Special Revenue</u>	<u>Total</u>
FUND BALANCES, beginning of year	961,502	961,502
CHANGE IN ACCOUNTING PRINCIPLE	(961,502)	(961,502)
FUND BALANCES, end of year	\$ -	\$ -



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STATISTICAL SECTION (UNAUDITED)

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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<b>Financial Trends</b> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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**City of Duncanville**

**Schedule 1**

**Net Position by Component  
Last Ten 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>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
Governmental activities										
Invested in capital assets	\$ 17,756,803	\$ 15,722,124	\$ 24,133,362	\$ 42,888,768	\$ 46,679,459	\$ 46,593,503	\$ 50,060,721	\$ 50,403,980	\$ 52,495,944	\$ 59,809,237
Restricted	692,896	451,812	350,885	2,135,390	658,191	112,865	70,458	41,456	-	1,515,702
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>	<u>5,217,145</u>	<u>7,652,982</u>	<u>4,806,821</u>	<u>4,964,969</u>
Total governmental activities net position	<u>\$ 23,746,557</u>	<u>\$ 26,742,537</u>	<u>\$ 33,988,041</u>	<u>\$ 51,760,388</u>	<u>\$ 53,296,419</u>	<u>\$ 52,323,669</u>	<u>\$ 55,348,324</u>	<u>\$ 58,098,418</u>	<u>\$ 57,302,765</u>	<u>\$ 66,289,908</u>
Business-type activities										
Invested in capital assets	\$ 22,428,266	\$ 23,352,304	\$ 23,903,050	\$ 24,896,859	\$ 25,534,318	\$ 26,893,640	\$ 26,805,736	\$ 27,076,019	\$ 26,950,315	\$ 27,278,483
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>	<u>4,370,413</u>	<u>3,731,110</u>	<u>4,943,839</u>	<u>4,898,380</u>
Total business-type activities net position	<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>	<u>\$ 31,176,149</u>	<u>\$ 30,807,129</u>	<u>\$ 31,894,154</u>	<u>\$ 32,176,863</u>
Primary government										
Invested in capital assets	\$ 40,185,069	\$ 39,074,428	\$ 48,036,412	\$ 67,785,627	\$ 72,213,776	\$ 73,487,143	\$ 76,866,457	\$ 77,479,999	\$ 79,446,259	\$ 87,087,720
Restricted	692,896	451,812	350,885	2,135,390	658,191	112,865	70,458	41,456	-	1,515,702
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>	<u>9,587,558</u>	<u>11,384,092</u>	<u>9,750,660</u>	<u>9,863,349</u>
Total primary government net position	<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>	<u>\$ 86,524,473</u>	<u>\$ 88,905,547</u>	<u>\$ 89,196,919</u>	<u>\$ 98,466,771</u>

\*The City implemented GASB 63 for the period ended September 30, 2012. "Net Position" prior to the implementation was reported as "Net Assets".

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

City of Duncanville

Schedule 2

**Changes in Net Position  
Last Ten 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>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
<b>Expenses</b>										
Governmental activities										
General government	\$ 1,805,370	\$ 1,815,776	\$ 1,843,301	\$ 2,887,854	\$ 3,536,589	\$ 4,057,131	\$ 3,870,234	\$ 3,169,503	\$ 2,798,564	\$ 2,795,748
Finance	942,631	1,017,176	1,013,884	1,204,589	1,183,866	1,312,673	1,292,138	1,231,406	1,241,303	1,126,940
Community services	3,236,439	3,122,149	3,688,927	4,703,438	2,818,521	3,214,940	3,158,557	3,165,163	3,263,161	3,069,011
Police	6,113,841	6,958,226	6,646,338	7,119,106	7,562,765	8,527,423	8,109,764	8,168,671	8,552,574	8,198,206
Public works	3,595,016	3,749,228	4,748,203	4,881,669	5,331,327	6,376,715	5,701,322	5,664,455	5,893,424	5,685,500
Fire	4,664,195	4,501,238	4,801,545	4,872,692	4,400,876	5,660,644	5,449,439	5,385,776	5,436,865	5,192,134
Economic development	-	-	-	-	-	-	-	-	-	994,421
Interest and fiscal charges	873,138	883,919	817,745	759,939	697,552	584,910	478,651	354,584	273,901	236,244
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>25,531,496</u>	<u>29,734,436</u>	<u>28,060,105</u>	<u>27,139,558</u>	<u>27,459,792</u>	<u>27,298,204</u>
Business-type activities										
Water	4,993,910	4,656,225	4,850,211	5,525,280	5,079,317	5,146,666	5,150,097	5,220,632	5,416,191	5,322,287
Wastewater	4,321,343	4,255,396	4,541,989	4,295,218	4,765,731	5,885,520	4,135,413	5,319,569	4,862,977	4,832,019
Solid waste	1,725,261	1,793,330	1,802,136	1,811,672	1,997,924	2,016,504	2,057,402	2,130,470	2,024,938	2,143,944
Sports facility	-	-	-	-	-	-	-	-	1,003,941	1,352,511
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>	<u>11,342,912</u>	<u>12,670,671</u>	<u>13,308,047</u>	<u>13,650,761</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>\$ 37,374,468</u>	<u>\$ 42,783,126</u>	<u>\$ 39,403,017</u>	<u>\$ 39,810,229</u>	<u>\$ 40,767,839</u>	<u>\$ 40,948,965</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ 67,732	\$ -	\$ 103,689	\$ 227,600	\$ -	\$ 314,160	\$ 1,173,234	\$ 382,095	\$ 459,084	\$ 378,816
Community services	298,989	302,938	287,540	674,835	278,932	417,736	256,405	304,054	293,952	297,470
Police	1,296,280	1,771,488	1,350,176	1,607,537	1,665,961	1,416,876	1,964,148	1,631,861	1,799,592	1,808,357
Public works	968,481	998,585	769,849	942,787	1,467,533	2,232,685	1,100,109	1,759,053	1,783,792	1,803,462
Fire	528,204	635,442	548,788	756,893	766,903	624,997	1,009,010	849,306	(834,974)	793,561
Operating grants and contributions	234,511	233,729	245,357	905,197	84,111	167,553	338,658	754,463	399,930	418,470
Capital grants and contributions	335,000	1,066,945	1,559,812	96,354	145,017	74,551	2,364,100	2,201,004	404,913	709,483
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>	<u>8,264,772</u>	<u>7,881,836</u>	<u>4,306,289</u>	<u>6,209,619</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	6,375,580	6,339,411	7,559,917	6,815,956
Wastewater	4,469,011	4,487,516	4,400,626	4,829,746	4,865,682	5,073,654	4,819,134	4,775,447	4,756,780	4,828,861
Solid waste	1,815,516	1,661,116	1,946,737	1,913,769	1,936,332	2,203,622	2,209,092	2,450,987	2,418,321	2,505,455
Sports facility	-	-	-	-	-	-	-	-	376,544	546,285
Grants and contributions	106,462	514,984	999,429	118,264	213,951	1,205,387	22,227	107,974	967,165	-
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>	<u>13,426,033</u>	<u>13,673,819</u>	<u>16,078,727</u>	<u>14,696,557</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>	<u>\$ 21,690,805</u>	<u>\$ 21,555,655</u>	<u>\$ 20,385,016</u>	<u>\$ 20,906,176</u>

City of Duncanville

Schedule 2

**Changes in Net Position  
Last Ten 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>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (17,501,433)	\$ (17,038,585)	\$ (18,694,732)	\$ (21,218,084)	\$ (21,123,040)	\$ (24,485,878)	\$ (19,795,333)	\$ (19,257,722)	\$ (23,153,503)	\$ (21,088,585)
Business-type activities	627,820	1,393,365	2,381,571	2,835,752	1,072,609	2,410,488	2,083,121	1,003,148	2,770,680	1,045,796
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>	<u>\$ (17,712,212)</u>	<u>\$ (18,254,574)</u>	<u>\$ (20,382,823)</u>	<u>\$ (20,042,789)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Ad valorem	\$ 11,055,022	\$ 11,476,537	\$ 11,746,407	\$ 12,209,904	\$ 12,401,242	\$ 13,083,411	13,288,719	12,482,287	12,699,136	12,470,739
Sales	4,749,336	4,866,493	4,868,004	5,451,335	5,530,559	5,398,034	5,235,231	5,321,558	5,048,659	7,303,949
Franchise	2,056,464	1,852,614	1,938,736	2,129,943	2,000,905	2,024,099	1,988,717	2,036,308	2,153,122	2,007,859
Mixed beverage	-	-	-	-	-	42,992	71,978	60,101	59,671	49,266
Hotel occupancy	162,145	252,608	252,500	531,711	594,238	593,725	462,474	393,731	445,385	458,744
Earnings on investments	213,641	190,079	372,513	603,243	565,594	343,967	117,619	35,810	39,971	45,695
Rentals and miscellaneous	708,872	938,256	755,889	-	410,928	632,049	286,126	287,252	221,430	228,377
Transfers	935,228	1,105,768	892,061	1,082,850	1,155,604	1,325,677	1,369,124	1,390,769	1,690,476	771,284
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>	<u>22,819,988</u>	<u>22,007,816</u>	<u>22,357,850</u>	<u>23,335,913</u>
Business-type activities										
Earnings on investments	66,781	76,900	53,575	259,132	264,628	136,592	37,007	18,601	6,821	8,197
Rentals and miscellaneous	15,810	-	-	-	-	-	-	-	-	-
Transfers	(935,228)	(1,105,768)	(892,061)	(1,082,850)	(1,155,604)	(1,325,677)	(1,369,124)	(1,390,769)	(1,690,476)	(771,284)
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>	<u>(1,332,117)</u>	<u>(1,372,168)</u>	<u>(1,683,655)</u>	<u>(763,087)</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>	<u>\$ 21,487,871</u>	<u>\$ 20,635,648</u>	<u>\$ 20,674,195</u>	<u>\$ 22,572,826</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,379,275	\$ 3,643,770	\$ 2,131,378	\$ 790,902	\$ 1,536,030	\$ (1,041,924)	\$ 3,024,655	\$ 2,750,094	\$ (795,653)	\$ 9,854,877
Business-type activities	(224,817)	364,497	1,543,085	2,012,034	181,633	1,221,403	751,004	(369,020)	1,087,025	282,709
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>	<u>\$ 3,775,659</u>	<u>\$ 2,381,074</u>	<u>\$ 291,372</u>	<u>\$ 10,137,586</u>

\*The City implemented GASB 63 for the period ended September 30, 2012. "Net Position" prior to the implementation was reported as "Net Assets".  
Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

City of Duncanville

Schedule 3

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(Unaudited)

<b>Fiscal Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>	<b>2012</b>
<b>General Fund</b>										
Reserved	\$ 38,001	\$ 24,719	\$ 520,895	\$ 714,077	\$ 630,018	\$ 542,049	\$ 407,899	246,425	-	-
Unreserved	4,650,654	5,908,556	4,518,077	3,977,424	3,740,803	2,507,519	2,932,936	3,669,209	-	-
Nonspendable	-	-	-	-	-	-	-	-	24,151	26,612
Assigned- Community services	-	-	-	-	-	-	-	-	70,459	5,619,154
Unassigned	-	-	-	-	-	-	-	-	4,567,918	5,823,400
<b>Total general Fund</b>	<b>4,688,655</b>	<b>5,933,275</b>	<b>5,038,972</b>	<b>4,691,501</b>	<b>4,370,821</b>	<b>3,049,568</b>	<b>3,340,835</b>	<b>3,915,634</b>	<b>4,662,528</b>	<b>11,469,166</b>
<b>All Other Governmental Funds</b>										
Reserved										
Debt service	\$ 755,775	\$ 517,460	\$ 296,625	\$ 202,702	\$ 32,639	\$ 5,906	\$ (38,660)	4,183	-	-
Other Governmental Funds	-	-	-	1,715	907	1,722	5,479	2,073	-	-
Unreserved, reported in:										
Special revenue funds	635,665	758,605	594,502	680,360	801,682	975,378	1,160,098	695,824	-	-
Capital projects funds	5,481,502	3,074,606	2,361,603	1,821,809	1,153,876	703,041	303,317	729,638	-	-
Restricted for:										
Debt Service	-	-	-	-	-	-	-	-	76,363	23,886
Street Construction	-	-	-	-	-	-	-	-	202,162	172,463
Traffic Improvement and Safety	-	-	-	-	-	-	-	-	73,693	455,358
Economic development	-	-	-	-	-	-	-	-	-	97,448
Promotion of Tourism and Convention and Hotel Industry	-	-	-	-	-	-	-	-	53,174	51,808
Maintenance and Construction of Drainage Projects	-	-	-	-	-	-	-	-	45,783	127,860
Public Safety, Cultural and Recreational Services	-	-	-	-	-	-	-	-	135,734	13,597
Court Technology	-	-	-	-	-	-	-	-	8,868	53,076
Cout Security	-	-	-	-	-	-	-	-	55,117	81,362
Juvenile Case Management	-	-	-	-	-	-	-	-	50,286	292,930
Public Safety and Criminal Investigations	-	-	-	-	-	-	-	-	249,647	25,228
Park Construction	-	-	-	-	-	-	-	-	41,527	120,686
Capital Improvements	-	-	-	-	-	-	-	-	212,261	-
<b>Total all other governmental funds</b>	<b>\$ 6,872,942</b>	<b>\$ 4,350,671</b>	<b>\$ 3,252,730</b>	<b>\$ 2,706,586</b>	<b>\$ 1,989,104</b>	<b>\$ 1,686,047</b>	<b>\$ 1,430,234</b>	<b>\$ 1,431,718</b>	<b>\$ 1,204,615</b>	<b>\$ 1,515,702</b>

\*In fiscal year 2011, the City implemented GASB 54 which changed fund balance presentation

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

City of Duncanville

Schedule 4

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

<u>Fiscal Year</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Taxes -										
Ad valorem	\$ 11,055,022	\$ 11,520,666	\$ 11,757,053	\$ 12,211,482	\$ 12,407,871	\$ 13,086,084	\$ 13,288,134	\$ 12,463,461	\$ 12,665,474	\$ 12,490,182
Sales	4,749,336	4,866,493	4,868,004	5,451,335	5,530,559	5,398,034	5,235,231	5,321,588	5,048,659	7,303,949
Franchise	2,056,464	1,852,614	1,938,736	2,129,943	2,000,905	2,024,099	1,988,717	2,036,308	2,153,122	2,007,859
Mixed beverage	33,341	27,710	67,848	54,927	58,387	42,992	71,978	60,101	59,671	49,266
Hotel	162,145	252,608	252,500	476,784	594,238	593,725	462,474	393,731	445,385	458,744
Licenses, permits and fees	1,480,182	1,717,271	1,656,445	1,857,835	2,623,014	3,217,587	4,169,554	2,881,963	2,777,712	2,716,873
Fines and forfeitures	740,930	1,145,059	744,985	939,237	967,892	857,396	750,490	1,054,149	1,160,339	1,182,418
Recreation fees	-	282,010	265,436	286,767	254,874	237,931	256,295	303,954	293,872	297,410
Intergovernmental	994,658	532,071	534,844	1,328,817	406,006	378,387	1,208,854	2,182,355	931,100	1,303,413
Investment income	209,238	166,474	323,667	505,115	490,846	301,442	100,669	32,753	34,059	37,838
Rental and other	879,812	444,182	402,080	554,258	816,442	609,405	1,111,587	1,663,650	814,772	643,278
<b>Total revenues</b>	<b>\$ 22,361,128</b>	<b>\$ 22,807,158</b>	<b>\$ 22,811,598</b>	<b>\$ 25,796,500</b>	<b>\$ 26,151,034</b>	<b>\$ 26,747,082</b>	<b>\$ 28,643,983</b>	<b>\$ 28,394,013</b>	<b>\$ 26,384,165</b>	<b>\$ 28,491,230</b>
Expenditures										
General government/ finance/ non-departmental	\$ 2,664,197	\$ 2,541,927	\$ 2,636,846	\$ 3,631,198	\$ 3,568,078	\$ 4,676,515	4,515,509	3,735,002	3,582,050	4,008,312
Police	6,327,454	6,454,933	6,796,628	7,088,021	8,091,558	8,606,164	7,950,702	8,010,438	8,336,089	8,146,411
Fire	4,225,807	4,260,359	4,573,261	4,794,582	5,176,242	5,462,552	5,282,271	5,209,321	5,178,309	5,266,727
Public works	3,337,296	3,475,872	4,009,839	3,988,391	4,123,636	4,070,557	3,683,537	3,881,637	4,133,585	4,081,264
Parks and recreation	2,324,759	2,159,116	3,251,930	3,553,111	2,636,565	2,790,986	2,685,803	2,681,454	2,767,743	2,713,411
Library (Included in General government in 2008)	581,378	524,111	643,502	632,693	676,184	-	-	-	-	-
Special purposes - promotional	34,671	44,853	53,398	330,032	370,135	481,470	385,245	298,842	290,107	440,157
Capital outlay	2,536,449	1,453,204	950,666	919,446	894,865	835,666	2,229,494	2,547,349	1,575,723	1,527,369
Debt service										
Principal retirement	2,135,000	2,185,000	2,255,000	2,320,000	2,455,000	2,595,000	2,311,273	2,325,872	1,122,685	1,985,622
Interest and fiscal charges	822,227	585,460	524,833	452,239	352,537	247,334	534,829	518,554	482,073	642,497
<b>Total expenditures</b>	<b>\$ 24,989,238</b>	<b>\$ 23,684,835</b>	<b>\$ 25,695,903</b>	<b>\$ 27,709,713</b>	<b>\$ 28,344,800</b>	<b>\$ 29,766,244</b>	<b>\$ 29,578,663</b>	<b>\$ 29,208,469</b>	<b>\$ 27,468,364</b>	<b>\$ 28,811,770</b>
Excess of revenues over (under) expenditures	(2,628,110)	(877,677)	(2,884,305)	(1,913,213)	(2,193,766)	(3,019,162)	(934,680)	(814,456)	(1,084,199)	(320,540)
Other Financing Sources (Uses)										
Bonds issued	4,246,915	-	-	-	-	-	-	-	-	-
Refunding bonds issued	5,435,000	-	-	-	-	-	-	-	-	-
Payments to escrow agent	(5,392,718)	-	-	-	-	-	-	-	-	-
Transfers in	1,171,765	1,278,631	1,408,528	1,333,512	1,380,428	1,609,071	1,951,313	2,027,424	2,206,549	1,844,815
Transfers out	(336,537)	(422,863)	(516,467)	(250,662)	(224,824)	(283,394)	(582,189)	(636,655)	(516,073)	(1,073,531)
<b>Total other financing sources (uses)</b>	<b>5,124,425</b>	<b>855,768</b>	<b>892,061</b>	<b>1,082,850</b>	<b>1,155,604</b>	<b>1,325,677</b>	<b>1,369,124</b>	<b>1,390,769</b>	<b>1,690,476</b>	<b>771,284</b>
Net change in fund balances	\$ 2,496,315	\$ (21,909)	\$ (1,992,244)	\$ (830,363)	\$ (1,038,162)	\$ (1,693,485)	\$ 434,444	\$ 576,313	\$ 606,277	\$ 450,744
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	\$ 2,381,600	\$ 2,547,349	\$ 1,575,723	\$ 1,527,369
Debt service as a percentage of noncapital expenditures	13.2%	12.5%	11.2%	10.3%	10.2%	9.8%	10.4%	10.7%	6.2%	9.6%

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					
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
2009	1,358,453,630	538,936,760	182,527,540		2,079,917,930	177,589,032	1,902,328,898	0.696
2010	1,278,446,690	527,686,510	186,259,420		1,992,392,620	186,259,667	1,806,132,953	0.696
2011	1,242,060,340	507,608,570	167,026,190		1,916,695,100	196,187,462	1,720,507,638	0.738
2012	1,212,518,690	499,612,540	164,697,890		1,876,829,120	189,403,075	1,687,526,045	0.738

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)
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
2009	0.559167	0.136833	0.696000	1.418000	0.228100	0.004928	0.254000	0.089400
2010	0.550200	0.145800	0.696000	1.418000	0.228100	0.005212	0.274000	0.094900
2011	0.653578	0.084114	0.737692	1.418000	0.243100	0.010000	0.271000	0.099230
2012	0.658737	0.078955	0.737692	1.418000	0.243100	0.001000	0.271000	0.099670

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

City of Duncanville

Schedule 7

**Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)**

Taxpayer / Company Name	2012			2003		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation (a)	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation (a)
Masco Builder Cabinet Group	40,112,665	1	2.38%	25,238,740	1	1.77%
Costco Wholesale Corporation Costco	17,503,590	2	1.04%	-	-	-
G & E Apartment Reit - Bella Ruscello	14,225,960	3	0.84%	-	-	-
Oncor Electric Delivery-Texas Utilities Electric Company	9,058,030	4	0.54%	12,699,520	4	0.89%
A T & T Communications (Southwestern Bell/Cingular)	7,613,890	5	0.45%	14,993,540	2	1.01%
Apple Nine Spe Duncanville Inc	7,468,560	6	0.44%	-	-	-
Apple Reit Limited PS Main Park Apartments	7,390,580	7	0.44%	8,500,000	7	0.58%
Wimberly Park LP	7,285,140	8	0.43%	12,741,660	3	0.89%
Cole La Duncanville Tx Llc	7,200,000	9	0.43%	-	-	-
Wimberly Apartments LP	7,032,000	10	0.42%	-	-	-
C H Guenther & Son Pioneer Frozen Foods	-	-	-	12,430,410	5	0.87%
Wal-Mart Corporation Wal-Mart Store	-	-	-	11,338,220	6	0.77%
Ladd 1998 Real Properties	-	-	-	7,863,250	8	0.53%
TT Duncanville LTD	-	-	-	6,488,550	9	0.44%
Center Ridge Apts LTD	-	-	-	5,400,000	10	0.37%
<b>Total</b>	<b>\$ 124,890,415</b>		<b>7.40%</b>	<b>\$ 117,693,890</b>		<b>8.25%</b>

Note:

(a) Total Taxable Value as of Oct. 1,687,526,045 1,477,440,936

Source: Dallas Central Appraisal District

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

<b>Fiscal Year Ended Sept. 30,</b>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	<b>Adjusted Taxes Levied for the Fiscal Year</b>	<b>Amount</b>	<b>Percentage of Levy</b>	<b>Collections in Subsequent Years (1)</b>	<b>Amount</b>	<b>Percentage of Levy</b>
2003	10,912,896	10,698,211	98.0%	214,685	10,912,896	100.0%
2004	11,434,896	11,109,031	97.2%	83,987	11,193,018	97.9%
2005	11,618,422	11,399,901	98.1%	196,996	11,596,897	99.8%
2006	12,050,465	11,779,327	97.7%	235,730	12,015,057	99.7%
2007	12,304,132	11,974,681	97.3%	300,578	12,275,259	99.8%
2008	12,874,498	12,573,089	97.7%	301,409	12,874,498	100.0%
2009	13,160,823	12,888,062	97.9%	191,654	13,079,717	99.4%
2010	12,459,098	12,161,481	97.6%	163,311	12,324,792	98.9%
2011	12,706,127	12,381,341	97.4%	101,219	12,482,560	98.2%
2012	12,458,343	12,097,385	97.1%	-	12,097,385	97.1%

Note:

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

Source: Dallas County Tax Assessor / Collector

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

Fiscal Year Ended Sept. 30,	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income (a)	Per Capita (b)
	General Obligation Bonds	Certificate of Obligation Bonds	Water and Sewer Revenue Bonds			
2002	15,665,000	3,429,605	-	19,094,605	(c)	530
2003	9,635,000	11,671,519	4,100,000	25,406,519	2.70%	698
2004	8,575,000	10,546,519	3,985,000	23,106,519	(c)	654
2005	7,495,000	9,371,519	3,865,000	20,731,519	(c)	565
2006	6,870,000	7,676,519	3,703,350	18,249,869	1.73%	483
2007	7,290,710	6,354,813	3,610,000	17,255,523	1.57%	451
2008	3,270,000	8,116,345	3,375,000	14,761,345	1.36%	384
2009	1,950,000	7,063,016	3,135,000	12,148,016	1.14%	315
2010	565,000	5,962,187	2,885,000	9,412,187	0.88%	244
2011	385,000	4,806,226	9,130,000	14,321,226	(c)	372
2012	195,000	7,545,376	8,475,000	16,215,376	1.70%	412

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

- (a) See Schedule 14 for personal income data.
- (b) See Schedule 14 for population data.
- (c) Information not available

Source: City of Duncanville, Texas Comprehensive Annual Financial Reports

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

<b>Fiscal Year Ended Sept. 30,</b>	<u>General Bonded Debt Outstanding</u>			<b>Percentage of Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
	<u>General Obligation Bonds</u>	<u>Certificate of Obligation Bonds</u>	<u>Total</u>		
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%	357
2008	3,270,000	8,116,345	11,386,345	0.61%	296
2009	1,950,000	7,063,016	9,013,016	0.47%	234
2010	565,000	5,962,187	6,527,187	0.36%	169
2011	385,000	4,806,226	5,191,226	0.29%	135
2012	195,000	7,545,376	7,740,376	0.45%	197

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, 2012**  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Duncanville Independent School District	\$ 150,421,348	53.14%	\$ 80,084,325
Dallas County	121,605,000	1.07%	1,301,174
Dallas County Community College District	374,265,000	1.07%	4,004,636
Dallas County School	45,300,000	1.07%	484,710
Dallas County Hospital District	705,000,000	1.07%	7,543,500
Cedar Hill Independent School District	94,857,477	0.26%	246,629
Dallas Independent School District	2,534,240,000	0.01%	253,424
Subtotal, overlapping debt			<u>\$ 93,918,398</u>
City direct debt			<u>16,215,376</u>
Total direct and overlapping debt			<u>\$ 110,133,774</u>

**Legal Debt Margin Information**  
**As of September 30, 2012**  
(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, 2012 is \$.737692 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	
<b><u>Water and Sewer Bonds</u></b>						
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	2,059,083	235,000	140,611	5.5
2009	11,231,676	8,309,391	2,922,285	240,000	133,216	7.8
2010	11,133,026	9,480,791	1,652,235	250,000	132,172	4.3
2011	12,316,697	9,193,510	3,123,187	270,000	124,923	7.9
2012	11,652,529	9,127,277	2,525,252	280,000	110,344	6.5

## 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.

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year Ended Sept. 30,</b>	<b>Population (a)</b>	<b>Personal Income</b>	<b>Per Capita Income (a)</b>	<b>Median Household Income (a)</b>	<b>Number of Households (a)</b>	<b>School Enrollment (b)</b>	<b>Unemployment Rate</b>	
2003	36,402	941,610,534	25,867	56,645	12,894	10,762	4.50%	(d)
2004	35,346	(e)	(e)	(e)	(e)	11,283	4.00%	(d)
2005	36,725	(e)	(e)	(e)	(e)	11,736	6.00%	(c)
2006	37,800	1,056,434,400	27,948	62,269	13,046	12,042	5.66%	(c)
2007	38,251	1,102,546,824	28,824	63,961	13,088	12,149	4.58%	(c)
2008	38,430	1,088,222,310	28,317	65,382	13,457	12,664	4.30%	(c)
2009	38,542	1,066,765,476	27,678	64,760	13,537	12,939	7.90%	(c)
2010	38,562	1,071,483,732	27,786	65,676	13,667	12,850	9.45%	(c)
2011	38,524	(e)	(e)	(e)	(e)	12,600	9.60%	(c)
2012	39,360	953,220,390	24,053	52,637	13,242	12,880	6.80%	(c)

Sources: (a) 2010 Census, 2011 NCTCOG.org population estimate, all other years ESRI estimates  
 (b) Duncanville Independent School District  
 (c) Texas Workforce Commission 2005-2012  
 (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	2012			2003		
	Employees (2)	Rank	Percent of Total Employment (a)	Employees (2)	Rank	Percent of Total Employment (a)
Duncanville Independent School District	1,600	1	9.09%	1,500	2	8.31%
Masco(Formerly Texwood/Quality Cabinets and Doors)	706	2	4.01%	2,400	1	13.31%
City of Duncanville	302	3	1.71%	252	3	1.40%
Pioneer Frozen Foods	176	4	1.00%	175	4	0.97%
Costco	145	5	0.82%	-	-	-
DeFords	130	6	0.70%	147	5	0.81%
Pappadeaux	125	7	0.70%	100	6	0.55%
W&B Service Company	100	8	0.50%	-	-	-
Freedom Dodge, Chrysler, Jeep	75	9	0.40%	-	-	-
Personalized Communications	70	10	0.40%	-	-	-
Brittle-Brittle	-	-	-	65	7	0.36%
Ramada Inn	-	-	-	60	8	0.33%
Durable Spec. Inc.	-	-	-	58	9	0.32%
Custom Canvas	-	-	-	55	10	0.30%
<b>Total</b>	<b>3,429</b>		<b>19.33%</b>	<b>4,812</b>		<b>26.66%</b>

Note:

(a) Total City Employment (1)

17,589

18,035

Sources:

(1) ESRI BIS

(2) Duncanville Community Economic Development Corporation

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

<u>Fiscal Year</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>By Functions</b>										
General Government	31.0	31.0	31.0	33.0	34.0	35.0	33.0	32.5	30.2	32.5
Fire Services	52.0	52.0	52.0	52.0	53.0	53.0	53.0	52.3	52.0	52.0
Police Services (Civil)	62.0	62.0	61.0	61.0	60.0	63.0	59.0	59.0	59.0	59.0
Police Services (Non-Civil)	14.0	12.0	12.0	12.0	15.0	12.0	11.0	11.0	18.8	18.8
Public Works	33.5	33.5	34.5	33.5	33.0	31.5	30.5	30.0	32.0	33.0
Library Services	9.0	9.0	9.0	9.0	9.0	9.0	9.0	12.0	12.0	11.5
Parks and Recreation	15.0	13.0	13.0	13.0	16.0	16.0	16.0	28.7	34.8	41.2
Community Services	8.0	6.0	6.0	6.0	6.0	6.0	9.0	6.6	-	-
Water and Wastewater	21.5	21.5	21.5	21.5	21.5	23.5	21.5	25.0	17.5	16.5
Total Employees by Function	246.0	240.0	240.0	241.0	247.5	249.0	242.0	257.1	256.3	264.5
<b>By Departments</b>										
General Government	7.0	7.0	7.0	7.0	8.0	18.0	17.0	20.0	17.0	18.8
Finance	22.0	22.0	22.0	24.0	24.0	24.0	24.0	23.5	24.0	24.0
Community Services	32.0	28.0	28.0	28.0	31.0	22.0	25.0	32.6	34.8	41.2
Police (Civil)	62.0	62.0	61.0	61.0	60.0	63.0	59.0	59.0	59.0	59.0
Police (Non-Civil)	14.0	12.0	12.0	12.0	15.0	12.0	11.0	12.0	18.8	18.8
Public Works	31.0	30.5	31.5	30.5	30.5	31.5	30.5	31.7	25.5	27.0
Utilities	24.0	24.5	24.5	24.5	24.0	23.5	21.5	25.0	24.0	22.5
Fire	52.0	52.0	52.0	52.0	53.0	53.0	53.0	52.3	52.0	52.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.2	1.2
Total Employees by Department	246.0	240.0	240.0	241.0	247.5	249.0	242.0	257.1	256.3	264.5
<b>By Fund</b>										
General	209.4	202.9	202.5	203.5	208.0	213.0	219.5	216.4	210.4	214.6
Utility	32.0	32.0	32.0	32.0	34.0	31.5	21.5	33.0	30.5	29.5
Hotel/Motel	0.5	1.0	1.0	1.0	1.0	1.0	-	1.0	-	-
Economic Development	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.2	1.2
Grant	0.6	1.0	1.0	1.0	1.0	-	-	1.7	2.1	2.1
Drainage	-	0.1	0.5	0.5	0.5	0.5	-	0.5	3.5	3.5
Solid Waste	2.0	2.0	2.0	2.0	2.0	2.0	-	2.0	2.0	2.0
Traffic Administration	-	-	-	-	-	-	-	1.0	1.0	1.0
Juvenile Case Manager	-	-	-	-	-	-	-	0.5	-	0.1
Fieldhouse	-	-	-	-	-	-	-	-	5.6	-
Total Employees by Fund	246.0	240.0	240.0	241.0	247.5	249.0	242.0	257.1	256.3	264.5

Source: City of Duncanville, Texas Annual Budgets

**City of Duncanville**

**Schedule 17**

**Operating Indicators By Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Years</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Function/Program</b>										
General Government										
Building Permits Issued	285	502	421	433	421	359	236	374	350	367
Police										
Criminal Arrests	2,871	2,584	2,058	2,394	2,320	1,808	3,300	2,100	2,235	1,900
Index Crimes per 1,000 Population	52.16	47.78	43.73	40.00	42.58	47.05	50.00	47.80	46.24	47
Fire										
Total Calls for Service (Fire & EMS)	5,298	5,566	6,517	6,976	7,004	6,884	7,038	7,248	6,700	6,475
Total Structural Inspections	1,291	1,349	1,473	701	1,349	1,404	832	1,035	742	737
Public Services										
Utility Cuts Repaired	127	142	142	89	104	112	115	186	125	175
Sidewalk Repaired (Square Feet)	7,731	7,358	7,358	7,729	13,618	12,815	11,576	2,231	9,000	7800
Parks and Recreation										
Program Participation Hours	18,000	13,648	13,648	18,623	17,829	18,231	21,120	25,119	14,843	15,000
Number of Annual Passes Sold	2,758	1,437	1,314	1,949	1,981	2,774	2000	2,664	1,900	2900
Library										
Volumes in Collection	78,812	76,138	89,814	97,648	102,807	106,076	105,571	105,710	111,018	107,924
Total Volumes Borrowed	195,658	168,892	165,262	174,676	173,101	176,325	169,602	160,642	171,000	145,746
Water/Wastewater										
Water Main Breaks	39	41	41	35	29	33	30	36	30	25
Number of Gallons of Water Pumped (000s)	2,023,335	1,875,701	1,949,561	2,196,549	1,683,823	1,907,801	2,000,000	1,726,380	1,900,000	1825000
Average Daily Consumption (MGD)	5.5	5.1	5.3	6.0	4.6	5.2	6.0	4.7	5.75	5
Miles of Sewer Mains Cleaned	14.49	12.46	8.73	4.80	5.70	3.75	8.00	2.12	14.5	12

Source: City of Duncanville, Texas Annual Budgets

**City of Duncanville**

**Schedule 18**

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Function/Program</b>										
<b>Public Safety</b>										
Emergency Vehicles (Police & Fire)	31	29	29	36	34	34	34	33	31	31
<b>Public Works</b>										
Streets - Paved (Miles)	155.98	155.98	155.98	155.98	156.05	156.05	156.05	156.05	156.05	156.05
Alleys - Paved (Miles)	40.07	40.28	40.28	40.28	36.11	36.11	36.11	36.11	36.11	36.11
Traffic Signals	36	36	36	36	34	34	34	34	34	34
Street Signs	1,921	1,926	1,926	1,928	1,966	1,966	1,966	1,966	1,966	1,966
Regulatory & Non-regulatory Signs	4,227	4,337	4,337	4,416	9,850	9,920	9,920	9,940	9,929	10,085
Non-Emergency Vehicles	70	38	68	72	79	79	81	84	82	82
<b>Parks and Recreation</b>										
Park Acres	222.0	228.0	228.0	228.0	237.4	237.0	237.0	242.0	239.0	239.0
Playgrounds	10	10	10	10	12	12	12	12	12	13
Total Athletic Facilities Maintained	54	54	54	54	56	54	54	54	54	54
<b>Water/Wastewater</b>										
Miles of Water Mains	184.37	186.92	186.92	187.35	188.01	189.50	189.50	189.50	189.80	189.48
Fire Hydrants	1,204	1,283	1,296	1,306	1,341	1,355	1,360	1,364	1,366	1,372
Sanitary Sewer Lines (Miles)	152.33	152.35	152.35	153.45	154.06	153.60	153.60	153.64	153.65	153.65
Sanitary Sewer Laterals (Miles)	76.86	76.86	76.86	77.25	77.46	77.30	77.30	77.30	77.30	77.30

Source: City of Duncanville, Texas Annual Budgets