

COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF DESOTO, TEXAS



For the Year Ended September 30, 2010



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2010

Prepared by the

CITY OF DESOTO

FINANCE DEPARTMENT

Camelia Browder, Director

CITY COUNCIL

Bobby Waddle, Mayor

Carl O. Sherman, Mayor Pro-Tem

Denise Valentine, Council Member

Sandy Respess, Council Member Deshaundra Lockhart, Council Member

Patricia Ledbetter, Council Member Carl Williams, Council Member

CITY MANAGER

James Baugh

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FOR THE YEAR ENDED SEPTEMBER 30, 2010

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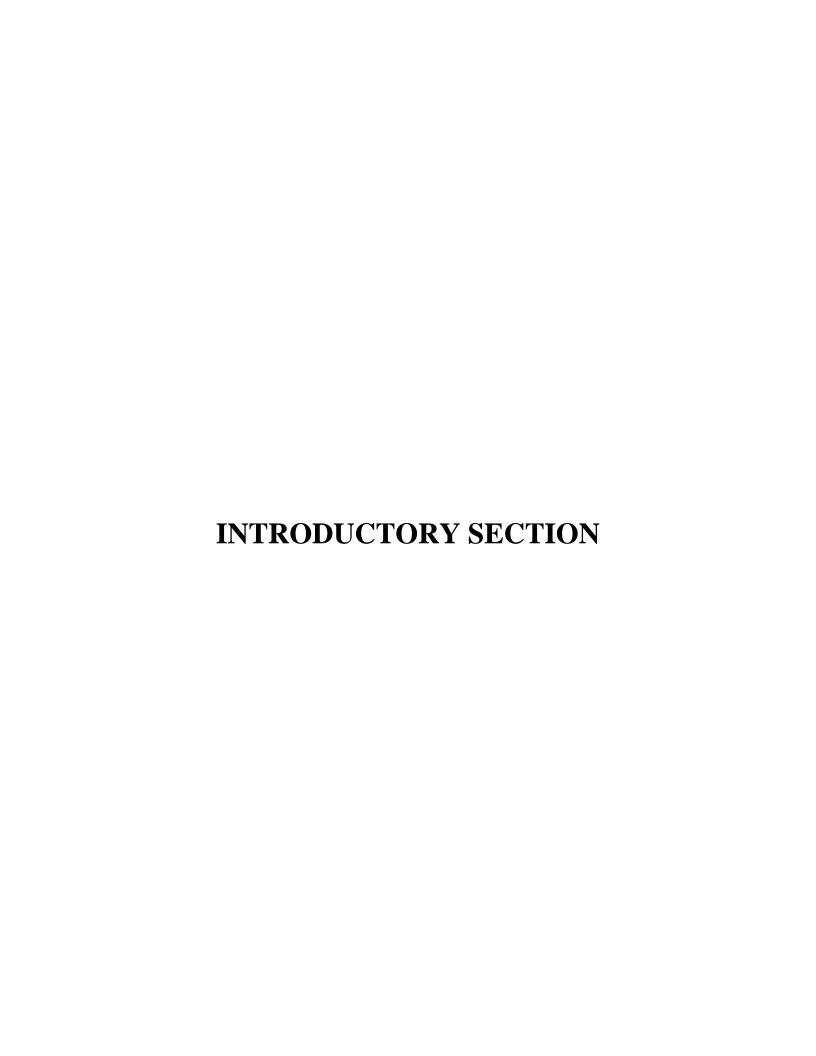
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May 10, 2011

To the Citizens of the City of DeSoto, Texas

State law requires that every municipality publish within six (6) months of the close of each fiscal year a complete set of audited financial statements, to include the auditor's opinion on the statements. This report is published to fulfill that requirement for the fiscal year that ended Thursday, September 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Desoto's financial statements for the year that ended Thursday, September 30, 2010. The independent auditors' report is located at the front of the financial section of this report.

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 the aforesaid document.

Profile

Located in the Best Southwest portion of Dallas County, the City of DeSoto is situated just minutes from downtown Dallas. Bordering I-35 on its eastern border and Highway 67 on its northern boundary, the City covers approximately 21 square miles. The City serves an estimated 2010 population of 49,047. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, and is a home-rule city operating under a Council/Manager form of government. The Council is comprised of the Mayor and six Council members, who enact local legislation, adopt budgets, determine policies, and appoint the City secretary, City attorney and Judge of the municipal court. 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. Major services provided under general government and enterprise functions are: public safety (police and fire protection), emergency ambulance services, construction and maintenance of streets, water and sewer services, parks and recreation, library services and general administrative services.

Accounting System and Budgetary Control

One of the objectives of the City's financial accounting system is to provide adequate internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise activities are maintained on the accrual basis.

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities.

<u>Budgetary Controls</u> – The objective of the budgetary controls maintained by the City is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, water and sewer fund, and all other funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by departments within the individual fund. 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.

<u>Cash Management</u> – Cash temporarily idle during the year was invested in demand deposits and public fund investment pools. Yields during the year ranged from .23% to .28%. The City earned interest of \$107,832 on all investments for the year that ended Thursday, September 30, 2010.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's investment strategies include using cash flow analysis to purchase securities. This practice lessens the impact which rising interest rates have on the valuation changes of the portfolio. Investments in the deferred compensation plans are held by the third party plan administrators.

<u>Risk Management</u> – Third party coverage is currently maintained for workers' compensation, liability and property losses.

Local Economy

Major industries located in the City of DeSoto include manufacturers of solar turbines, a publishing company, a transportation company, a healthcare provider, as well as a distributor of retail items and several retail grocery chains. These industries employ over 1,400 employees.

The City's unemployment rate for 2010 is an average of 8.2%, which is slightly below the unemployment rate for Dallas County of 8.5%. The City of DeSoto benefits from its proximity to the Dallas-Fort Worth metroplex and major transportation corridors with its location twelve (12) miles south of Dallas. The close proximity to job opportunities in Dallas, Fort Worth and the Mid-Cities continues to contribute to growth in the City. Its estimated population of over 49,000 has grown a notable 30% since 2000, with an increase of 24% in the number of households during the same time. There is room for further development within the City's 21 square miles, since the City is only 60-65% built out.

In fiscal year 2010, The City experienced a decline in taxable assessed valuation by 6% since fiscal year 2009 due to the reappraisal of nearly 50% of residential properties. Not unlike other cities in the Dallas-Fort Worth area, the City experienced a sharp decline in residential values. However, the City experienced a modest increase in building permits and a slight increase in sales tax for fiscal year 2010 which helped to offset the decline in assessed valuation.

Long-term Financial Planning

The City has historically maintained solid general fund balances. Fiscal year 2010 fund balance results are higher than the prior fiscal year, closing the year with a total fund balance at \$7.18 million or roughly 29% of spending. Sales tax receipts, which increased by 10% from the 2009 fiscal year, give an indication of a modest economic recovery. The City continues to respond proactively to the downturn in the economy by implementing budget cuts sufficient to offset the revenue loss and does not expect to utilize reserves for recurring operating expenditures. The City is also utilizing extensive planning and maintaining tight budgetary measures to balance its operations. The sales tax receipts are expected to continue to increase as the City continues to provide incentives for retail and business operations that come to the City.

Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing DeSoto as one of the region's hot spots for growth. The City is committed to supporting new and expanding companies by creatively customizing incentive packages based on individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center in the Industrial Park offers 1.8 million square feet of build-to-suit distribution or light industrial space for lease at Centre Park Blvd and Interstate 35 East.

Major Initiatives

The 2010-2011 fiscal year included initiatives such as:

- Maintain the current level of services provided by the Police & Fire Department, as well as the Division of Code Enforcement; and
- Review the Water and Sewer fund's current rate to ensure it is adequate to cover the
 current operations and the debt service costs. The Water and Sewer Fund is
 transitioning from financing the capital needs of that fund out of current revenue to
 debt.

Awards and Acknowledgements

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the fiscal year that ended Wednesday, September 30, 2009. 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 for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of DeSoto has received a Certificate of Achievement for the last 21 consecutive fiscal years ended September 30. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City's staff. Appreciation is extended to Edena Atmore and City staff who assisted as well as contributed to its preparation. The Mayor and the City Council are also commended for their willingness to participate in the strategic planning process for financial operations.

Respectfully submitted,

Tarron Richardson, Ph.D.

City Manager

Camelia Browder

Managing Director of Financial Services

Camelia Browder

Certificate of Achievement for Excellence in Financial Reporting

Presented to

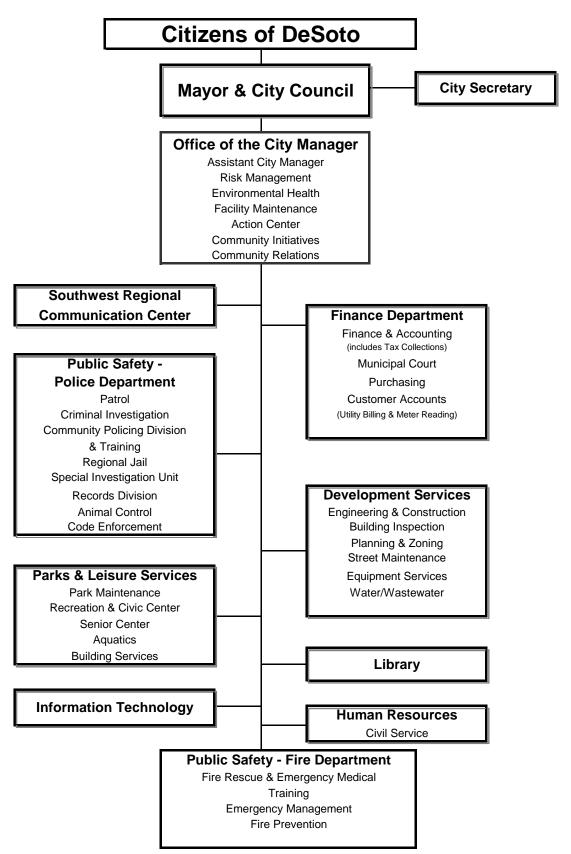
City of DeSoto Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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.







LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2010

Bobby Waddle

Mayor

Place 1

Patricia Ledbetter

Place 2

Denise Valentine

Place 3

Deshaundra Lockhart

Place 4

Sandy Respess

Place 5

Carl O. Sherman Mayor Pro Tem

Place 6

Carl Williams

Place 7

James Baugh City Manager

Tarron Richardson, Ph.D. Assistant City Manager

Camelia Browder

Managing Director of Financial Services

Fred Hart

Fire Chief

Andre Houser Managing Director Human Resources

Lucile Dade

Managing Director

Library

William Broadnax Police Chief

Tom Johnson

Managing Director of Development Services

Renee Johnson

Managing Director of Parks

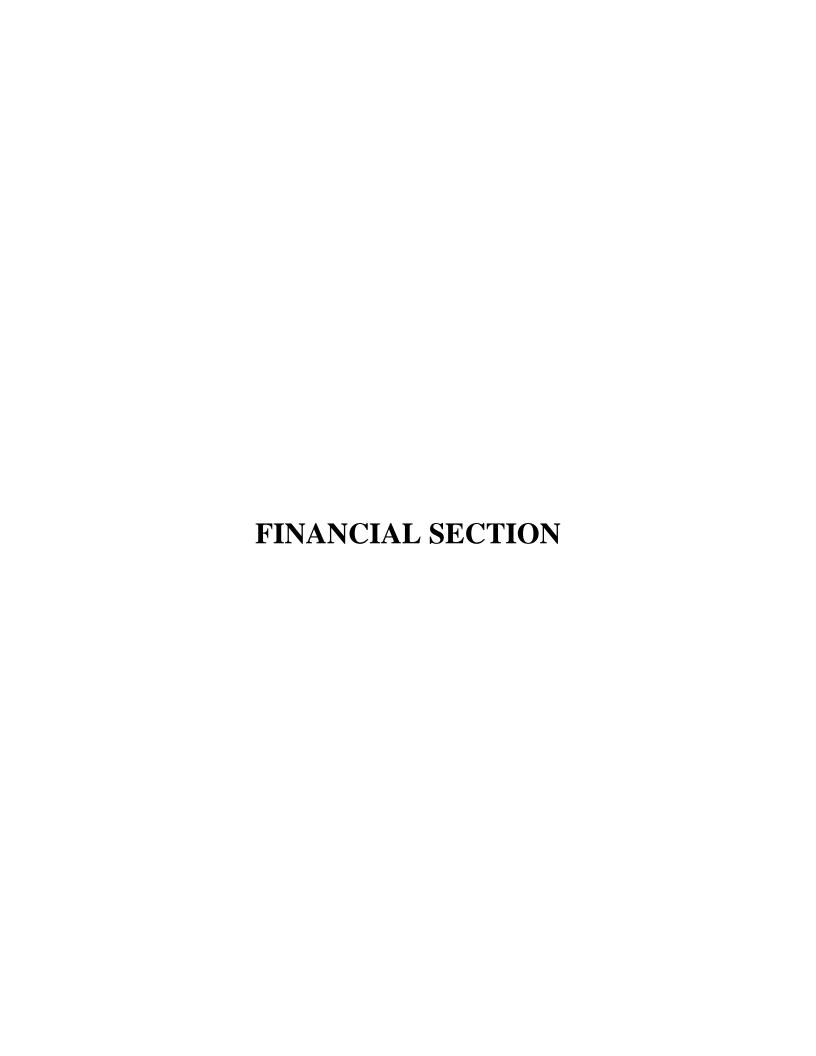
and Leisure Services

Laura Hallmark City Secretary

Joe Gorfida

City Attorney









INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas (the "City"), as of and for the year ended September 30, 2010, 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 of DeSoto, Texas' 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011, on our consideration of the City of DeSoto, Texas' internal control over financial reporting and on our tests over 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 Management's Discussion and Analysis on pages 3 through 12 and the Schedule of Funding Progress for Participation in Texas Municipal Retirement System on page 60, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the 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 of DeSoto, Texas' basic financial statements as a whole. The introductory section, combining and individual nonmajor 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 nonmajor 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.

Patillo, Brown & Hill, L.L.P.

May 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

As management of the City of DeSoto (the "City"), 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, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv 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 2010 fiscal year by \$163,604,249 (net assets). Of this amount, \$19,255,784 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$24,882,743, a decrease of \$3,714,570 from the prior year. Approximately 26% of this total amount is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,964,196 or 28% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation decreased by \$3,344,660. The decrease is primarily due to current year depreciation. Capital project activity decreased for 2010; therefore, capital additions did not exceed current year depreciation. Some projects were postponed for future years.
- The City's long-term liabilities increased \$5,620,000 due to an increase in general obligation debt of \$755,000, and an increase in certificates of obligation of \$4,865,000. The general obligation bond issuance was sold to fund refund a portion of the Series 2000 Capital Appreciation Bonds. The issuance in certificates of obligations was is to improve and extend the City's waterworks and sewer system.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City'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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, development services, parks and leisure services, library services, human resources, financial services, and information technology. The business-type activities of the City include water and sewer, drainage systems, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the DeSoto Health Facilities Development Corporation, the DeSoto Housing Finance Corporation and the DeSoto Industrial Development Authority, Inc., which are legally separate but financially accountable to the City. A blended presentation has been used to report the financial information of these component units. That means that the component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government. Additionally, the government-wide financial statements include the DeSoto Economic Development Corporation and the DeSoto Park Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The DeSoto Economic Development Corporation and the DeSoto Park Development Corporation are legally separate entities.

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

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 focus on near-term inflows and outflows of expendable resources, 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.

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

The City maintains 24 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 Fund, Debt Service Fund, and Street Improvement Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single aggregate presentation.

The City adopts an annual appropriated budget for its general fund. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is provided for the general fund to demonstrate compliance with this budget.

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 water and sewer, drainage and sanitation operations. 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 water and sewer, drainage and sanitation, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Agency Fund is one of the City's fiduciary funds and it accounts for the funds held in an agency capacity for the Southwest Regional Communication Center. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the 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 to the financial statements can be found beginning on page 29 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. Required supplementary information immediately follows the notes to the financial statements. Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2010, the City's assets exceeded liabilities by \$163,604,249.

The largest portion of the City's net assets (87%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$19,255,784, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2010, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF DESOTO'S NET ASSETS (in thousands of dollars)

		Governmen	tal A	ctivities		Business-ty	ctivities	Totals				
		2010		2009		2010		2009		2010		2009
Current and other assets	\$	32,462	\$	36,375	\$	20,892	\$	14,746	\$	53,354	\$	51,121
Capital assets		155,365		157,943		62,692		63,458		218,057		221,401
Total assets	_	187,826	_	194,318	_	83,585	_	78,204		271,411	_	272,522
Long-term liabilities												
outstanding		87,399		86,812		14,694		9,766		102,093		96,578
Other liabilities		2,986		7,861		2,728		2,636		5,714	_	10,497
Total liabilities	_	90,385	_	94,673	_	17,422	_	12,402	-	107,807	_	107,075
Net assets:												
Invested in capital assets,												
net of related debt		82,952		88,779		59,669		53,525		142,621		142,304
Restricted		1,728		3,407		-		-		1,728		3,407
Unrestricted	_	12,762	_	7,459	_	6,494		12,277		19,256	_	19,736
Total net assets	\$	97,442	\$	99,645	\$	66,163	\$	65,802	\$	163,604	\$	165,447

General government activities. There is a decrease of approximately \$2.6 million dollars in general government capital assets from 2009 to 2010. This decrease is due to current year depreciation exceeding the assets capitalized in the current year. The decrease in general government restricted net assets from 2009 to 2010 is due to activity in the City's capital improvement program.

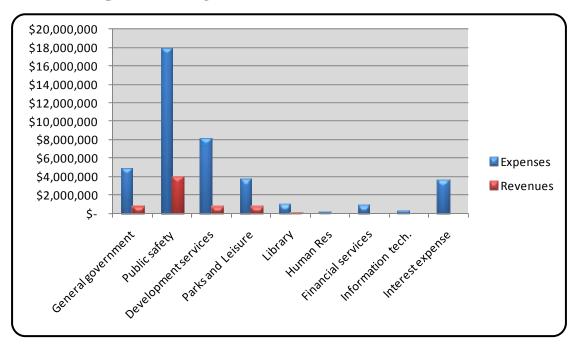
Business-type activities. There is a decrease of \$0.7 million dollars in capital assets from 2009 to 2010. This reflects a decline in construction activity for capital projects. The increase in unrestricted net assets in business type activities is due to less rainfall totals, leading to greater than anticipated water sales.

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2010. Overall, the City had a decrease in net assets of \$1,842,841 million dollars. This is due in part to a decline in capital projects, a decrease in the property tax revenues and a decrease in the amount of interest income.

CITY OF DESOTO'S CHANGES IN NET ASSETS

		Governmental Activities				Business-ty	pe Ac	etivities	Totals					
		2010		2009		2010		2009		2010	2009			
Revenues:														
Program revenues:														
Charges for services	\$	4,240,165	\$	5,918,385	\$	18,818,999	\$	18,364,452	\$	23,059,164	\$	24,282,837		
Operating grants														
and contributions		1,684,707		1,088,561		35,571		-		1,720,278		1,088,561		
Capital grants														
and contributions		338,964		23,696		-		104,877		338,964		128,573		
General revenues:		20.000.202		24 7 52 72 5						20.000.205		24 7 52 72 5		
Property taxes		20,998,395		21,562,536		-		-		20,998,395		21,562,536		
Other local taxes		8,899,286		8,628,339		-		-		8,899,286		8,628,339		
Interest income		42,494		314,323		31,429		55,674		73,923		369,997		
Miscellaneous	_	208,314	_			87,006		30,208		295,320		30,208		
Total revenues	_	36,412,325	_	37,535,840	_	18,973,005	_	18,555,211		55,385,330		56,091,051		
Expenses:														
General government		4,845,547		3,827,242		-		-		4,845,547		3,827,242		
Public safety		17,889,132		17,402,007		-		-		17,889,132		17,402,007		
Development services		8,109,041		7,523,025		-		-		8,109,041		7,523,025		
Parks and leisure services		3,683,752		3,162,068		-		-		3,683,752		3,162,068		
Library		949,520		933,378		-		-		949,520		933,378		
Human resources		171,664		213,452		-		-		171,664		213,452		
Financial services		884,724		777,635		-		-		884,724		777,635		
Information technology		294,032		328,417		-		-		294,032		328,417		
Interest on long-term debt		3,557,515		3,939,305		-		-		3,557,515		3,939,305		
Water and sewer		-		-		12,697,975		12,611,568		12,697,975		12,611,568		
Storm drainage		-		-		1,209,603		1,187,708		1,209,603		1,187,708		
Sanitation		-		-		2,935,666		2,889,531		2,935,666		2,889,531		
Total expenses		40,384,927		38,106,529		16,843,244	_	16,688,807		57,228,171	_	54,795,336		
I	-4-													
Increase (decrease) in net ass before transfers	eis	2 072 602)	,	570 690)		2,129,761		1,866,404	(1,842,841)		1,295,715		
before transfers	(3,972,602)	(570,689)		2,129,701		1,800,404	(1,042,041)		1,293,713		
Transfers		1,769,052	_	1,278,553	(1,769,052)	(1,278,553)	_		_			
Change in net assets	(2,203,550)		707,864		360,709		587,851	(1,842,841)		1,295,715		
Net assets, beginning		99,645,107		96,948,980		65,801,983		66,543,403		165,447,090		163,492,383		
Prior period adjustment				1,988,263	_		(1,329,271)				658,992		
Net assets, ending	\$	97,441,557	\$	99,645,107	\$	66,162,692	\$	65,801,983	\$	163,604,249	\$	165,447,090		

Expense and Program Revenues – Governmental Activities



Financial Analysis and Budgetary Highlights of City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the 2010 fiscal year, the City's governmental funds reported combined ending fund balances of \$24,882,743, a decrease of \$3,714,570 from the prior year. Approximately 26% of this total amount is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to complete capital projects (\$13,596,910), 2) to pay debt service (\$2,159,684), and 3) for inventory, 4) and for a variety of other purposes.

The fund balance of the City's general fund decreased by \$425,960 during the current fiscal year; due primarily to one-time planned uses of fund balance that were approved by city council.

Debt service fund balance increased by \$327,697 due to the closing of various capital project funds where excess funds were returned to the debt service fund and used to assist with bond payments.

The fund balance of the Street Improvement fund decreased by \$2,886,134 due to the completion of various street improvement projects in 2010 that were identified in the five year capital improvement plan and that were part of the City's beautification projects.

General Fund Budgetary Highlights

The actual revenues of \$26,907,156 exceeded the budgeted revenues by \$597,343 because of increases in property tax revenue, electric, natural gas and cable television franchise taxes, sales taxes, intergovernmental, and licenses and permits revenues. The actual expenditures of \$25,024,093 were \$3,053,043 less than the budgeted expenditures of \$28,077,136. In awareness of the economic crisis, staff continued to curtail expenditures for 2010 in order to offset any possible revenue shortfall.

\$16,000,000 \$12,000,000 \$10,000,000 \$8,000,000 \$4,000,000 \$2,000,000 \$-Water and sewer Drainage Sanitation

Expenses and Revenues for Business-type Activities

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the respective proprietary funds are Water and Sewer – \$3,579,150, Storm Drainage – \$1,540,104, and Sanitation – \$1,374,618. The net assets for Water and Sewer increased \$130,280; Storm Drainage increased \$261,536 and Sanitation increased \$229,453. Rate increases for high volume customers increased the net asset position of the Water & Sewer fund along with low rainfall and warm temperatures during the summer season. In addition, an increase in customer base improved the net asset position of the Storm drainage fund.

Capital Assets

At the end of fiscal year 2010, the City had over \$218 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net decrease of approximately \$3.3 million over the amounts for the prior fiscal year.

CITY OF DESOTO'S CAPITAL ASSETS (Net of Depreciation – in thousands of dollars)

	Governmen	ctivities		Business-ty	pe Ac	tivities	Totals				
	2010		2009		2010		2009	2010			2009
Land	\$ 3,703	\$	3,703	\$	945	\$	945	\$	4,648	\$	4,648
Street/Alley ROW	14,073		14,073		-		-		14,073		14,073
Construction in progress	9,727		13,992		2,120		710		11,847		14,702
Buildings	26,675		27,500		-		-		26,675		27,500
Infrastructure	98,749		96,744		59,372		61,402		158,121		158,146
Equipment and furniture	2,213		1,579		255		389		2,468		1,968
Capital leases	 225	_	352	_			12	_	225	_	364
Total capital assets	\$ 155,365	\$	157,943	\$	62,692	\$	63,458	\$	218,057	\$	221,401

Major capital asset events during the 2010 fiscal year include the following:

- Completion of the grid-connected solar panel system installed on the roof of Town Center. The capitalized cost for this project was \$187,500.
- Completion of fiscal Year 2010 Capital Improvement Program for the annual reconstruction of residential and collector streets. The scope of work consisted of pulverization of the existing asphalt, cement stabilization of the base material of 6" and the construction of a new 6" asphalt roadway. It was capitalized at a cost of \$793,592 as part of the infrastructure of governmental activities.
- Completion of fiscal year 2009 Capital Improvement Program for the Water/Sanitary Sewer repair and replacement program. The scope of work consisted of the replacement of water and sewer lines in various residential areas as well as the reconstruction of asphalt residential streets. It was capitalized at a cost of \$900,260 as part of the infrastructure of governmental activities.
- Completion of the Drainage Improvements at 3-Locations project that included Spinner, Bramble Creek, and Hannah. The scope of work included the construction of underground drainage and the reconstruction of an alley. The capitalized cost for this project was \$266,423.

Additional information on the City's capital assets can be found in Note 5 beginning on page 41 of this report.

Debt Administration

CITY OF DESOTO'S OUTSTANDING DEBT (in thousands of dollars)

		Governmen	tal Act	ivities		Business-ty	pe Acti	vities	Totals					
		2010		2010		2009		2010		2009		2010		2009
General obligation	\$	59,120	\$	61,402	\$	1,213	\$	1,377	\$	60,333	\$	62,779		
Certificates of obligation		21,250		22,478		13,125		8,500		34,375		30,978		
Notes payable	_	1,095		1,292				-		1,095		1,292		
	\$	81,465	\$	85,172	\$	14,338	\$	9,877	\$	95,803	\$	95,049		

The City has an AA- rating from Fitch and an AA- rating from Standard & Poor's.

In fiscal year 2010, the City used the proceeds from the sale the 2010 series of tax exempt general obligation bonds to refund a portion of the City's outstanding series 2000 capital appreciation bonds. The City also used the proceeds from certificates of obligation bonds to fund improvements to the City's waterworks and sewer system. The 2010 series general obligation and certificates of obligation bonds are recorded as general government debt.

Additional information on the City's long-term debt can be found in Note 6 beginning on page 46 of this report.

Economic Factors and Next Year's Budgets and Rates

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. The yield from Property Tax is projected to decrease by 721,496 over the fiscal year (FY) 2010 budget. The drop in revenue is due to the reduction in residential property values. This impact would have been much more sever had there not been growth in value in the business, personal property and commercial property categories. Growth in new non-residential construction was helpful in adding new value to the tax roll and was a positive element in the growth we did experience. This decline in growth in our assessed valuation continues to be a concern. The FY 2011 budget was adopted with an O&M tax rate of \$0.50492, a \$0.009 increase from FY 2010.

Sales Tax is the second largest revenue source. After years of flat Sales Tax, we have experienced modest increases in the last several years and this was reflected in our FY 2010 sales tax projection. In FY 2010, some new retail stores sprung up in DeSoto and we also had the successful passage the ability to allow off premise sales of beer and wine in DeSoto. This attributed to our sales tax revenue surpassing our FY 2010 projections by \$248,372. This is a positive indication that the actual performance of this revenue may be even better than our projections. Based on this positive trend we projected revenue from sales in FY 2011 to be \$405,000 more than the estimate upon which the FY 2010 budget was based, as well as \$255,000 above our FY 2010 year-end projection.

The estimates for Franchise Fees for the Water and Sewer utilities and payment in lieu of taxes were increased over FY 2010, reflecting a budgeted increase of \$12,737 for FY 2011. These revenues were also budgeted higher in fiscal year 2010 from fiscal year 2009, reflecting an increase of \$77,709 from budgeted 2010 revenues. Overall, revenue in the General Fund for FY 2011 grew by \$597,343, which represents a more than 2% increase over the amount budgeted in fiscal year 2010.

The fiscal year 2011 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at a current market rate requires that new resources be allocated annually. The market review of compensation was conducted and no market adjustment in any of the salary categories was warranted. The only increases in salary will be the step increases in the Fire and Police Department, and to move employees who became eligible toward the mid-point of their salary range in the non-civil service departments. These normal increases appear in the budget each year in addition to any market adjustment. The total cost associated with salary adjustments in fiscal year 2011 is approximately \$85,000. This increase is primarily in protective services (Fire and Police) for step raises.

In addition to salary adjustments, we have experienced an increase in the Texas Municipal Retirement System ("TMRS") contribution. It is important to note that in fiscal year 2011 we will continue participation in TMRS by exercising the option to modify our City match from 2.0:1 to 1.5:1. This allows us to continue in TMRS and meet, over time, the UAAL obligation. All other personnel related benefit programs remain at the level reflected in the fiscal year 2010 budget.

The total increase in budgeted salaries and benefits over fiscal year 2010 is \$568,659 or 2.26%. This spending plan meets the objective of maintaining market compatibility with employee compensation.

Request for Information

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 additional information, contact the Finance Department, Attn: Assistant Director of Finance, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email *eatmore@ci.desoto.tx.us*.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Primary Government						
	Governmental Activities	Business-type Activities	Total				
ASSETS							
Cash and investments	\$ 24,757,654	\$ 16,680,844	\$ 41,438,498				
Receivables	3,561,107	2,689,922	6,251,029				
Internal balances		-	-				
Due from other governmental agencies	172,577	-	172,577				
Inventories	44,095	4,648	48,743				
Restricted assets:							
Cash and cash equivalents		1,200,348	1,200,348				
Note from component unit	260,906	-	260,906				
Investment in joint ventures	2,075,400	-	2,075,400				
Deferred charges	1,589,851	316,400	1,906,251				
Capital assets, net of accumulated depreciation:							
Non-depreciable	27,502,831	3,065,206	30,568,037				
Depreciable (net)	127,861,727	59,627,283	187,489,010				
Total assets	187,826,148	83,584,651	271,410,799				
LIABILITIES							
Accounts and contracts payable	1,005,266	1,197,146	2,202,412				
Accrued expenses and liabilities	1,453,913	159,896	1,613,809				
Retainage payable	36,205	59,039	95,244				
Unearned revenues	57,062	3,321	60,383				
Accrued interest payable	433,135	108,506	541,641				
Liabilities payable from restricted assets:							
Customer deposits	-	1,200,348	1,200,348				
Noncurrent liabilities due within one year:							
Notes payable	203,065	=	203,065				
Bonds payable	4,521,326	637,081	5,158,407				
Compensated absences	1,084,941	48,912	1,133,853				
Capital lease obligations	63,879	-	63,879				
Arbitrage liability	98,015	-	98,015				
Noncurrent liabilities due in more than one year:							
Notes payable	892,039	-	892,039				
Bonds payable	76,458,803	13,812,265	90,271,068				
Accreted interest	123,623	=	123,623				
Compensated absences	3,254,823	146,733	3,401,556				
TMRS net pension obligation	574,134	48,712	622,846				
Capital lease obligations	124,362	-	124,362				
Total liabilities	90,384,591	17,421,959	107,806,550				
NET ASSETS							
Invested in capital assets, net of related debt	82,952,006	59,668,820	142,620,826				
Restricted for:	02,202,000	57,000,020	112,020,020				
Debt service	1,727,639	_	1,727,639				
Unrestricted (deficit)	12,761,912	6,493,872	19,255,784				
Total net assets	\$ 97,441,557	\$ 66,162,692	\$ 163,604,249				

Component	U	Jnits
-----------	---	-------

DeSoto Park	DeSoto Economic
Development	Development
Corporation	Corporation
\$ 328,768	\$ 2,328,563
82,327	246,981
-	-
-	-
-	-
-	-
-	-
11,250	_
3,053,913	-
3,476,258	2,575,544
	
_	19,362
_	-
-	-
12,807	17,120
-	-
_	48,881
115,000	150,000
-	-
_	_
_	_
-	212,025
1,840,000	2,660,000
- · · · · -	· · ·
-	-
-	_
-	-
1,967,807	3,107,388
· · · · · · · · · · · · · · · · · · ·	
1,110,163	-
77	
85,681	-
312,607	(531,844)
\$ 1,508,451	\$(531,844)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

			Program Revenue							
Functions/Programs Primary government:		Expenses		Charges for Services	(Operating Grants and ontributions	Capital Grants and Contributions			
Governmental activities:										
General government	\$	4,845,547	\$	329,150	\$	290,273	\$	187,700		
Public safety		17,889,132		2,518,011		1,308,601		54,195		
Development services		8,109,041		575,242		67,500		97,069		
Financial services		884,724		-		-		-		
Information technology		294,032		-		-		-		
Human resources		171,664		-		-		-		
Parks and leisure services		3,683,752		756,356		-		-		
Library services		949,520		61,406		18,333		-		
Interest on long-term debt		3,557,515		-		-				
Total governmental activities	_	40,384,927		4,240,165		1,684,707		338,964		
Business-type activities:										
Water and sewer		12,697,975		14,155,822		-		-		
Storm drainage		1,209,603		1,463,866		-		-		
Sanitation		2,935,666		3,199,311		35,571		-		
Total business-type activities		16,843,244		18,818,999		35,571				
Total primary government	\$	57,228,171	\$	23,059,164	\$	1,720,278	\$	338,964		
Component units:										
DPDC	\$	470,630	\$	-	\$	-	\$	-		
DEDC	_	1,199,161								
Total component units	\$	1,669,791	\$	-	\$	-	\$	-		

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise tax

Sales tax

Hotel occupancy tax

Mixed beverage tax

Investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

Primary Government						Component Units						
	overnmental Activities		Business-type Activities		Total		DeSoto Park Development Corporation		DeSoto Economic evelopment Corporation			
\$(4,038,424)	\$	-	\$	-	\$	-	\$	-			
(14,008,325)		-		-		-		-			
(7,369,230)		-		-		-		-			
(884,724)		-		-		-		-			
(294,032)		-		-		-		-			
(171,664)		-		-		-		-			
(2,927,396)		-		-		-		-			
(869,781)		-		-		-		-			
(3,557,515)	_			-		<u>-</u>		-			
(34,121,091)		<u>-</u>									
	-		1,457,847		-		-		-			
	-		254,263		-		-		-			
			299,216						-			
			2,011,326		<u> </u>							
(34,121,091)	_	2,011,326		-			_	-			
	-		-		-	(470,630)		-			
			<u> </u>		<u>-</u>			(1,199,16			
		_	<u>-</u>			(470,630)	(1,199,16			
	• • • • • • • • • • • • • • • • • • • •				•••••							
	20,998,395		-		20,998,395		-		-			
	2,794,521		-		2,794,521		461.066		1 202 200			
	5,532,796 538,384		-		5,532,796 538,384		461,066		1,383,289			
	33,585		-		33,585		-		-			
	42,494		31,429		73,923		766		7,33			
	118,710		87,006		205,716		700		70,07			
	89,604				203,710		-		70,07			
			1 760 052)		-		-		-			
	1,769,052	<u>(</u>	1,769,052)		30,177,320		461 922		1 460 704			
(31,917,541 2,203,550)	(1,650,617) 360,709	(1,842,841)	(461,832 8,798)		1,460,703 261,54			
`	99,645,107		65,801,983	`	165,447,090	,	1,517,249	(793,388			
	97,441,557	\$	66,162,692	\$	163,604,249	\$	1,508,451	\$ <u>(</u>	531,844			

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	General	Debt Service			
ASSETS					
Cash and investments	\$ 6,234,116	\$ 2,124,993			
Receivables, net:	+ -,,	+ -, 1,555			
Taxes	1,699,478	314,623			
Grants and other governments	65,308	-			
Accounts and other	1,468,148	12,753			
Due from other funds	315,579	-			
Advances to other funds	177,543	-			
Inventories	44,095	-			
Note receivable	<u> </u>	<u> </u>			
Total assets	\$10,004,267	\$ 2,452,369			
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 366,879	\$ -			
Accrued liabilities	1,304,046	-			
Accrued interest payable	-	1,090			
Due to other funds	-	-			
Advances from other funds	-	-			
Deferred revenue	1,147,508	291,595			
Total liabilities	2,818,433	292,685			
Fund balances:					
Reserved for inventories	44,095	-			
Reserved for capital projects	-	-			
Reserved for recreation and tourism	-	-			
Reserved for community development	-	-			
Reserved for public safety	-	-			
Reserved for debt service	-	2,159,684			
Reserved for note receivable	-	-			
Reserved for advances	177,543				
Unreserved, reported in:					
Special revenue funds	-	-			
General fund	6,964,196	<u> </u>			
Total fund balances	7,185,834	2,159,684			
Total liabilities and fund balances	\$10,004,267	\$			

	Street		Other		Total		
I	mprovement	Go	vernmental	G	overnmental		
\$	11,241,944	\$	5,156,601	\$	24,757,654		
	-		-		2,014,101		
	-		107,269		172,577		
	-		66,105		1,547,006		
	-		-		315,579		
	-		-		177,543		
	-		-		44,095		
_	260,906	_	=		260,906		
\$	11,502,850	\$	5,329,975	\$ <u></u>	29,289,461		
\$	346,029	\$	292,358	\$	1,005,266		
	16,684		133,183		1,453,913		
	-				1,090		
	-		315,579		315,579		
	-		177,543		177,543		
	-		14,224		1,453,327		
_	362,713		932,887		4,406,718		
	-		-		44,095		
	10,879,231		2,717,679		13,596,910		
	-		1,088,374		1,088,374		
	-		103,602		103,602		
	-		863,152		863,152		
	-		-		2,159,684		
	260,906				260,906		
					177,543		
	-	(375,719)	(375,719)		
	<u>-</u>				6,964,196		
	11,140,137	_	4,397,088	_	24,882,743		
\$	11,502,850	\$ <u></u>	5,329,975	\$	29,289,461		



RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

Total fund balance, governmental funds			\$	24,882,743
Amounts reported for governmental activities in the Statement of Net Assets are different because:				
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. These assets consist of the following: Land Street and alley ROW Construction in progress Buildings Infrastructure Equipment and furniture Capitalized leases Accumulated depreciation Total capital assets		3,703,301 14,072,949 9,726,581 35,157,751 152,670,742 7,153,586 2,200,669 69,321,021) 155,364,558		155,364,558
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.				1,589,851
The investment in joint ventures is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet.	-			2,075,400
Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.				1,396,265
Interest on long-term debt is recognized when paid at the fund level, but is accrued when incurred in the government-wide financials.	L		(432,045)
Some liabilities (such as notes payable, capital lease obligations, long-term compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide financials. TMRS liability Retainage payable Notes payable Bonds payable Compensated absences Capital lease obligations Bond premium Accreted interest Loss on bond refunding Arbitrage liability		574,134) 36,205) 1,095,104) 80,392,118) 4,339,764) 188,241) 1,552,992) 123,623) 964,981 98,015)		
Total long-term liabilities	(87,435,215)	(87,435,215)
Net assets of governmental activities in the statement of net assets			\$_	97,441,557

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General	Debt S	Debt Service	
REVENUES				
Property taxes	\$ 14,860,991	\$ 6	5,111,163	
Franchise fees	2,794,521		-	
Sales taxes	5,532,796		-	
Hotel occupancy tax	-		-	
Mixed beverage tax	33,585		-	
Fines and forfeitures	1,016,933		-	
Licenses and permits	732,293		-	
Intergovernmental	386,080		215,148	
Charges for services	844,838		-	
Investment earnings	21,257		7,263	
Recreation revenue	233,215		-	
Miscellaneous	450,647			
Total revenues	26,907,156	6	5,333,574	
EXPENDITURES				
Current:				
General government	714,746		-	
Public safety:	0.540.405			
Police	8,760,497		-	
Fire	6,553,102		-	
Development services	2,592,422		-	
Financial services	657,942		-	
Information technology	284,355		-	
Human resources	167,715		-	
Parks and leisure services	2,261,209		-	
Library services	875,362		-	
Non-departmental	2,025,403		-	
Debt service:	27.000		002.250	
Principal	37,980		3,803,358	
Interest and other charges	20,863	3	3,452,576	
Capital outlay	72,497			
Total expenditures	25,024,093	7	,255,934	
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	1,883,063	(922,360)	
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-		755,000	
Sale of capital assets	121,787		-	
Bond premium	-		9,015	
Payment to escrow agent	-	(724,621)	
Transfers in	1,619,480	1	,210,663	
Transfers out	(4,050,290)		-	
Total other financing sources and uses	(2,309,023)	1	,250,057	
NET CHANGE IN FUND BALANCES	(425,960)		327,697	
FUND BALANCES, BEGINNING	7,611,794	1	,831,987	
FUND BALANCES, ENDING	\$ 7,185,834	\$2	2,159,684	

Street Improvement	Other Governmental	Total Governmental
\$ - - -	\$ - - -	\$ 20,972,154 2,794,521 5,532,796
- - -	575,384 - 79,519	575,384 33,585 1,096,452
103,757	592,161 782,736	732,293 1,297,146 1,627,574
33,327	14,556 514,977 84,561	76,403 748,192 535,208
137,084	2,643,894	36,021,708
68,072	1,178,263	1,961,081
-	1,010,709 329,619	9,771,206 6,882,721
2,661	956,714 120,837	3,551,797 778,779
- -	- -	284,355 167,715
- - -	973,717 60,271 42,117	3,234,926 935,633 2,067,520
- - 2,799,644	298,803 54,330 1,490,727	4,140,141 3,527,769 4,362,868
2,870,377	6,516,107	41,666,511
(2,733,293)	(3,872,213)	(5,644,803)
- - -	- - -	755,000 121,787 9,015
633,294 (786,135)	3,933,111 (791,071)	7,396,548 (5,627,496)
(152,841) (2,886,134)	3,142,040 (730,173)	1,930,233 (3,714,570)
14,026,271	5,127,261	28,597,313
\$11,140,137	\$	\$ 24,882,743



RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net change in fund balances - total governmental funds:	\$(3,714,570)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense. This is the amount of capital asset recorded in the current period.		4,173,751
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(6,734,844)
The net effect of various transactions involving capital assets, such as sales and disposals, is to increase net assets.		50,225
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Change in deferred revenue		334,922
Change in equity interest of joint ventures	(33,909)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets shows this as a reduction of long-term liabilities.		
Issuance of debt	(755,000)
Repayment of principal of long-term debt and capital leases		4,140,141
Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Payment to refunding escrow agent		724,621
Premium on debt		100,948
Bond issuance costs	(99,899)
Accreted interest on bonds payable	(15,880)
Bond refunding loss	(88,068)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest not reflected on Governmental funds		52,059
Accrued compensated absences	(185,815)
Arbitrage liability		12,079
TMRS liability	(164,311)
Change in net assets of governmental activities	\$ <u>(</u>	2,203,550)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Variance with

	Budgeted Amounts						Final Budget - Positive		
	Original Final Actual				Actual	(Negative)			
REVENUES		Originar		1 mai	_	Actual		regative)	
Property taxes	\$	14,761,180	\$	14,761,180	\$	14,860,991	\$	99,811	
Franchise fees		2,434,726		2,434,726		2,794,521	·	359,795	
Sales taxes		5,285,009		5,285,009		5,532,796		247,787	
Mixed beverage tax		33,000		33,000		33,585		585	
Fines and forfeitures		1,130,000		1,130,000		1,016,933	(113,067)	
Licenses and permits		493,308		493,308		732,293		238,985	
Intergovernmental		324,000		324,000		386,080		62,080	
Charges for services		894,000		894,000		844,838	(49,162)	
Investment earnings		210,000		210,000		21,257	(188,743)	
Recreation services		367,590		367,590		233,215	(134,375)	
Miscellaneous		377,000		377,000	_	450,647		73,647	
Total revenues		26,309,813	_	26,309,813	_	26,907,156		597,343	
EXPENDITURES Current:									
General government		1,756,337		1,756,337		714,746		1,041,591	
Public safety									
Police		9,253,434		9,253,434		8,760,497		492,937	
Fire		6,939,619		6,531,774		6,553,102	(21,328)	
Development services		2,753,558		2,753,558		2,592,422		161,136	
Financial services		1,275,399		1,275,399		657,942		617,457	
Information technology		613,219		613,219		284,355		328,864	
Human resources		342,346		342,346		167,715		174,631	
Parks and leisure services		2,627,331		2,627,331		2,261,209		366,122	
Public library		892,185		892,185		875,362		16,823	
Non-departmental		1,159,433		1,939,056		2,025,403	(86,347)	
Debt service:									
Principal		-		-		37,980	(37,980)	
Interest and other charges		-		-		20,863	(20,863)	
Capital outlay		20,000		92,497	_	72,497		20,000	
Total expenditures	_	27,632,861	_	28,077,136	_	25,024,093		3,053,043	
EXCESS (DEFICIENCY) OF REVENUES									
OVER (UNDER) EXPENDITURES	(1,323,048)	(1,767,323)	_	1,883,063	(2,455,700)	
OTHER FINANCING SOURCES (USES)									
Proceeds from sale capital assets		40,000		40,000		121,787		81,787	
Transfers in		1,663,271		1,663,271		1,619,480	(43,791)	
Transfers out	(1,487,319)	(2,170,164)	(4,050,290)	(1,880,126)	
Total other financing sources and uses	_	335,952	(346,893)	(2,309,023)	(1,962,130)	
NET CHANGE IN FUND BALANCES	(987,096)	(2,114,216)	(425,960)	(4,417,830)	
FUND BALANCES, BEGINNING		7,611,794	_	7,611,794	_	7,611,794			
FUND BALANCES, ENDING	\$	6,624,698	\$	5,497,578	\$_	7,185,834	\$ <u>(</u>	4,417,830)	

STATEMENT OF NET ASSETS PROPRIETARY FUNDS **SEPTEMBER 30, 2010**

	Business-type Activities - Enterprise Funds									
	-	Water and				P				
		Sewer		Drainage		Sanitation		Total		
ASSETS			-				-			
Current assets:										
Cash and investments	\$	12,415,335	\$	2,916,795	\$	1,348,714	\$	16,680,844		
Restricted cash and investments:										
Customer deposits		1,200,348		-		-		1,200,348		
Accounts receivable, net		2,139,848		159,422		390,652		2,689,922		
Inventories		4,648						4,648		
Total current assets	-	15,760,179		3,076,217		1,739,366		20,575,762		
Non-current assets:										
Deferred charges		177,839		138,561		-		316,400		
Capital assets:										
Land		283,902		341,197		320,087		945,186		
Construction in progress		1,376,285		629,736		113,999		2,120,020		
Improvements		9,333,708		5,038,067		8,950		14,380,725		
Water and sewer systems		73,961,804		-		-		73,961,804		
Drainage systems		-		10,587,774		-		10,587,774		
Equipment and furniture		940,594		70,944		22,674		1,034,212		
Equipment acquired under capital lease		-		-		111,425		111,425		
Less accumulated depreciation	(36,876,676)	(3,430,719)	(141,262)	(40,448,657)		
Total non-current assets		49,197,456		13,375,560		435,873		63,008,889		
Total assets		64,957,635		16,451,777		2,175,239		83,584,651		
LIABILITIES										
Current liabilities:										
Accounts and contracts payable		877,881		47,701		271,564		1,197,146		
Accrued liabilities		77,072		28,610		54,214		159,896		
Retainage payable		44,256		14,783		-		59,039		
Customer deposits		1,200,348		-		-		1,200,348		
Accrued interest payable		67,330		41,176		-		108,506		
Deferred revenue		3,321		-		-		3,321		
Compensated absences		39,420		1,562		7,930		48,912		
Bonds payable, current		262,003		375,078			-	637,081		
Total current liabilities		2,571,631		508,910		333,708		3,414,249		
Non-current liabilities:										
Compensated absences		118,261		4,684		23,788		146,733		
Bonds payable		8,549,440		5,262,825		-		13,812,265		
TMRS net pension obligation		39,129		2,331		7,252		48,712		
Total non-current liabilities		8,706,830		5,269,840		31,040	-	14,007,710		
Total non-current natinities		6,700,630		3,209,640		31,040		14,007,710		
Total liabilities		11,278,461		5,778,750		364,748		17,421,959		
NET ASSETS										
Invested in capital assets, net of related debt		50,100,024		9,132,923		435,873		59,668,820		
Unrestricted		3,579,150		1,540,104		1,374,618		6,493,872		
Total net assets	\$	53,679,174	\$	10,673,027	\$	1,810,491	\$	66,162,692		

The accompanying notes are an integral part of these financial statements.



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds									
	7	Water and								
		Sewer		Drainage		Sanitation		Total		
REVENUES										
Charges for services	\$	14,155,822	\$	1,463,866	\$	3,199,311	\$	18,818,999		
Miscellaneous	·	83,856	·	3,150		-		87,006		
Total operating revenues		14,239,678		1,467,016		3,199,311		18,906,005		
OPERATING EXPENSES										
Personal services		1,485,294		63,646		267,687		1,816,627		
Water supply		3,614,715		-		_		3,614,715		
Wastewater treatment		3,152,655		-		-		3,152,655		
Refuse collection expenses		-		-		1,932,108		1,932,108		
Administrative charges		1,233,677		102,673		500,000		1,836,350		
Contractual services		218,916		31,833		69,283		320,032		
Utilities		15,508		-		474		15,982		
Repairs and maintenance		407,854		14,342		95,912		518,108		
Other supplies and expenses		115,745		4,042		56,893		176,680		
Insurance claims and expenses		33,944		-		-		33,944		
Depreciation		2,228,067		635,926		13,309		2,877,302		
Total operating expenses		12,506,375		852,462		2,935,666		16,294,503		
OPERATING INCOME		1,733,303		614,554		263,645		2,611,502		
NON-OPERATING REVENUES (EXPENSES))									
Interest and investment revenue		24,569		4,123		2,737		31,429		
Operating grants and contributions		-		-		35,571		35,571		
Interest expense	(191,600)	(357,141)		<u>-</u> _	(548,741)		
Total non-operating revenue (expenses)	(167,031)	(353,018)		38,308	(481,741)		
INCOME BEFORE TRANSFERS		1,566,272		261,536		301,953		2,129,761		
Transfers out	(1,696,552)			(72,500)	(1,769,052)		
CHANGE IN NET ASSETS	(130,280)		261,536		229,453		360,709		
TOTAL NET ASSETS, BEGINNING		53,809,454		10,411,491		1,581,038		65,801,983		
TOTAL NET ASSETS, ENDING	\$	53,679,174	\$	10,673,027	\$	1,810,491	\$	66,162,692		

The accompanying notes are an integral part of these financial statements.

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities - Enterprise Funds								
		Water and Sewer		Drainage		Sanitation		Total	
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	\$	14,149,346	\$	1,479,525	\$	3,069,056	\$	18,697,927	
Payments to suppliers	(8,665,926)	(144,099)	(2,509,784)	(11,319,809)	
Payments to employees	(1,463,900)	(84,413)	(262,766)	(1,811,079)	
Net cash provided by operating activities		4,019,520	_	1,251,013	_	296,506	_	5,567,039	
CASH FLOWS FROM NONCAPITAL									
FINANCING ACTIVITIES									
Subsidy from state grant		-		-		35,571		35,571	
Transfers out to other funds	(1,696,552)			(72,500)	(1,769,052)	
Net cash used by noncapital financing activities	(1,696,552)			(36,929)	(_	1,733,481)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Acquisition and construction of									
property, plant and equipment	(1,502,893)	(460,373)	(88,944)	(2,052,210)	
Proceeds from bond sales	(4,926,135	(400,373)	(00,944)	(4,926,135	
Principal paid on long-term debt	(44,715)	(359,147)		_	(403,862)	
Interest paid on long-term debt	(235,601)	(306,071)		_	(541,672)	
Net cash provided (used) by capital and		233,001)		300,071)	_			341,072)	
related financing activities		3,142,926	(1,125,591)	(88,944)		1,928,391	
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest income received		24,569	_	4,123		2,737		31,429	
Net cash provided by investing activities		24,569	_	4,123	_	2,737		31,429	
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH		5,490,463		129,545		173,370		5,793,378	
CASH AND CASH EQUIVALENTS, BEGINNING	_	8,125,220		2,787,250		1,175,344	_	12,087,814	
CASH AND CASH EQUIVALENTS, ENDING	\$	13,615,683	\$	2,916,795	\$	1,348,714	\$	17,881,192	

COMBINING STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

Business-type Activities - Enterprise Funds Water and Sewer Drainage Sanitation Total RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 614,554 \$ Operating income 1,733,303 \$ 263,645 2,611,502 Adjustments not affecting cash: Depreciation 2,228,067 635,926 13,309 2,877,302 Change in assets and liabilities: Decrease (increase) in customer receivable 138,792) 12,509 (130,255) 256,538) 144 Decrease (increase) in inventory 144 Increase (decrease) in accounts and contracts payable 126,944 8,791 100,955 236,690 Increase (decrease) in customer deposits 48,460 48,460 Increase (decrease) in accrued liabilities 1,628) 1,090 43,931 43,393 Increase (decrease) in other liabilities 10,295 638 1,949 12,882 Increase (decrease) in compensated absences 12,727 22,495) 2,972 6,796) Total adjustments 2,286,217 636,459 32,861 2,955,537 Net cash provided by operating activities 4,019,520 296,506 5,567,039 \$ 1,251,013

STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2010

	Agency Fund
ASSETS Cook and each conjugators	¢ 1.022.702
Cash and cash equivalents	\$1,023,792
Total assets	\$ <u>1,023,792</u>
LIADII ITIEC	
LIABILITIES Due to Southwest Regional Communications Center	\$1,023,792
Total liabilities	\$1,023,792

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of DeSoto (the "City") was incorporated in 1949. The City operates as a home-rule City under a council-manager form of government with a mayor and six City Council members elected at large. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water, sewer and drainage utilities, solid waste operations, public library, parks and recreation, public improvements, planning, zoning and code enforcement, and general administrative services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (FASB) (when applicable). The City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989, to its business-type activities and Enterprise Funds. The following is a summary of the more significant accounting and reporting policies:

Reporting Entity

In defining the scope of the City for financial reporting purposes, the City conforms to the criteria of GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement 39, "Determining Whether Certain Organizations Are Component Units." This report includes the financial statements of the City's primary government, which covers all funds or organizations that are part of the City's legal entity.

Additionally, the City's primary government also includes blended component units. These are legally separate entities for which the City is financially accountable and the governing board of the City is essentially the same as that of the entities. Based on these criteria, the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority, Inc. are included as Special Revenue Funds of the primary government.

<u>Health Facilities Development Corporation</u> – The City created the Corporation to assist the maintenance of public health within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Reporting Entity (Continued)

<u>Housing Finance Corporation</u> – The City created the Corporation to carry out the purposes of the Texas Housing Finance Corporations Act within the City. The Corporation's governing body is the same as the governing body of the City. There are seven directors. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation shall vest in the City.

<u>Industrial Development Authority, Inc.</u> – The City created the Corporation for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

The City's reporting entity also includes the accounts of the DeSoto Economic Development Corporation ("DEDC") and the DeSoto Park Development Corporation ("DPDC") as discretely presented component units, entities for which the City is financially accountable. The City Council appoints the Board of Directors of the DEDC and the DPDC, and is able to impose its will on the organizations.

<u>DeSoto Economic Development Corporation</u> – The Corporation was created for the purpose of promoting economic development within the City. There are five directors, all appointed by the City Council. All directors are residents of the City. Each director serves a three-year staggered term. The Corporation is authorized to borrow funds and issue bonds with City Council approval.

<u>**DeSoto Parks Development Corporation**</u> – The Corporation was created for the purpose of promoting parks within the City. There are seven directors, all appointed by the City Council. All directors are residents of the City. Each director serves a two-year staggered term. The Corporation is authorized to issue bonds for public parks and park facilities projects with City Council approval.

Separate financial statements are not issued for the DPDC, the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority. Complete financial statements are issued by the DEDC and can be obtained from:

DeSoto Economic Development Corporation 211 E. Pleasant Run Road DeSoto, Texas 75115

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental activities, which are normally supported by property, sales and franchise taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The statement of activities reports the change in the City's net assets from October 1, 2009 to September 30, 2010. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. 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 segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

In addition to the government-wide financial statements, the City also reports separate financial statements for governmental funds, proprietary funds, and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide and Fund Financial Statements (Continued)

Funds are ordered into two distinct categories: governmental and proprietary. Information in the fund financial statements is reported on a major fund basis. The calculation of major funds is conducted by the City each year under the methods outlined in GASB Statement No. 34.

Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds at September 30, 2010:

<u>General Fund</u> – The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

<u>Debt Service Fund</u> – This fund accounts for the accumulation of resources (primarily property tax levies) for the payment of principal, interest and related costs of general long-term debt.

<u>Street Improvements Funds</u> – These funds account for the financial and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

The City reports the following major proprietary funds at September 30, 2010:

<u>Water and Sewer Fund</u> – This fund accounts for water and wastewater system services provided for residents and businesses of the City, including administration, operations, maintenance, debt service, billing and collection.

<u>Drainage Fund</u> – This fund accounts for the operation of the Water and Sewer Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

<u>Sanitation Fund</u> – This fund accounts for revenues and expenses of solid waste operations. Revenues are generated through user charges. This fund also funds additional services for litter control and median beautification, street sweeping and household hazardous waste collection.

Additionally, the City reports the following fund type:

<u>Agency Fund</u> – This fund reports cash and investments held by the City on behalf of the Southwest Regional Communications Center.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Measurable means the amount of the transaction can be determined. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the fiscal year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, and liabilities for accrued compensated absences and arbitrage rebate, which are recognized when due.

Property taxes, sales tax revenue, franchise taxes, grants and interest income are considered to be susceptible to accrual. Licenses and permits, charges for services, and fines and forfeitures are recorded as revenue when received in cash, because they are generally not measurable and available until actually 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). 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 proprietary operations are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

There is one fiduciary fund which is an Agency Fund. Agency Funds represent funds held in an agency capacity of the Southwest Regional Communication Center. These funds are monies held by the City related to the operation of the regional dispatch center, a joint venture of the City. These funds do not belong to the City. Agency funds do not have a measurement focus.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1, and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2010, the City had a tax rate of \$.6997 per \$100, of which \$.49592 was allocated for general government, and \$.20381 was allocated for payment of principal and interest on general long-term debt.

Investment Accounting Policy

The City follows the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the City has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard. In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act") Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Public Funds Investment Pools (Continued)

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Receivables

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2010.

Inventory

Inventories are valued at cost, using the first-in, first-out method. The City utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Capital Assets

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

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

Infrastructure, water and sewer system, and water line replacements Buildings Equipment and furniture Capital lease equipment

10 - 50 years32 years3 - 10 yearsShorter of 5 years or lease term

Compensated Absences

The City permits employees to accumulate to certain limits unused vacation, sick leave and compensatory time. For civilian and police employees, unused vacation leave may be accumulated to a maximum of 320 hours and unused sick leave may be accumulated to a maximum of 720 hours. For firefighters, unused vacation leave may be accumulated to a maximum of 480 hours and unused sick leave may be accumulated to a maximum of 1,080 hours. GASB Interpretation No. 6 indicates that liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities to the extent that they mature each period. Accrued compensated absences are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements when earned. Compensated absences are reported in governmental funds only if they have matured.

Long-term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses. Issuance costs are reported as expenditures in the funds receiving the bond proceeds.

Transactions Between Funds

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

Fund Balance Reserves

Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific use. Fund balance reservations consist of the following:

Fund Balance Reserves (Continued)

	General			Debt Service	•	Street rovement	Nonmajor Governmental		
Reserved for:									
Inventories	\$	44,095	\$	-	\$	-	\$	-	
Capital projects		-		-	10	,879,231		2,717,679	
Recreation and tourism		-		-		-		1,088,374	
Community development		-		-		-		103,602	
Public safety		-		-		-		863,152	
Debt service		-	2	,159,684		-		-	
Advances		177,543		-		-		-	
Note receivable - component unit	_					260,906	_		
	\$_	221,638	\$ <u>2</u>	,159,684	\$ <u>11</u>	,140,137	\$_	4,772,807	

Reserves for inventory indicates those items that do not represent available spendable resources. Reserves for capital projects are to pay for construction of capital assets. Reserve for recreation and tourism is to promote cultural and recreational initiatives. Reserves for community development is for the enhancement of library, parks and leisure services, housing and health facilities. Reserves for public safety are amounts for expenditure by the City's police and fire services. Reserve for debt service is for amounts for the payment of principal and interest on the City's debt obligations. Reserves for advances are for monies loaned to other funds for various purposes. Reserves for note receivables are for amounts owed to the City by the DEDC for bond payments. Reserve for other purposes is for compensated absences and self insurance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures in establishing its annual budget:

- 1) Prior to August 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures for all funds, except for the Command Vehicle, Nance Farm, and Recycling funds.
- 2) A public hearing is conducted to obtain taxpayer comments.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

- 3) The budget is legally enacted by the City Council through passage of an ordinance prior to October 1.
- 4) Any revisions that alter the total budgeted expenditures of the Enterprise of Governmental Funds must be approved by the City Council.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 6) Unused appropriations lapse at fiscal year-end and may not be carried over to the following fiscal year.
- 7) Budgeted amounts are as originally adopted or as amended by the City Council. There were no significant budgetary amendments made during fiscal year 2010.
- 8) The City Manager is authorized to adjust budget amounts; however, such revisions may not result in total budgeted expenditures (appropriations) in excess of budgeted revenues at the fund level without the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Deficit Fund Equity

The Energy Management Special Revenue Fund had a deficit fund balance of \$(375,719). This occurred because electricity and water utility expenditures were greater than anticipated due to the high cost of energy. Over time, this fund will generate new cost savings and no longer run a deficit. The City anticipates transferring resources from other funds to eliminate the deficit.

3. CASH AND INVESTMENTS

The City's investments at September 30, 2010, are as follows:

	Fair Value	Rating	Rating Agency	Weighted Average Maturity (Days)
MBIA	\$ 37,501,345	AAAm	Standard & Poor's	42
TexPool	6,300,156	AAAm	Standard & Poor's	50
	\$ <u>43,801,501</u>			

3. CASH AND INVESTMENTS (Continued)

<u>Interest Rate Risk</u>: In order to minimize risk of loss due to interest rate fluctuations, the City's investment policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

<u>Operating Funds</u> – The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity of each security and the maximum allowable maturity shall be there for years.

<u>Debt Service Fund</u> – The maximum maturity for securities purchased shall not exceed the corresponding debt service payment date.

<u>Special Purpose Funds</u> – The maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

<u>Credit Risk</u>: In compliance with the City's investment policy as of September 30, 2010, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized.

<u>Custodial Credit Risk</u>: The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 10, 2010.

The City maintains petty cash funds in the amount of \$5,550.

Discretely Presented Component Units

DEDC

As of September 30, 2010, \$1,594,691 of the DEDC's \$2,350,374 deposit balance was collateralized with securities held by the pledging financial institution in the DEDC's name and \$750,000 was covered by FDIC insurance. The remaining balance, \$5,683 was exposed to custodial credit risk as it was uninsured and uncollateralized.

The DEDC maintains a petty cash fund of \$200.

DPDC

As of September 30, 2010, all of DPDC's deposits were fully insured by FDIC insurance or collateralized.

4. RECEIVABLES

Receivables at September 30, 2010, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

		General		Debt Service	Nonmajor		Water and Sewer		Drainage		S	anitation	Total		
Taxes	\$	1,778,540	\$	349,581	\$	_	\$	_	\$	_	\$	_	\$	2,128,121	
Grants and other governments		65,308		-		107,269		-		-		-		172,577	
Accounts and other	_	4,192,935	_	12,753	_	66,105	_	2,221,788	_	165,469		404,966		7,064,016	
Gross receivables		6,036,783		362,334		173,374		2,221,788		165,469		404,966		9,364,714	
Less allowance for uncollectibles	<u>(</u>	2,803,849)	<u>(</u>	34,958)	=		<u>(</u>	81,940)	<u>(</u>	6,047)	<u>(</u>	14,314)	<u>(</u>	2,941,108)	
	\$	3,232,934	\$_	327,376	\$_	173,374	\$_	2,139,848	\$	159,422	\$_	390,652	\$	6,423,606	

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of deferred revenues reported in the governmental funds were as follows:

General:		
Ad valorem tax	\$	656,839
Municipal court fines		135,519
Allowance fees		287,732
Alarm permits		24,580
Debt service:		
Ad valorem tax		291,595
Deferred revenues - unavailable	_	1,396,265
General:		
Recreation deposits		39,860
Miscellaneous deposits		2,978
Nonmajor government:		
Miscellaneous		14,224
Deferred revenues - unearned	_	57,062
Total deferred revenues	\$	1,453,327

5. CAPITAL ASSETS

A summary of the changes in capital assets for governmental activities for the fiscal year ended September 30, 2010, is as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Governmental activities:				
Capital assets - not being depreciated:				
Land	\$ 3,703,301		\$ -	\$ 3,703,301
Street/Alley ROW	14,072,949		-	14,072,949
Construction in progress	13,991,729	2,408,901	(6,674,049)	9,726,581
Total assets not being depreciated	31,767,979	2,408,901	(6,674,049)	27,502,831
Capital assets - being depreciated:				
Buildings	35,091,244	66,506	-	35,157,750
Infrastructure	145,635,116	437,878	6,597,750	152,670,744
Equipment and furniture	6,332,800	1,240,650	(419,864)	7,153,586
Capitalized leases	2,200,669			2,200,669
Total capital assets - being depreciated	189,259,829	1,745,034	6,177,886	197,182,749
Less accumulated depreciation:				
Buildings	7,591,437	891,277	-	8,482,714
Infrastructure	48,891,219	5,106,448	(75,393)	53,922,274
Equipment and furniture	4,753,454	609,797	(423,078)	4,940,173
Capitalized leases	1,848,538	127,323		1,975,861
Total accumulated depreciation	63,084,648	6,734,845	(498,471)	69,321,022
Total capital assets - being depreciated	126,175,181	(4,989,811)	6,676,357	127,861,727
Governmental activities capital assets, net	\$ 157,943,160	\$(2,580,910)	\$ 2,308	\$ <u>155,364,558</u>

A summary of the changes in capital assets for business-type activities for the fiscal year ended September 30, 2010, is as follows:

	 Beginning Balance		Increases		ransfers/ Decreases	Ending Balance	
Total business-type activities:							
Capital assets - not being depreciated:							
Land	\$ 945,186	\$	-	\$	-	\$	945,186
Construction in progress	 710,313	_	2,030,689	(620,982)	_	2,120,020
Total assets not being depreciated	 1,655,499		2,030,689	(620,982)	_	3,065,206
Capital assets - being depreciated:							
Water line replacements	13,780,499		-		591,276		14,371,775
Drainage system	10,500,334		80,560		6,880		10,587,774
Water and sewer system	73,938,978		-		22,826		73,961,804
Improvements	8,950		-		-		8,950
Equipment acquired under capital lease	111,425		-		-		111,425
Equipment and furniture	 1,101,980			(67,768)		1,034,212
Total capital assets - being depreciated	 99,442,166		80,560		553,214	_	100,075,940
Less accumulated depreciation:							
Water line replacements	5,681,845		425,814		-		6,107,659
Drainage system	1,026,040		450,128		-		1,476,168
Water and sewer system	30,113,180		1,853,700		-		31,966,880
Improvements	6,269		895		-		7,164
Equipment acquired under capital lease	99,011		12,414		-		111,425
Equipment and furniture	 712,778		134,351	(67,768)		779,361
Total accumulated depreciation	 37,639,123	_	2,877,302	(67,768)	_	40,448,657
Total capital assets - being depreciated	 61,803,043	(2,796,742)		620,982	_	59,627,283
Business-type activities capital assets, net	\$ 63,458,542	\$ <u>(</u>	766,053)	\$	-	\$	62,692,489

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Water and sewer business-type activities: Capital assets - not being depreciated: Land Construction in progress	\$ 283,902 450,118	\$ - 1,547,149	\$ - (620,982)	\$ 283,902 1,376,285
Total assets not being depreciated	734,020	1,547,149	(620,982)	1,660,187
Capital assets - being depreciated: Water line replacements Water and sewer system Equipment and furniture Total capital assets - being depreciated	8,735,552 73,938,978 1,008,362 83,682,892	- - - -	598,156 22,826 (67,768) 553,214	9,333,708 73,961,804 940,594 84,236,106
Less accumulated depreciation: Water line replacements Water and sewer system Equipment and furniture Total accumulated depreciation	3,980,127 30,113,180 623,070 34,716,377	242,634 1,853,700 131,733 2,228,067	(67,768) (67,768)	4,222,761 31,966,880 687,035 36,876,676
Total capital assets - being depreciated	48,966,515	(2,228,067)	620,982	47,359,430
Water and sewer business-type capital assets, net	\$ 49,700,535	\$ <u>(680,918)</u>	\$	\$49,019,617
	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Drainage business-type activities: Capital assets - not being depreciated: Land Construction in progress Total assets not being depreciated		Increases \$ - 394,596 394,596		_
Capital assets - not being depreciated: Land Construction in progress	\$ 341,197 235,140	\$ - 394,596	Decreases \$ -	\$ 341,197 629,736
Capital assets - not being depreciated: Land Construction in progress Total assets not being depreciated Capital assets - being depreciated: Water line replacements Drainage systems Equipment and furniture	\$ 341,197 235,140 576,337 5,044,947 10,500,334 70,944	\$ - 394,596 394,596	Decreases	\$ 341,197 629,736 970,933 5,038,067 10,587,774 70,944
Capital assets - not being depreciated: Land Construction in progress Total assets not being depreciated Capital assets - being depreciated: Water line replacements Drainage systems Equipment and furniture Total capital assets - being depreciated Less accumulated depreciation: Water line replacements Drainage systems Equipment and furniture	\$ 341,197 235,140 576,337 5,044,947 10,500,334 70,944 15,616,225 1,701,718 1,026,040 67,035	\$ - 394,596 394,596 - 80,560 - 80,560 - 183,180 450,128 2,618	Decreases	\$ 341,197 629,736 970,933 5,038,067 10,587,774 70,944 15,696,785 1,884,898 1,476,168 69,653

	Beginning Balance	Ir	ncreases	 ansfers/ ecreases		Ending Balance	
Sanitation business-type activities:							
Capital assets - not being depreciated:							
Land	\$ 320,087	\$	-	\$ -	\$	320,087	
Construction in progress	 25,055		88,944	 -		113,999	
Total assets not being depreciated	 345,142		88,944	 		434,086	
Capital assets - being depreciated:							
Equipment acquired under capital lease	111,425		-	-		111,425	
Improvements	8,950		-	-		8,950	
Equipment and furniture	 22,674		-	 -		22,674	
Total capital assets - being depreciated	 143,049	-		 	-	143,049	
Less accumulated depreciation:							
Equipment acquired under capital lease	99,011		12,414	-		111,425	
Improvements	6,269		895	-		7,164	
Equipment and furniture	 22,673		-	 -		22,673	
Total accumulated depreciation	 127,953	-	13,309	 	-	141,262	
Total capital assets - being depreciated	 15,096	(13,309)	 		1,787	
Sanitation business-type capital assets, net	\$ 360,238	\$	75,635	\$ 	\$	435,873	

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

Governmental activities:				
General government	\$ 532,039			
Public safety	738,958			
Development services	4,961,165			
Parks and leisure services	380,884			
Library services	14,896			
Finance	105,723			
Information technology	1,180			
Total governmental activities	\$ 6,734,845			
Total governmental activities Business-type activities:	\$ <u>6,734,845</u>			
	\$ <u>6,734,845</u> \$2,228,067			
Business-type activities:				
Business-type activities: Water and sewer	\$ 2,228,067			

Future expenditures for capital projects will be funded from unexpended and undrawn bond proceeds. In 2003, \$32,275,000 of various General Obligation Bonds were authorized and \$29,625,000 have been issued as of September 30, 2010.

Discretely Presented Component Units

A summary of changes in capital assets for the DeSoto Park Development Corporation (DPDC) is as follows:

	Beginning Balance		Increases		Transfers/ Decreases		Ending Balance	
DeSoto Park Development Corporation: Capital assets - not being depreciated: Land	\$	11,250	\$	<u>-</u>	\$		\$	11,250
Total assets not being depreciated		11,250						11,250
Capital assets - being depreciated: Improvements Total capital assets - being depreciated		5,324,530 5,324,530		-		<u>-</u> -	_	5,324,530 5,324,530
Less accumulated depreciation: Improvements Total accumulated depreciation		2,119,910 2,119,910		150,707 150,707		-	_	2,270,617 2,270,617
Total capital assets - being depreciated		3,204,620	(150,707)				3,053,913
DeSoto Park Development Corporation capital assets, net	\$	3,215,870	\$ <u>(</u>	150,707)	\$		\$	3,065,163

Depreciation expense was \$150,707.

A summary of changes in capital assets for the DeSoto Economic Development Corporation (DEDC) is as follows:

		Beginning Balance		Increases		Transfers/ Decreases		Ending Balance	
DeSoto Economic Development Corporation: Capital assets - being depreciated: Furniture and equipment	\$	69,879	\$	-	\$	-	\$	69,879	
Total capital assets - being depreciated	-	69,879		-				69,879	
Less accumulated depreciation: Furniture and equipment		69,879		-				69,879	
Total accumulated depreciation		69,879		-				69,879	
Total capital assets - being depreciated		69,879		-				69,879	
DeSoto Economic Development Corporation capital assets, net	\$		\$	-	\$		\$		

Depreciation expense was \$0, as all depreciable assets were fully depreciated during the fiscal year ended September 30, 2006.

5. **CAPITAL ASSETS** (Continued)

Construction Commitments

The City has active construction projects as of September 30, 2010. At year-end the City's commitments with contractors for specific projects are as follows:

Street improvements	\$ 5,753,430
Drainage	11,947
Water and sewer	354,631
Sidewalks	17,275
Total commitments	\$ 6,137,283

6. LONG-TERM LIABILITIES

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2010:

		Balance 10/01/09		Increases		Decreases		Balance 09/30/10	_	Oue Within One Year
Governmental activities:										
General obligation bonds	\$	61,401,561	\$	755,000	\$	3,036,338	\$	59,120,223	\$	3,624,431
Certificates of obligation		22,478,459		-		1,228,459		21,250,000		875,000
Accreted interest		377,984		15,880		270,241		123,623		-
Note payable		1,291,852		-		196,748		1,095,104		203,065
Loss on bond refunding	(1,110,196)	(30,922)	(88,068)	(1,053,050)	(88,068)
Bond premium		1,763,903		9,016		109,963		1,662,956		109,963
Capital leases		290,296		-		102,055		188,241		63,879
Compensated absences		4,153,949		1,560,015		1,374,200		4,339,764		1,084,941
Arbitrage liability		110,094		-		12,079		98,015		98,015
TMRS obligation	_	409,823	_	164,311	_		_	574,134	_	
Total	\$	91,167,725	\$	2,473,300	\$	6,242,015	\$	87,399,010	\$	5,971,226
		Balance				_		Balance		Oue Within
	_	10/01/09		Increases		Decreases	_	09/30/10		One Year
Business-type activities:										
Certificates of obligation	\$	8,500,000	\$	4,865,000	\$	240,000	\$	13,125,000	\$	465,000
2003 GO Refunding Bonds		92,682		-		44,715		47,967		47,967
2005 GO Refunding Bonds		1,214,477		-		115,990		1,098,487		113,159
2009 GO Refunding Bonds		69,536		-		3,157		66,379		6,028
Bond premium		55,305		61,135		4,927		111,513		4,927
Compensated absences		202,441		139,367		146,163		195,645		48,912
TMRS obligation		35,830	_	12,882			_	48,712	_	
Total	\$	10,170,271	\$	5,078,384	\$	554,952	\$	14,693,703	\$	685,993

For governmental activities, the TMRS obligation and compensated absences are generally liquidated by the General Fund.

	Balance 10/01/09	Increases	Decreases	Balance 09/30/10	Due Within One Year
Water and sewer fund: 2010 CO Tax and Revenue 2009 CO Tax and Revenue 2003 GO Refunding Bonds Bond premium Compensated absences TMRS obligation	\$ - 3,800,000 92,682 41,377 144,954 28,834	\$ 4,865,000 - - 61,135 96,310 10,295	\$ - 44,715 4,036 83,583	\$ 4,865,000 3,800,000 47,967 98,476 157,681 39,129	\$ 65,000 145,000 47,967 4,036 39,420
Total	\$4,107,847	\$5,032,740	\$ 132,334	\$ 9,008,253	\$ 301,423
	Balance 10/01/09	Increases	Decreases	Balance 09/30/10	Due Within One Year
Drainage fund: Certificates of obligation 2005 GO Refunding Bonds 2009 GO Refunding Bonds Bond premium Compensated absences TMRS obligation	\$ 4,700,000 1,214,477 69,536 13,928 28,741 1,693	\$ - - - - - 638	\$ 240,000 115,990 3,157 891 22,495	\$ 4,460,000 1,098,487 66,379 13,037 6,246 2,331	\$ 255,000 113,159 6,028 891 1,562
Total	\$ 6,028,375	\$ 638	\$ 382,533	\$ 5,646,480	\$ 376,640
	Balance 10/01/09	Increases	Decreases	Balance 09/30/10	Due Within One Year
Sanitation fund: Compensated absences TMRS obligation	\$ 28,746 5,303	\$ 43,057 1,949	\$ 40,085	\$ 31,718 7,252	\$ 7,930
Total	\$ 34,049	\$ 45,006	\$ 40,085	\$ 38,970	\$
	Balance 10/01/09	Increases	Decreases	Balance 09/30/10	Due Within One Year
Component units: DPDC:					
Sales tax revenue bonds	\$2,065,000	\$	\$110,000	\$1,955,000	\$115,000
Total	\$ 2,065,000	\$	\$ 110,000	\$ 1,955,000	\$ 115,000
DEDC:					
Sales tax revenue bonds Note to City of DeSoto	\$ 2,950,000 370,173	\$ - 	\$ 140,000 109,267	\$ 2,810,000 260,906	\$ 150,000 48,881
Total	\$ 3,320,173	\$	\$ 249,267	\$ 3,070,906	\$ 198,881

General obligation bonds, revenue bonds, certificates of obligation, and notes payable outstanding at September 30, 2010, consist of the following individual issues:

Governmental activities:	Interest Rate	Maturity Date	Outstanding	Due Within One Year
General obligation bonds:				
2000 General Obligation	4.375%-6.07%	02/15/20	\$ 168,255	\$ 61,584
2001 General Obligation	5.125%-6.375%	02/15/21	2,965,000	50,000
2002 General Obligation	4.25%-6.25%	02/15/22	1,605,000	115,000
2003 Refunding	3.0%-3.625%	02/15/11	837,033	837,033
2004 General Obligation	3.0%-4.50%	02/15/24	3,020,000	180,000
2005 Refunding and				
Improvement	3.0%-5.0%	02/15/25	24,721,313	911,842
2006 General Obligation	3.750%-4.25%	02/15/26	6,390,000	305,000
2007 General Obligation	4.0%-4.375%	02/15/27	5,515,000	230,000
2008 General Obligation	3.25%-4.0%	02/15/28	4,535,000	185,000
2009 General Obligation				
and Refunding	3.0%-4.5%	02/15/29	8,608,622	728,972
2010 Refunding	2.0%	02/15/14	755,000	20,000
Total general obligation box		\$ 59,120,223	\$ 3,624,431	
	Interest	Maturity		Due Within
Governmental activities:	Rate	Date	Outstanding	One Year
Certificates of obligation:				
2001 Tax and Revenue	4.55%-5.50%	0/15/22	\$ 2,515,000	\$ 185,000
2002 Tax and Revenue	4.25%-5.25%	02/15/22	3,075,000	215,000
2003 Tax and Revenue	3.0%-4.75%	02/15/23	490,000	30,000
2005 Tax and Revenue	3.0%-4.5%	02/15/25	410,000	20,000
2006 Tax and Revenue	3.750%-4.25%	02/15/27	450,000	20,000
2007 Tax and Revenue	4.0%-4.375%	02/15/27	1,945,000	80,000
2007A Tax and Revenue	1.070 1.57570	02/13/27	1,5 15,000	00,000
(Tax exempt)	4.0%-4.25%	02/15/27	3,720,000	155,000
2007A Tax and Revenue			, ,	,
(Taxable)	4.0%-4.5%	02/15/27	2,830,000	100,000
2008 Tax and Revenue	2.8%-4.0%	02/15/28	745,000	30,000
2009 Tax and Revenue	3.0%-4.5%	02/15/29	5,070,000	40,000
Total certificates of obligation	ion		\$ 21,250,000	\$ 875,000
Total bonds and certificates	3		\$ 80,370,223	\$ 4,557,031

Business-type activities drainage:	Interest Rate	Maturity Date	Outstanding	Due Within One Year
Certificates of obligation:				
2002 Tax and Revenue	4.25%-5.25%	02/15/22	\$ 735,000	\$ 45,000
2003 Tax and Revenue	3.0%-4.75%	02/15/23	770,000	45,000
2004 Tax and Revenue	3.0%-4.50%	02/15/24	805,000	60,000
2005 Tax and Revenue	3.0%-4.50%	02/15/25	1,250,000	60,000
2005 Meadows Bridge	3.0%-4.50%	02/15/25	900,000	45,000
2006 Tax and Revenue	3.750%-4.25%	02/15/27		
General obligation bonds:				
2005 Refunding Bonds	3.0%-5.0%	02/15/29	1,098,487	113,159
2009 Refunding Bonds	3.0%-4.5%	02/15/29	66,379	6,028
Total drainage			\$_5,624,866	\$ 374,187
Business-type activities	Interest	Maturity		Due Within
Water and sewer:	Rate	Date	Outstanding	One Year
Certificates of obligation:				
2009 Tax and Revenue	3.0%-4.5%	02/15/29	\$ 3,800,000	\$ 145,000
2010 Tax and Revenue	2.0%-4.125%	02/15/30	4,865,000	65,000
General obligation bonds:				
2003 Refunding Bonds	3.0%-3.625%	02/15/11	47,967	47,967
Total water and sewer			\$ 8,712,967	\$ <u>257,967</u>

The annual requirements to amortize the long-term debt as of September 30, 2010, are as follows:

		Governmental Activities					Business-type Activities					
Fiscal	Fiscal		onds	onds		Notes Payable			Bonds			
Year		Principal		Interest		Principal		Interest		Principal		Interest
2011	\$	4,499,431	\$	3,370,434	\$	203,065	\$	33,754	\$	632,154	\$	695,607
2012		4,779,634		3,182,963		213,113		24,379		802,959		618,459
2013		5,113,532		2,981,288		219,579		17,913		830,346		588,993
2014		5,325,304		2,767,002		226,241		11,251		864,696		558,122
2015		5,639,505		2,536,936		233,106		1,387		965,495		523,022
2016-2020		29,292,817		9,238,753		-		-		3,627,183		1,796,761
2021-2025		19,925,000		3,130,973		-		-		3,865,000		997,338
2026-2030	_	5,795,000	_	353,303	_				_	2,750,000	_	276,082
Total	\$	80,370,223	\$	27,561,652	\$	1,095,104	\$	88,684	\$	14,337,833	\$	6,054,384

The annual requirements to amortize the long-term debt for component units as of September 30, 2010, are as follows:

	DPDC				Dl	EDC	
Fiscal	 Во	onds			В	onds	
Year	 Principal		Interest		Principal		Interest
2011	\$ 115,000	\$	99,578	\$	198,881	\$	133,176
2012	120,000		93,703		205,352		125,261
2013	130,000		87,388		212,062		116,817
2014	140,000		80,468		223,860		107,882
2015	145,000		73,093		230,751		98,444
2016-2020	875,000		236,644		1,005,000		356,420
2021-2025	 430,000		23,273	_	995,000	_	97,720
Total	\$ 1,955,000	\$	694,147	\$	3,070,906	\$	1,035,720

DEDC grant commitments are scheduled as follows:

Amount
\$ 569,646
206,600
206,600
206,600
106,600
426,400
\$ 1,722,446

In 2010, the City issued \$4,865,000 in tax exempt certificates of obligation (series 2010), with interest rates ranging from 2% to 4.125%. These bonds are recorded as Enterprise Fund debt recorded within the Water and Sewer Fund. The proceeds from the sale of the tax exempt certificates of obligation will be used for the purpose of improving and extending the City's waterworks and sewer system.

Bond Refunding

On April 20, 2010, the City issued \$755,000 of General Obligation Refunding Bonds, Series 2010. The net proceeds from the issuance of the bonds were used to purchase U. S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments. A deposit of \$724,621 was made to the escrow account to provide for the current refunding of \$423,480 of the Series 2000 Combination Tax and Revenue Certificates of Obligation. These funds were placed in escrow until the call date of May 27, 2010, as stipulated in the old debt agreements. The current refunded bonds are considered legally defeased and the liability for these bonds has been removed. The reacquisition price exceeded the net carrying amount of the old debt by \$30,922. The City refunded the bonds to reduce its total debt service payments by \$38,488 and to obtain an economic gain of \$40,956 (present value). The book loss on this refunding was \$30,922.

Defeased Debt Outstanding

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At September 30, 2010, the following bonds were considered defeased:

General Obliga	ation Bonds:
a . 2000	1 11' .

Series 2000 general obligation bonds	\$ 4,510,806
Series 2001 general obligation bonds	2,425,000
Total	\$ 6,935,806

Authorized but Unissued

At September 30, 2010, the City had authorized, but unissued \$2,650,000 of general obligation bonds.

7. CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of various equipment. These leases qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Governmental Activities

The cost of equipment is \$2,200,669, accumulated depreciation is \$1,975,861 and carrying value is \$224,808 as of September 30, 2010.

The following is a schedule of the future minimum lease payments under these agreements and the present value of the net minimum lease payments at September 30, 2010:

Fiscal Year	Amount
2011 2012 2013	\$ 72,573 72,074 60,448
Minimum lease payments	205,095
Less amount representing interest	16,854
Total	\$ <u>188,241</u>

8. INTERFUND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2010, is as follows:

Advance to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ <u>177,543</u>
		\$ 177,543

- The receivable from the Fire Training Fund was for funding the construction of a fire training facility.
- The receivable from the Replacement and Maintenance Fund is for the replacement of equipment.

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ 315,579
		\$315,579

- The receivables to the General Fund from the Homeland Security Grant Fund is for a temporary cash overdraft.
- The receivables to the General Fund from the Energy Management Fund is for a temporary cash overdraft.

Interfund Transfers

		Transfers from										
				Street	N	Vonmajor		Water/				
		General	Imp	rovement	Go	vernmental		Sewer	Sa	anitation		Total
Transfers to:												
General	\$	-	\$	-	\$	366,166	\$	1,253,314	\$	-	\$	1,619,480
Debt service		-		786,135		424,528		-		-		1,210,663
Street improvement		633,294		-		-		-		-		633,294
Nonmajor governmental	_	3,416,996	_		_	377	_	443,238	_	72,500	_	3,933,111
Total	\$	4,050,290	\$	786,135	\$	791,071	\$	1,696,552	\$	72,500	\$	7,396,548

8. INTERFUND PAYABLES AND TRANSFERS (Continued)

Interfund Transfers (Continued)

The transfers were for the following purposes:

Transfer from	Transfer to		Amount	Purpose
General	Energy management Street improvement Replacement and maintenance	\$	1,548,460 633,294 1,625,854	Utility expenditures Street improvements Maintenance and equipment
	Regional jail		242,682	1/3 of regional jail expenditures
Street improvement	Debt service		786,135	To close funds to debt service
Nonmajor governmental	General		366,166	Returned funds to General Fund due to postponed projects.
	Debt service		107,625	Hotel occupancy
	Debt service		316,903	Facility improvements
Water and sewer	General		1,253,314	PILOT and franchise fees
	Replacement and maintenance		111,834	Maintenance and equipment
	Energy management		331,404	Utility expenditures
Nonmajor governmental	Nonmajor governmental		377	Maintenance and equipment
Sanitation	Replacement and maintenance	_	72,500	Debt service expenditures
Total		\$_	7,396,548	

9. RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to 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.

9. RETIREMENT PLAN (Continued)

Plan Description (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2010	Plan Year 2009	Plan Year 2008
Employee deposit rate	7.0%	7.0%	7.0%
Matching ratio (city to employee)	1.5 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility			
(expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating,	100% repeating,	100% repeating,
	transfers	transfers	transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI	70% of CPI
	repeating	repeating	repeating

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 contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service 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. The annual pension cost and net pension obligation/(asset) are as follows:

		Fiscal Year	
	2010	2009	2008
Annual Required Contribution (ARC)	\$ 2,867,883	\$ 2,843,372	\$ 3,587,259
Interest on Net Pension Obligation	33,425	-	-
Adjustment to the ARC	(27,213)		
Annual Pension Cost	2,874,095	2,843,372	3,587,259
Contributions Made	(2,696,902)	(2,397,719)	(3,587,259)
Increase (decrease) in Net Pension Obligation	177,193	445,653	-
Net Pension Obligation/(Asset), beginning	445,653		
Net Pension Obligation/(Asset), ending	\$ 622,846	\$ 445,653	\$

9. RETIREMENT PLAN (Continued)

Contributions (Continued)

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation date	12/31/09	12/31/08	12/31/07
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization	28 years - closed period	29 years - closed period	30 years - closed period
Amortization period for			
new gains/losses	30	30	30
Asset valuation method	10-yr. smoothed market	Amortized cost	Amortized cost
Investment rate of return*	7.5%	7.5%	7.5%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes inflation at	3.00%	3.00%	3.00%
Cost of living adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

		Actuarial				UAAL as a
	Actuarial	Accrued	Unfunded		Annual	Percentage
Actuarial	Value of	Liability	AAL	Funded	Covered	of Covered
Valuation	Assets	(AAL)	(UAAL)	Ratio	Payroll	Payroll
Date	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
12/31/09	\$ 48,891,048	\$ 65,938,933	\$ 17,047,885	74.15%	\$ 17,977,471	94.83%

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 benefits.

10. POSTRETIREMENT BENEFITS

Supplemental Death Benefits

The City participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

10. POSTRETIREMENT BENEFITS (Continued)

Supplemental Death Benefits (Continued)

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Schedule of Contribution Rates

(Retiree-only Portion of the Rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Annual Contribution Made (Rate)	Percentage of ARC Contributed
2008	.03%	.03%	100%
2009	.02%	.02%	100%
2010	.02%	.02%	100%

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. Retired employees are responsible for payment of premiums. There are no other significant postretirement benefits or costs related to the coverage continuation.

11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with IRC 457. The plan, available to all permanent City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Participants' rights under the plan are in an amount equal to the fair market value of the deferred account for each participant. Investments that are held by an outside trustee in the deferred compensation plan are not reported in the City's financial statements as the City maintains no fiduciary responsibility for such assets.

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority of Texas

In November 1983, the City and other area municipalities entered into a contract with the Trinity River Authority (the "Authority") for utilization of the Authority's sewer transmission and treatment facilities. Under the contract, the City is required to pay a portion of the annual cash requirement to operate the facility determined by dividing the actual number of gallons discharged into the system by the City by the total number of gallons discharged by all of the participating cities. Accordingly, the future obligations of the City in connection with the contract cannot be estimated since payment varies in direct relationship to gallons discharged. The City has no ownership interest in the Authority or in conjunction with other participating cities.

Total payments made by the City under the contract amounted to \$3,251,547 for 2010. The payments are reflected in the accompanying statement of revenues, expenses and changes in fund net assets of the Water and Sewer Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Water and Sewer Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, would not be material.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2010, the City purchased commercial insurance to cover these general liabilities from the Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain the risk of losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Conduit Debt Obligation

In prior years, the DeSoto Health Facilities Development Corporation, DeSoto Housing Finance Corporation and DeSoto Industrial Development Authority, Inc. issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of health facilities, housing facilities and industrial development projects, respectively, deemed to be in the public interest. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not recorded as liabilities in the accompanying financial statements.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Conduit Debt Obligation (Continued)

A summary of outstanding conduit bonds by component unit at September 30, 2010, follows:

Series	Ho	DeSoto Industrial Development Authority		
1998 2000	\$	9,340,000	\$	7,050,000
2001 2008		1,581,798		3,613,446
Total	\$	10,921,798	\$ <u>10</u>),663,446

DEDC

The DEDC signed an agreement with the City in fiscal year 1995 to pay semi-annual service installments to the City over a 20-year period when the City issues certain certificates of obligation (the "Certificates"). The City issued the Certificates in fiscal year 1996. The DEDC's portion of the Certificates is \$448,111 (\$370,172 principal and \$77,939 interest). The DEDC paid principal and interest totaling \$51,272 to the City in fiscal year 2010.

For fiscal year 2010, the Board of DEDC and the City have agreed to restructure the repayment schedule of the debt between the parties related to the 1995 Certificates of Obligation. The City has agreed to extinguish \$68,072 in outstanding principal owed by DEDC. This extinguishment has brought the remaining balance owed from DEDC to the City at September 30, 2010, to \$260,906.

As of September 30, 2010, the DEDC had approved several grants totaling approximately \$1,832,446 payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City. Total long-term grant commitments as of September 30, 2010, are \$1,832,446.

Other Contingencies

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management and based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

13. JOINT VENTURES

The Regional Dispatch Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During fiscal year 2010, the City contributed \$872,433 to the operations of the Center. The City has a one-third share in the equity of the Center, accounted for in the government wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2010, is \$975,471. The Center issues separate financial statements available from the City's Financial Department.

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991, to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2010, the City contributed \$143,912 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2010, is \$1,099,929.

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.

14. OTHER POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. The City revised its health care plan which requires that retirees pay the full cost of their health care as determined by the City's health care provider. The health care provider segregates the retired employees and calculates the healthcare costs for that group. Therefore, the City does not have an implicit cost for retired employees' health care coverage and no liability for postretirement benefits.

15. SUBSEQUENT EVENT

On October 19, 2010, the City of DeSoto passed and adopted an ordinance to allow all of the employees of DEDC to be included with City of DeSoto employees for the participation in the Texas Municipal Retirement System (TMRS). This change will effectively combine both TMRS plan accounts (including plan assets and liabilities) into one single City of DeSoto plan account. The change in the retirement plan will be effective starting with TMRS plan year 2011, starting January 1, 2011.



REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/07	43,359,866	62,125,723	69.79%	18,765,857	16,332,537	114.90%
12/31/08	43,573,138	64,922,111	67.12%	21,348,973	16,972,795	125.78%
12/31/09	48,891,048	65,938,933	74.15%	17,047,885	17,977,471	94.80%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The *Special Revenue Funds* are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

<u>Regional Jail</u> – to account for revenues and expenditures of the regional jail operation utilized by the cities of DeSoto and Lancaster. The facilities house arrested persons for a maximum of 72 hours.

<u>Community Services Funds</u> – to account for revenues, contributions and expenditures related to senior center activities and to the building of interpersonal relationships between the police department and the DeSoto community.

<u>Municipal Court Fund</u> – to account for municipal court fees collected through the court to provide for various municipal court security features or to enhance existing operations through technology.

<u>Police-Seized Funds</u> – Accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

<u>Police Grant Fund</u> – to account for grant funding received to support police operations.

<u>Homeland Security Grant Fund</u> – to account for grant funding received for homeland security purposes.

<u>Hotel Occupancy Tax Fund</u> – to account for tax revenue collected as a percentage of gross receipts for all hotel and motel temporary room rentals within the City. The funds are expended to promote tourism and culture in the City.

<u>Nance Farm</u> – to account for revenues and expenditures for the restoration of the Historic Nance Farm.

<u>Youth Sports Funds</u> – to account for the revenues and expenditures associated with the activities of the City's youth sports associations.

<u>Recreation Revolving Fund</u> – to account for recreation revenue that will provide for specific programs to be funded and expanded as funds become available.

<u>Fire Training Fund</u> – to account for tuition paid by third parties for fire training and to pay for the expenses in providing this service. This fund will be self-supporting with the revenue paying for all training costs.

Energy Management Fund – to account for revenues and expenditures of the City's energy management efforts.

<u>Lone Star Library Grant</u> – to account for grant funding and related expenditures to support general library purposes.

<u>Health Facilities Development Corporation</u> – blended component unit whose purpose is to assist with the development of health care facilities for the maintenance of the public health in the City.

<u>Housing Finance Corporation</u> – blended component unit whose purpose is to assist with the financing of residential developments in the City.

<u>Industrial Development Authority, Inc.</u> – blended component unit whose purpose is to promote and develop commercial, industrial, manufacturing and medical research enterprises in the City.

<u>Library Fund</u> – to account for donations and fund raisers utilized for general operating purposes of the City's library.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

<u>Replacement and Maintenance Funds</u> – to account for the acquisition and replacement of equipment for various City departments, as well as major facility maintenance for City facilities.

<u>Parks Capital Improvement Funds</u> – to account for the purchase and improvement of the City's parks. Financing is provided by general obligation bonds and contributions from developers.

<u>Public Facilities Capital Improvement Funds</u> – to account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

<u>Command Vehicle – Fire</u> – to account for the revenues and expenditures of maintaining and repairing the Community Command Vehicle. The fire department utilizes this vehicle to respond to community disaster relief efforts as needed or directed by the local, state or federal government.

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	Special Revenue						
	Regional Jail			ommunity Services	N	Municipal Court	
ASSETS							
Cash and investments	\$	388,236	\$	47,220	\$	326,911	
Receivables:							
Grants and other governments		-		-		-	
Accounts and other							
Total assets	\$	388,236	\$	47,220	\$ <u></u>	326,911	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	5,246	\$	296	\$	40	
Accrued liabilities		23,592		580		803	
Due to other funds		-		-		-	
Advances from other funds		-		-		-	
Deferred revenue						-	
Total liabilities		28,838		876		843	
Fund balances:							
Reserved for capital projects		-		-		-	
Reserved for recreation and tourism		-		-		-	
Reserved for community development		-		46,344		-	
Reserved for public safety		359,398		-		326,068	
Unreserved		-					
Total fund balances (deficit)		359,398		46,344		326,068	
Total liabilities and fund balances (deficit)	\$ <u></u>	388,236	\$ <u></u>	47,220	\$	326,911	

Special Revenue

			Н	omeland	110,01					
	Police - Seized	 Police Grant		Security Grant		Hotel occupancy	N	ance Farm		Youth Sports
\$	35,735	\$ 50,231	\$	-	\$	367,643	\$	319,998	\$	67,731
	-	-		76,474		-		30,795		-
		 			_	60,602		-	_	3,770
\$ <u></u>	35,735	\$ 50,231	\$	76,474	\$	428,245	\$	350,793	\$	71,501
\$	5,849	\$ _	\$	_	\$	4,063	\$	13,705	\$	5,128
·	-	-	·	-	·	1,270		-	·	1,511
	-	-		76,474		-		-		-
	-	-		-		-		-		-
	1	 13,726				100				
	5,850	 13,726		76,474	_	5,433		13,705	_	6,639
	-	-		-		-		-		-
	-	-		-		422,812		337,088		64,862
	-	-		-		-		-		-
	29,885	36,505		-		-		-		-
	29,885	 36,505		-		422,812		337,088		64,862
\$	35,735	\$ 50,231	\$	76,474	\$	428,245	\$ <u></u>	350,793	\$	71,501

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Continued) SEPTEMBER 30, 2010

		Spec	cial Revenue		
	Recreation Revolving		Fire Training		Energy anagement
ASSETS					
Cash and investments	\$ 288,523	\$	194,215	\$	-
Receivables:					
Grants and other governments Accounts and other	1,108		625		_
Accounts and other	 1,100		023		
Total assets	\$ 289,631	\$	194,840	\$	<u>-</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,397	\$	1,275	\$	135,742
Accrued liabilities	7,225		11,568		872
Due to other funds	-		-		239,105
Advances from other funds	-		70,701		-
Deferred revenue	 397				_
Total liabilities	 26,019	_	83,544		375,719
Fund balances:					
Reserved for capital projects	-		-		-
Reserved for recreation and tourism	263,612		-		-
Reserved for community development	-		-		-
Reserved for public safety	-		111,296		-
Unreserved	 		-	(375,719)
Total fund balances (deficit)	 263,612		111,296	(375,719)
Total liabilities and fund balances (deficit)	\$ 289,631	\$	194,840	\$	-

Special Revenue

			Health			l Reven					Total
L	Lone Star Library		Facilities Development		Housing Finance		Industrial Development Authority				Special Revenue
	Grant		Corp.		Corp.	Authority		Library			Funds
\$	919	\$	18,276	\$	3,421	\$	28,899	\$	6,067	\$	2,144,025
	-		-		-		-		_		107,269
			<u>-</u>		-				-		66,105
\$	919	\$	18,276	\$	3,421	\$	28,899	\$	6,067	\$	2,317,399
\$	-	\$	-	\$	-	\$	-	\$	-	\$	189,741
	324		-		-		-		-		47,745 315,579
	-		-		-		-		-		70,701
	-		-		-		-		-		14,224
	- 224				-		<u> </u>		-	_	
	324									_	637,990
	-		-		-		-		-		_
	-		-		-		-		-		1,088,374
	595		18,276		3,421		28,899		6,067		103,602
	-		-		-		-		-		863,152
	-		-							(375,719)
	595		18,276		3,421		28,899		6,067		1,679,409
\$	919	\$	18,276	\$	3,421	\$	28,899	\$	6,067	\$	2,317,399

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Continued) SEPTEMBER 30, 2010

	Capital Projects					
	Replacement and Maintenance			Parks Capital Improvement		Public Facilities Capital provement
ASSETS						
Cash and investments	\$ 2,1	34,430	\$	467,159	\$	355,521
Receivables:						
Grants and other governments		-		-		-
Accounts and other						-
Total assets	\$	34,430	\$	467,159	\$	355,521
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	81,434	\$	3,983	\$	17,200
Accrued liabilities		13,276		5,862		66,250
Due to other funds		-		-		-
Advances from other funds	1	06,842		-		-
Deferred revenue		-		-		-
Total liabilities	2	01,552		9,845		83,450
Fund balances:						
Reserved for capital projects	1,9	32,878		457,314		272,071
Reserved for recreation and tourism		-		-		-
Reserved for community development		-		-		-
Reserved for public safety		-		-		-
Unreserved						
Total fund balances (deficit)	1,9	32,878		457,314		272,071
Total liabilities and fund balances (deficit)	\$	34,430	\$	467,159	\$	355,521

	Capital	Projects	l				
		Total		Total			
_			Capital	Nonmajor			
	ommand		Project	Governmental			
Vel	nicle - Fire		Funds		Funds		
\$	55,466	\$	3,012,576	\$	5,156,601		
	-		-		107,269		
	-		-		66,105		
				_	_		
\$	55,466	\$	3,012,576	\$_	5,329,975		
\$	-	\$	102,617	\$	292,358		
	50		85,438		133,183		
	-		-		315,579		
	-		106,842		177,543		
			_	_	14,224		
	50		294,897	_	932,887		
	55,416		2,717,679		2,717,679		
	-		-		1,088,374		
	-		-		103,602		
	-		-		863,152		
			-	<u>(</u>	(375,719)		
	55,416		2,717,679	_	4,397,088		
\$	55,466	\$	3,012,576	\$_	5,329,975		

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue						
	R	egional Jail		Community Services		Municipal Court	
REVENUES	Φ.		Φ.		Φ.		
Hotel occupancy tax	\$	-	\$	-	\$	-	
Fines and forfeitures		-		-		79,519	
Intergovernmental		-		-		-	
Charges for services		490,282		- 01		762	
Investment earnings		805		81		762	
Recreation services		-		11,926		-	
Miscellaneous		25,546		6,473	_		
Total revenues		516,633		18,480	_	80,281	
EXPENDITURES							
Current:							
General government		-		-		-	
Public safety:							
Police		693,805		3,032		-	
Fire		-		-		-	
Development services		-		-		-	
Financial services		-		-		48,626	
Parks and leisure services		-		7,702		-	
Public library		-		-		-	
Non-departmental		4,264		-		-	
Debt service:							
Principal		-		-		-	
Interest and other charges		-		-		-	
Capital outlay		61,987			_		
Total expenditures		760,056		10,734	_	48,626	
EXPENDITURES (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	(243,423)		7,746		31,655	
OTHER FINANCING SOURCES (USES)		· · · · · ·		·	_		
Transfers in		242,682		_		_	
Transfers out		-		_		_	
Total other financing sources and uses		242,682			_		
· ·				7.716	_	21 655	
NET CHANGE IN FUND BALANCES	(741)		7,746		31,655	
FUND BALANCES, BEGINNING		360,139		38,598	_	294,413	
FUND BALANCES, ENDING	\$	359,398	\$	46,344	\$	326,068	

Special Revenue

Police - Seized			Police Grant		Homeland Security Grant		Hotel Occupancy		Nance Farm		Youth Sports	
\$	-	\$	-	\$	-	\$	575,384	\$	-	\$	-	
	-		- 58,691		231,431		-		30,795		-	
	-		-		-		-		-		-	
	118		19		-		715		891		-	
	-		-		-		-		-		193,261	
_	8,705		-		-		8,550		-		-	
	8,823		58,710		231,431		584,649		31,686		193,261	
	-		-		-		335,088		-		-	
	54,858		81,416		78,335		-		-		-	
	-		-		45,072		-		-		-	
	=		-		=		=		=		=	
	-		_		-		-		-		- 188,811	
	-		_		-		-		-		-	
	-		-		-		=		-		-	
	-		-		-		-		-		-	
	-		-		- 94,951		-		73,096		=	
	54,858		81,416	_	218,358		335,088		73,096		188,811	
(46,035)	(22,706)		13,073		249,561	(41,410)		4,450	
			_				_		_			
	-		_		-	(107,625)		-		_	
	-		-		-	(107,625)			_	_	
(46,035)	(22,706)		13,073		141,936	(41,410)		4,450	
	75,920		59,211	(13,073)		280,876		378,498		60,412	
\$	29,885	\$	36,505	\$	-	\$	422,812	\$	337,088	\$	64,862	

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue						
	Recreation Revolving	Fire Training	Energy Management				
REVENUES	Ф	¢	¢.				
Hotel occupancy tax Fines and forfeitures	\$ -	\$ -	\$ -				
Intergovernmental	-	-	187,700				
Charges for services	-	292,454	167,700				
Investment earnings	732	385	-				
Recreation services	309,790	303	-				
		25,000	-				
Miscellaneous							
Total revenues	310,522	317,839	187,700				
EXPENDITURES							
Current:							
General government	-	-	605,149				
Public safety:							
Police	-	_	-				
Fire	-	245,678	-				
Development services	-	-	952,392				
Financial services	-	-	-				
Parks and leisure services	446,201	-	314,313				
Public library	-	-	-				
Non-departmental	-	-	37,103				
Debt service:			106740				
Principal	-	-	196,748				
Interest and other charges	-	-	40,744				
Capital outlay		-					
Total Expenditures	446,201	245,678	2,146,449				
EXPENDITURES (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	(135,679)	72,161	(1,958,749)				
OTHER FINANCING SOURCES (USES) Transfers in			1,879,864				
	-	(277)	1,079,004				
Transfers out		(377)	1.050.051				
Total other financing sources and uses		(377)	1,879,864				
NET CHANGE IN FUND BALANCES	(135,679)	71,784	(78,885)				
FUND BALANCES, BEGINNING	399,291	39,512	(296,834)				
FUND BALANCES, ENDING	\$ 263,612	\$ 111,296	\$ <u>(375,719)</u>				

Special Revenue

			** 1.1		Special	Reveni	ie				
]	Lone Star Library	Health Facilities Development		Housing Finance		Industrial Development Authority		T	J		Total Special Revenue Funds
	Grant		Corp.		Corp.	Authority		1	Library		runas
\$	-	\$	-	\$	-	\$	-	\$	-	\$	575,384
	-		-		-		-		-		79,519
	12,652		-		-		-		-		521,269
	-		-		-		-		-		782,736
	22		65		38		98		38		4,769
	-		-		-		-		-		514,977
_					723				8,137		83,134
	12,674		65		761		98		8,175		2,561,788
	-		-		-		-		-		940,237
	-		_		-		-		_		911,446
	-		-		-		-		-		290,750
	-		-		-		-		-		952,392
	-		-		-		-		-		48,626
	-		-		-		-		-		957,027
	12,976		-		-		-		47,295		60,271
	-		-		-		-		-		41,367
	_		_		_		_		_		- 196,748
	_		_		_		_		_		40,744
	_		_		_		_		_		230,034
_	12,976		-		-		-		47,295		4,669,642
(302)		65		761		98	(39,120)	(2,107,854)
	_		_		_		_		_		2,122,546
	_		-		-		-		-	(108,002)
_	-		-		=		-		<u>-</u>		2,014,544
(302)		65		761		98	(39,120)	(93,310)
	897		18,211		2,660		28,801		45,187		1,772,719
\$	595	\$	18,276	\$	3,421	\$	28,899	\$	6,067	\$	1,679,409

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Capital Projects						
		acement and ntenance		ks Capital provement	Public Facilities Capital Improvement		
REVENUES Hotel occupancy tax	\$		\$		\$		
Fines and forfeitures	Ф	-	Ф	-	Ф	-	
Intergovernmental		67,500		-		_	
Charges for services		-		_		_	
Investment earnings		6,660		1,243		1,884	
Recreation services		-		-		-	
Miscellaneous		-		-		-	
Total revenues		74,160		1,243		1,884	
EXPENDITURES							
Current: General government		238,026					
Public safety:		236,020		-		-	
Police		99,263		_		_	
Fire		37,050		-		_	
Development services		4,322		-		_	
Financial services		72,211		-		-	
Parks and leisure services		16,690		-		-	
Public library		-		-		-	
Non-departmental		750		-		-	
Debt service:							
Principal		102,055		-		-	
Interest and other charges		13,586		-		-	
Capital outlay		947,831		101,860		211,002	
Total Expenditures	1	1,531,784		101,860		211,002	
EXPENDITURES (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	(1	,457,624)	(100,617)	(209,118)	
OTHER FINANCING SOURCES (USES)							
Transfers in	. 1	1,810,565		-		-	
Transfers out	(361,600)			(321,469)	
Total other financing sources and uses	1	1,448,965		<u>-</u>	(321,469)	
NET CHANGE IN FUND BALANCES	(8,659)	(100,617)	(530,587)	
FUND BALANCES, BEGINNING	1	1,941,537		557,931		802,658	
FUND BALANCES, ENDING	\$1	,932,878	\$	457,314	\$	272,071	

Capital	Projects				
Command Vehicle - Fire		Total Capital Project Funds	Total Nonmajor Governmental Funds		
\$ -	\$	-	\$	575,384	
-		-		79,519	
3,392		70,892		592,161	
-		-		782,736	
-		9,787		14,556	
-		-		514,977	
 1,427	_	1,427		84,561	
 4,819		82,106		2,643,894	
-		238,026		1,178,263	
_		99,263		1,010,709	
1,819		38,869		329,619	
-		4,322		956,714	
-		72,211		120,837	
_		16,690		973,717	
-		-		60,271	
-		750		42,117	
-		102,055		298,803	
-		13,586		54,330	
 	_	1,260,693		1,490,727	
 1,819	_	1,846,465	_	6,516,107	
 3,000	(_	1,764,359)	<u>(</u>	3,872,213)	
-		1,810,565		3,933,111	
 	(683,069)	(791,071)	
 		1,127,496		3,142,040	
3,000	(636,863)	(730,173)	
 52,416		3,354,542	_	5,127,261	
\$ 55,416	\$	2,717,679	\$	4,397,088	







SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted	l Amounts		Variance with Final Budget - Positive	
	Original			(Negative)	
REVENUES					
Property taxes	\$ 6,025,647	\$ 6,025,647	\$ 6,111,163	\$ 85,516	
Intergovernmental	215,148	215,148	215,148	-	
Investment earnings	25,000	25,000	7,263	(17,737)	
Miscellaneous	75,154	75,154	<u>-</u>	(75,154)	
Total revenues	6,340,949	6,340,949	6,333,574	(7,375)	
EXPENDITURES Debt service:					
Principal	4,245,000	4,245,000	3,803,358	441,642	
Interest and other charges	4,044,500	4,044,500	3,452,576	591,924	
Total expenditures	8,289,500	8,289,500	7,255,934	1,033,566	
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	(1,948,551)	(1,948,551)	(922,360)	(1,040,941)	
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	755,000	755,000	
Bond premium	-	-	9,015	9,015	
Payment to escrow agent	-	-	(724,621)	(724,621)	
Transfers in	1,246,287	1,246,287	1,210,663	(35,624)	
Total other financing sources and uses	3,738,861	3,738,861	1,250,057	(2,488,804)	
NET CHANGE IN FUND BALANCES	1,790,310	1,790,310	327,697	(3,529,745)	
FUND BALANCES, BEGINNING	1,831,987	1,831,987	1,831,987		
FUND BALANCES, ENDING	\$ 3,622,297	\$ 3,622,297	\$ 2,159,684	\$ <u>(</u> 3,529,745)	



STREET IMPROVEMENT FUND



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET IMPROVEMENT FUND

	Rudgeted	l Amounts		Variance with Final Budget - Positive		
	Original	Final	Actual	(Negative)		
REVENUES	9118		Tiotaai	(riogative)		
Intergovernmental	\$ -	\$ -	\$ 103,757	\$ 103,757		
Investment earnings	36,500	36,500	33,327	(3,173)		
Total revenues	36,500	36,500	137,084	100,584		
EXPENDITURES						
Current:						
General government	-	-	68,072	(68,072)		
Development services	990,000	990,000	2,661	987,339		
Capital outlay	10,067,557	10,835,522	2,799,644	8,035,878		
Total expenditures	11,057,557	11,825,522	2,870,377	8,955,145		
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	(11,021,057)	(11,789,022)	(2,733,293)	(8,854,561)		
OTHER FINANCING SOURCES (USES)						
Transfers in	632,970	632,970	633,294	324		
Transfers out			(786,135)	(786,135)		
Total other financing sources and uses	632,970	632,970	(152,841)	(785,811)		
NET CHANGE IN FUND BALANCES	(10,388,087)	(11,156,052)	(2,886,134)	(9,640,372)		
FUND BALANCES, BEGINNING	14,026,271	14,026,271	14,026,271			
FUND BALANCES, ENDING	\$3,638,184	\$ 2,870,219	\$ <u>11,140,137</u>	\$ <u>(</u> 9,640,372)		







SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REGIONAL JAIL FUND

		Budgeted	Amoi	unts			Variance with Final Budget Positive	
		Original	Final		Actual		(Negative)	
REVENUES								
Charges for services	\$	485,364	\$	485,364	\$	490,282	\$	4,918
Investment earnings		3,000		3,000		805	(2,195)
Miscellaneous		25,000		25,000		25,546		546
Total revenues		513,364		513,364	_	516,633		3,269
EXPENDITURES Current:								
Public safety - police		702,114		702,114		693,805		8,309
Non-departmental		6,446		6,446		4,264		2,182
Capital outlay		19,485		19,485		61,987	(42,502)
Total expenditures	_	728,045		728,045		760,056	(32,011)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(</u>	214,681)	<u>(</u>	214,681)	<u>(</u>	243,423)		35,280
OTHER FINANCING SOURCES (USES)								
Transfers in		242,682		242,682		242,682		-
Total other financing sources and uses	_	242,682		242,682		242,682		
NET CHANGE IN FUND BALANCES		28,001		28,001	(741)		35,280
FUND BALANCES, BEGINNING		360,139		360,139		360,139		
FUND BALANCES, ENDING	\$	388,140	\$	388,140	\$	359,398	\$	35,280

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY SERVICES FUND

		Budgeted	l Amoı	ınts			Fina	ance with Budget - ositive
	(Original		Final		Actual	<u>(N</u>	egative)
REVENUES Investment earnings Recreation services	\$	200 25,789	\$	200 25,789	\$	81 11,926	\$(119) 13,863)
Miscellaneous Total revenues	_	14,286 40,275	_	14,286 40,275		6,473	<u>(</u>	7,813) 21,795)
EXPENDITURES Current: Public safety Police Parks and leisure services Total expenditures		5,000 11,269 16,269	_	5,000 11,269 16,269		3,032 7,702 10,734		1,968 3,567 5,535
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES FUND BALANCES, BEGINNING		24,006 38,598	_	24,006 38,598		7,746 38,598	(27,330)
FUND BALANCES, ENDING	\$	62,604	\$	62,604	\$	46,344	\$ <u>(</u>	27,330)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL COURT FUND

	Budgeted Amounts						Final P	ance with Budget - ositive
		Original	Final		Actual		(N	egative)
REVENUES								
Fines and forfeitures	\$	71,000	\$	71,000	\$	79,519	\$	8,519
Investment earnings		4,300		4,300		762	(3,538)
Total revenues		75,300		75,300	_	80,281		4,981
EXPENDITURES								
Current:								
Financial services		87,357		87,357		48,626		38,731
Total expenditures		87,357		87,357		48,626		38,731
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	(12,057)	(12,057)		31,655	(33,750)
FUND BALANCES, BEGINNING		294,413		294,413		294,413		
FUND BALANCES, ENDING	\$	282,356	\$	282,356	\$	326,068	\$ <u>(</u>	33,750)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLICE - SEIZED FUND

		Budgeted Original	Amou	nts Final				ance with Budget - ositive egative)
		211811111						- Butt + 0/
REVENUES								
Investment earnings	\$	700	\$	700	\$	118	\$(582)
Miscellaneous		13,100		13,100		8,705	(4,395)
Total revenues		13,800		13,800		8,823	(4,977)
EXPENDITURES								
Current:								
Public safety								-
Police		28,500		98,500		54,858		43,642
Total expenditures		28,500		98,500		54,858		43,642
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	(14,700)	(84,700)	(46,035)	(48,619)
FUND BALANCES, BEGINNING		75,920		75,920		75,920		
FUND BALANCES, ENDING	\$	61,220	\$ <u>(</u>	8,780)	\$	29,885	\$ <u>(</u>	48,619)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLICE GRANT FUND

		Budgeted Original	l Amo	unts Final		Actual	Variance with Final Budget - Positive (Negative)	
REVENUES								
Intergovernmental	\$	323,103	\$	323,103	\$	58,691	\$(264,412)
Investment earnings	_	3,000		3,000		19	(2,981)
Total revenues		326,103	_	326,103		58,710	(267,393)
EXPENDITURES								
Current:								
Public safety								-
Police		346,320		346,320		81,416		264,904
Total expenditures		346,320		346,320		81,416		264,904
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,217)	(20,217)	(22,706)	(532,297)
FUND BALANCES, BEGINNING		59,211		59,211		59,211		
FUND BALANCES, ENDING	\$	38,994	\$	38,994	\$	36,505	\$ <u>(</u>	532,297)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOTEL OCCUPANCY FUND

	Budgeted Amounts Original Final					Actual	Variance with Final Budget - Positive (Negative)		
REVENUES									
Hotel occupancy tax	\$	425,000	\$	425,000	\$	575,384	\$	150,384	
Investment earnings		2,000		2,000		715	(1,285)	
Miscellaneous		30,827		30,827		8,550	(22,277)	
Total revenues	_	457,827		457,827		584,649		126,822	
EXPENDITURES									
Current:		240.040		251 540		225 000		16 450	
General government	_	349,040		351,540		335,088		16,452	
Total expenditures		349,040		351,540		335,088		16,452	
EXCESS (DEFICIENCY) OF REVENUES									
OVER (UNDER) EXPENDITURES		108,787		106,287		249,561		110,370	
OTHER FINANCING SOURCES (USES)									
Transfers out	(107,625)	(107,625)	(107,625)			
Total other financing sources and uses	(107,625)	(107,625)	(107,625)		-	
NET CHANGE IN FUND BALANCES		1,162	(1,338)		141,936		110,370	
FUND BALANCES, BEGINNING	_	280,876		280,876		280,876			
FUND BALANCES, ENDING	\$	282,038	\$	279,538	\$	422,812	\$	110,370	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YOUTH SPORTS FUND

	Budget Original	ed Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
	Original	Tillal	Actual	(Negative)
REVENUES				
Recreation services	\$ 186,060	\$ 186,060	\$ 193,261	\$ 7,201
Total revenues	186,060	186,060	193,261	7,201
EXPENDITURES				
Current:				
Parks and leisure services	163,362	163,362	188,811	(25,449)
Total expenditures	163,362	163,362	188,811	(25,449)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	22,698	22,698	4,450	32,650
FUND BALANCES, BEGINNING	60,412	60,412	60,412	
FUND BALANCES, ENDING	\$ 83,110	\$ 83,110	\$ 64,862	\$ 32,650

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RECREATION REVOLVING FUND

		Budgeted Original	d Amo	l Amounts Final		Actual	Variance with Final Budget Positive (Negative)	
		<u>. 8 </u>						
REVENUES								
Investment earnings	\$	3,000	\$	3,000	\$	732	\$(2,268)
Recreation services		263,125	_	263,125	_	309,790		46,665
Total revenues	_	266,125		266,125		310,522		44,397
EXPENDITURES Current:								
Parks and leisure services		220,360		220,360		446,201	(225,841)
Total expenditures	_	220,360	_	220,360	_	446,201	(225,841)
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES		45,765		45,765	(135,679)		270,238
FUND BALANCES, BEGINNING		399,291		399,291		399,291		-
FUND BALANCES, ENDING	\$	445,056	\$	445,056	\$	263,612	\$	270,238

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FIRE TRAINING FUND

	Budgeted Amounts						Variance with Final Budget - Positive	
	(Original		Final	Actual		(Negative)	
REVENUES Charges for services	\$	229,200	\$	229,200	\$	292,454	\$	63,254
Investment earnings		600		600		385	(215)
Miscellaneous		-				25,000		25,000
Total revenues		229,800		229,800		317,839		88,039
EXPENDITURES Current: Public safety								-
Fire		222,550		222,550		245,678	(23,128)
Total expenditures		222,550	_	222,550		245,678	(23,128)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		7,250		7,250		72,161		111,167
OTHER FINANCING SOURCES (USES) Transfers in		25,000		25,000		_	(25,000)
Transfers out	(48,481)	(48,481)	(377)	`	48,104
Total other financing sources and uses	(23,481)	(23,481)	(377)		23,104
NET CHANGE IN FUND BALANCES	(16,231)	(16,231)		71,784		134,271
FUND BALANCES, BEGINNING		39,512		39,512		39,512		
FUND BALANCES, ENDING	\$	23,281	\$	23,281	\$	111,296	\$	134,271

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ENERGY MANAGEMENT FUND

								riance with al Budget -	
		Budgeted	Amo	unts				Positive	
		Original		Final		Actual	(Negative)		
REVENUES									
Intergovernmental	\$	-	\$	-	\$	187,700	\$	187,700	
Total revenues	_	12,000	_	12,000	_	187,700		175,700	
EXPENDITURES									
Current:									
General government		418,000		418,000		605,149	(187,149)	
Development services		958,000		958,000		952,392		5,608	
Parks and leisure services		257,000		257,000		314,313	(57,313)	
Non-departmental		30,299		30,299		37,103	(6,804)	
Debt service:									
Principal		176,800		176,800		196,748	(19,948)	
Interest and other charges		57,168		57,168		40,744		16,424	
Total expenditures		1,897,267		1,897,267	_	2,146,449	(249,182)	
EXCESS (DEFICIENCY) OF REVENUES									
OVER (UNDER) EXPENDITURES	(1,885,267)	(1,885,267)	(1,958,749)		424,882	
OTHER FINANCING SOURCES (USES)									
Transfers in		1,879,864		1,879,864		1,879,864		-	
Total other financing sources and uses		1,879,864	_	1,879,864	_	1,879,864			
NET CHANGE IN FUND BALANCES	(5,403)	(5,403)	(78,885)		424,882	
FUND BALANCES, BEGINNING	(296,834)	(296,834)	(296,834)			
FUND BALANCES, ENDING	\$ <u>(</u>	302,237)	\$ <u>(</u>	302,237)	\$ <u>(</u>	375,719)	\$ <u></u>	424,882	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LONE STAR LIBRARY GRANT FUND

	Budgeted Amounts						Variance with Final Budget - Positive		
	С	riginal	Final			Actual	(Negative)		
REVENUES									
Intergovernmental	\$	9,818	\$	9,818	\$	12,652	\$	2,834	
Investment earnings		50		50		22	(28)	
Total revenues		9,868		9,868		12,674		2,806	
EXPENDITURES Current:									
Public library		9,818		9,818		12,976	(3,158)	
Total expenditures		9,818		9,818		12,976	(3,158)	
EXCESS (DEFICIENCY) OF REVENUES									
OVER (UNDER) EXPENDITURES		50		50	(302)		5,964	
FUND BALANCES, BEGINNING		897		897		897		-	
FUND BALANCES, ENDING	\$	947	\$	947	\$	595	\$	5,964	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LIBRARY FUND

	Budgeted Amounts Original Final		Actual		Variance with Final Budget - Positive (Negative)			
REVENUES								
Investment earnings	\$	300	\$	300	\$	38	\$(262)
Miscellaneous		6,600		6,600		8,137		1,537
Total revenues		6,900		6,900		8,175		1,275
EXPENDITURES Current:								
Public library		7,000		7,000		47,295	(40,295)
Total expenditures		7,000		7,000		47,295	(40,295)
Total experientities		7,000	-	7,000		41,273		+0,273)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100)	(100)	(39,120)		41,570
FUND BALANCES, BEGINNING		45,187		45,187		45,187		
FUND BALANCES, ENDING	\$	45,087	\$	45,087	\$	6,067	\$	41,570

CAPITAL PROJECTS FUNDS



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REPLACEMENT AND MAINTENANCE FUND

		Budgeted	d Amor	unts			Fina	iance with l Budget - Positive
		Original		Final		Actual	(N	legative)
REVENUES	Φ		Φ		Ф	67.500	Ф	<i>(7.5</i> 00)
Intergovernmental	\$	-	\$	-	\$	67,500	\$	67,500
Investment earnings	_	24,700	_	24,700		6,660	(18,040)
Total revenues	_	24,700	_	24,700	_	74,160		49,460
EXPENDITURES Current:								
General government		261,666		261,666		238,026		23,640
Public safety		47.000		47.000		00.262	,	- 50.060)
Police Fire		47,000		47,000		99,263	(52,263)
Development services		46,176		46,176		37,050 4,322	(9,126 4,322)
Financial services		89,500		89,500		72,211	(17,289
Parks and leisure services		-		-		16,690	(16,690)
Non-departmental		13,000		13,000		750		12,250
Debt service:								-
Principal		294,300		294,300		102,055		192,245
Interest and other charges		-		-		13,586	(13,586)
Capital outlay	_	941,704		1,010,049		947,831		62,218
Total expenditures	_	1,693,346		1,761,691		1,531,784		229,907
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	<u>(</u>	1,668,646)	(1,736,991)	(1,457,624)	(180,447)
OTHER FINANCING SOURCES (USES)								
Transfers in		1,802,781		1,802,781		1,810,565		7,784
Transfers out	(398,920)	(398,920)	(361,600)		37,320
Total other financing sources and uses		1,403,861		1,403,861		1,448,965		45,104
NET CHANGE IN FUND BALANCES	(264,785)	(333,130)	(8,659)	(135,343)
FUND BALANCES, BEGINNING	_	1,941,537	_	1,941,537		1,941,537		
FUND BALANCES, ENDING	\$	1,676,752	\$	1,608,407	\$	1,932,878	\$ <u>(</u>	135,343)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS CAPITAL IMPROVEMENT FUND

		Budgeted	Amou	ınts			Final	ance with Budget - ositive
		Original		Final		Actual	<u>(N</u>	egative)
REVENUES	\$	500	φ	500	¢	1 242	¢	742
Investment earnings Total revenues	ъ	500 500	\$	500 500	\$	1,243 1,243	\$	743 743
Total revenues		300		300		1,243		743
EXPENDITURES								
Capital outlay		90,000		90,000		101,860	(11,860)
Total expenditures		90,000		90,000		101,860	(11,860)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(89,500)	(89,500)	(100,617)		12,603
FUND BALANCES, BEGINNING		557,931		557,931		557,931		
FUND BALANCES, ENDING	\$	468,431	\$	468,431	\$ <u></u>	457,314	\$	12,603

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND

		l Amounts		Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Investment earnings	\$ <u> </u>	\$	\$ 1,884	\$1,884_
Total revenues			1,884	1,884
EXPENDITURES				
Capital outlay	259,240	259,240	211,002	48,238
Total expenditures	259,240	259,240	211,002	48,238
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(259,240)	(259,240)	(209,118)	(46,354)
OTHER FINANCING SOURCES (USES) Transfers out	<u> </u>	<u> </u>	(321,469)	(321,469)
Total other financing sources and uses			(321,469)	(321,469)
NET CHANGE IN FUND BALANCES	(259,240)	(259,240)	(530,587)	(367,823)
FUND BALANCES, BEGINNING	802,658	802,658	802,658	-
	<u> </u>	<u> </u>	<u> </u>	
FUND BALANCES, ENDING	\$ 543,418	\$ 543,418	\$ 272,071	\$ <u>(367,823)</u>







STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
SOUTHWEST REGIONAL COMMUNICATIONS CENTER Assets:				
Cash and investments	\$ 959,258	\$ 3,253,752	\$ 3,189,218	\$1,023,792
Total assets	\$ 959,258	\$ <u>3,253,752</u>	\$ <u>3,189,218</u>	\$1,023,792
Liabilities: Due to Southwest Regional Communications Center	\$959,258	\$ <u>3,253,752</u>	\$ <u>3,189,218</u>	\$1,023,792
Total liabilities	\$ 959,258	\$ <u>3,253,752</u>	\$ <u>3,189,218</u>	\$ 1,023,792



(Discretely Presented Component Unit)



BALANCE SHEET

COMPONENT UNIT

SEPTEMBER 30, 2010

ASSETS	
Cash and investments	\$ 328,768
Receivables, taxes net	82,327
Total assets	\$ <u>411,095</u>
FUND BALANCES Fund balances:	
Reserved for:	
Debt service	98,488
Unreserved	312,607
Total fund balances	\$ 411,095

RECONCILIATION OF THE COMPONENT UNIT GOVERNMENTAL BALANCE SHEET TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

Total fund balance, component unit			\$	411,095
Amounts reported for the component unit in the Statement of Net Assets are different because:				
Capital assets used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of: Land Improvements other than buildings Accumulated depreciation	\$ (11,250 5,324,529 2,270,616)		
Some liabilities, are not due and payable in the current period and are not included in the fund financial statement. These liabilities consist of: Accrued interest payable Long-term debt	((12,807) 1,955,000)	<u>(</u>	3,065,163
Net assets of component unit			\$	1,508,451

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

COMPONENT UNIT

REVENUES	
Sales taxes	\$ 461,066
Investment earnings	766
Total revenues	461,832
EXPENDITURES	
Current:	
Parks and leisure services	215,148
Debt service:	
Principal	110,000
Interest and other charges	105,447
Total expenditures	430,595
EXCESS (DEFICIENCY) OF REVENUES	
OVER (UNDER) EXPENDITURES	31,237
FUND BALANCES, BEGINNING	379,858
FUND BALANCES, ENDING	\$ 411,095

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN COMPONENT UNIT FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total component unit:	\$ 31,237
Amounts reported for the component unit in the statement of Activities are different because: Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the	(150 505)
amount of depreciation in the current period.	(150,707)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net	
Assets treats the repayment of bond principal as a reduction of long-term liability.	110,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest not reflected on governmental fund	672
Change in net assets of component uni	\$ <u>(</u> 8,798)

STATISTICAL SECTION

This part of the City of DeSoto's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	95 – 105
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	106 – 111
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	112 – 115
These schedules present information to help the reader assess the affordability of the City's current levels of ourstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	116 – 117
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	118 – 121
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	



NET ASSETS BY COMPONENT (ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED) LAST EIGHT FISCAL YEARS

Fiscal Year 2003 2004 2005 2006 2007 2008 2009 2010 Governmental activities: Invested in capital assets, net of related debt 53,474,880 70,653,054 72,273,595 72,469,145 82,336,139 83,437,503 88,778,833 82,952,006 Restricted 3,139,563 3,735,804 3,632,028 8,641,086 2,723,392 2,912,353 3,407,347 1,727,639 3,940,470 1,541,787 5,775,203 8,680,251 9,085,126 10,599,124 7,458,927 Unrestricted 12,761,912 Total governmental activities net assets 60,554,913 75,930,645 81,680,826 89,790,482 94,144,657 96,948,980 99,645,107 97,441,557 Business-type activities: Invested in capital assets, net of related debt 39,299,841 40,854,522 \$ 45,250,643 \$ 51,541,923 58,520,397 59,931,665 53,525,260 59,668,820 Unrestricted 8,793,448 8,908,479 8,284,326 10,045,425 5,215,673 6,611,738 12,276,723 6,493,872 Total business-type activities net assets 48,093,289 49,763,001 53,534,969 61,587,348 63,736,070 66,543,403 65,801,983 66,162,692 Primary government: Invested in capital assets, net of related debt 92,774,721 111,507,576 117,524,238 124,011,068 140,856,536 143,369,168 142,304,093 142,620,826 3,139,563 3,735,804 3,632,028 8,641,086 2,723,392 2,912,353 3,407,347 1,727,639 Restricted Unrestricted 12,733,918 10,450,266 14,059,529 18,725,676 14,300,799 17,210,862 19,735,650 19,255,784 108,648,202 125,693,646 135,215,795 151,377,830 157,880,727 163,492,383 165,447,090 163,604,249 Total primary government net assets

Note:

Data compiled from the City's first implementation year as required by GASB - FY 2003.

CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

LAST EIGHT FISCAL YEARS

Covernmental activities Government S		2003	2004	2005	2006
Second powerment	EXPENSES		_		
Public safety					
Development services	General government	\$ 1,149,63	8 \$ 2,462,626	\$ 3,015,728	\$ 3,680,576
Parks and leisure services 2,193,790 2,811,670 3,169,717 4,198,907 Library 784,290 707,025 709,381 761,034 Managemen services 1,872,482 - - - Nondepartmental 1,046,154 - - - Human resources 216,056 260,880 318,279 310,097 Finance 981,009 1,190,736 1,247,847 1,208,137 Information technology 531,258 522,981 553,177 569,664 Interest on long-term debt 2,964,088 3,243,056 3,067,496 3,48,54777 Total governmental 3,022,4324 31,604,794 34,854,777 Business-type activities 3,022,4324 31,604,794 34,854,777 Business-type activities 3,022,4324 31,604,794 34,854,777 Total governmental 1,0680,755 11,127,247 12,034,001 Drainage 394,227 476,515 545,047 775,309 Sanitation 2,286,592 2,394,357 2,566	Public safety	12,002,86	6 12,867,055	13,303,331	14,206,475
Library	Development services	5,743,01	1 6,158,295	6,237,838	6,657,838
Management services 1,872,482	Parks and leisure services	2,193,79	0 2,811,670	3,169,717	4,198,907
Nondepartmental 1,046,154	Library	784,29	0 707,025	709,381	761,034
Human resources	Management services	1,872,48	2 -	-	-
Finance	Nondepartmental	1,046,15	4 -	-	-
Information technology	Human resources	216,05	6 260,880	318,279	310,097
Interest on long-term debt	Finance	981,00	9 1,190,736	1,247,847	1,208,137
Total governmental activities expenses 29,484,642 30,224,324 31,604,794 34,854,777 Business-type activities: Water and sewer 10,462,141 10,680,755 11,127,247 12,034,001 Drainage 394,227 476,515 545,047 775,309 Sanitation 2,286,592 2,394,357 2,566,594 2,641,575 Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$42,627,602 \$43,775,951 \$45,843,682 \$50,305,662 PROGRAM REVENUES Governmental activities Charges for services: General administration \$1,518,649 \$1,639,957 \$1,649,883 \$1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Public safety 35,7215 394,195 551,543 726,053 Library 36,7215 394,195 551,543 726,053 Library 37,722,125 394,195 551,543 726,053 Library 37,722,125 394,195 551,543 726,053 Library 37,722,125 394,195 551,543 726,053 Library 38,888 75,873 587,439 1,093,302 1,462,364 Capital grants and contributions 885,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 7,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 1,053,210 1,053,210 1,053,210 1,053,231 1,053,250 1,053,251 1,054,261 1,054,	Information technology	531,25	8 522,981	535,177	569,664
Business-type activities: Water and sewer	Interest on long-term debt	2,964,08	3,243,056	3,067,496	3,262,049
Business-type activities: Water and sewer	Total governmental				
Business-type activities: Water and sewer 10,462,141 10,680,755 11,127,247 12,034,001 Drainage 394,227 476,515 545,047 775,309 Sanitation 2,286,592 2,394,357 2,566,594 2,641,575 Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 PROGRAM REVENUES Governmental activities Charges for services: Ceneral administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Primance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302	activities expenses	29,484,64	2 30,224,324	31,604,794	34,854,777
Water and sewer 10,462,141 10,680,755 11,127,247 12,034,001 Drainage 394,227 476,515 545,047 775,309 Sanitation 2,286,592 2,394,357 2,566,594 2,641,575 Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,665 PROGRAM REVENUES General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,825,388 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - 3,36,34 40,966 45,753 Finance - 3,38,2649 5,157,464 Capital grants and contributions				 -	
Drainage 394,227 476,515 545,047 775,309 Sanitation 2,286,592 2,394,357 2,566,594 2,641,575 Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 PROGRAM REVENUES Governmental activities Governmental activities \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 72,6053 Library - 36,034 40,966 45,753 Finance - 3,103 4,749 Operating grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Capital grants and contributions 209,505 2,178,920 3,822,649 15,764,407	Business-type activities:				
Sanitation 2,286,592 2,394,357 2,566,594 2,641,575 Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,665 PROGRAM REVENUES General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,49 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,44,657 Total governmental activities 2,838,808 2,178,920 3,822,649 5,157,44,657	Water and sewer	10,462,14	1 10,680,755	11,127,247	12,034,001
Total business-type activities expenses 13,142,960 13,551,627 14,238,888 15,450,885 Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 PROGRAM REVENUES Governmental activities Charges for services:	Drainage	394,22	7 476,515	545,047	775,309
Total primary government program expenses 3,142,960 3,551,627 14,238,888 15,450,885	Sanitation	2,286,59	2,394,357	2,566,594	2,641,575
Total primary government program expenses 3,142,960 3,551,627 14,238,888 15,450,885	Total husiness-type				
Total primary government program expenses \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	**	13 142 06	0 13 551 627	14 238 888	15 450 885
PROGRAM REVENUES \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 PROGRAM REVENUES Governmental activities Charges for services: General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities 209,505 2,178,920 3,822,649 5,157,461 Business-type activities: 2 209,505 2,178,920 3,822,649 5,157,461 Charges for services: 2 20,504,02 8,380,825 11,114,302 12,764,457 Business-type activities:	activities expenses	13,142,70	0 13,331,027	14,230,000	13,430,663
PROGRAM REVENUES \$ 42,627,602 \$ 43,775,951 \$ 45,843,682 \$ 50,305,662 PROGRAM REVENUES Governmental activities Charges for services: General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities 209,505 2,178,920 3,822,649 5,157,461 Business-type activities: 2 209,505 2,178,920 3,822,649 5,157,461 Charges for services: 2 20,504,02 8,380,825 11,114,302 12,764,457 Business-type activities:	Total primary government				
PROGRAM REVENUES Governmental activities Charges for services: General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage <t< td=""><td>* **</td><td>\$ 42,627,60</td><td>2 \$ 43,775,951</td><td>\$ 45,843,682</td><td>\$ 50,305,662</td></t<>	* **	\$ 42,627,60	2 \$ 43,775,951	\$ 45,843,682	\$ 50,305,662
Charges for services: General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities rorgam revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 2,033,231 4,281,581 Total business-type activities rorgam revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government					
Charges for services: General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities rorgam revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 2,033,231 4,281,581 Total business-type activities rorgam revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	PROGRAM REVENUES				
General administration \$ 1,518,649 \$ 1,639,957 \$ 1,649,883 \$ 1,604,188 Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,033,231					
Public safety 2,194,992 2,473,235 2,831,249 2,823,888 Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Value and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - - 2,033,231 4,281,581 To	Charges for services:				
Development services 684,164 1,071,045 1,121,560 940,001 Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities	General administration	\$ 1,518,64	9 \$ 1,639,957	\$ 1,649,883	\$ 1,604,188
Parks and leisure services 357,215 394,195 551,543 726,053 Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Valent and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188	Public safety	2,194,99	2,473,235	2,831,249	2,823,888
Library - 36,034 40,966 45,753 Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Value and wastewates 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - - 2,033,231 4,281,581 Total business-type activities 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government 15,884,423 15,733,035 18,694,206 24,640,188	Development services	684,16	4 1,071,045	1,121,560	940,001
Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Vater and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Parks and leisure services	357,21	5 394,195	551,543	726,053
Finance - - 3,150 4,749 Operating grants and contributions 85,877 587,439 1,093,302 1,462,364 Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Vater and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Library	-	36.034	40.966	45.753
Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Vater and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	•	_	-		*
Capital grants and contributions 209,505 2,178,920 3,822,649 5,157,461 Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Vater and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Operating grants and contributions	85,87	7 587,439	1,093,302	1,462,364
Total governmental activities program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Capital grants and contributions	209,50	5 2,178,920	3,822,649	5,157,461
program revenues 5,050,402 8,380,825 11,114,302 12,764,457 Business-type activities: Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government					
Business-type activities: Charges for services: Water and wastewater Drainage 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188	· ·	5.050.40	2 220 225	11 114 302	12 764 457
Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	program revenues	3,030,40	2 0,360,623	11,114,302	12,704,437
Charges for services: Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Business-type activities:				
Water and wastewater 11,964,719 12,033,005 12,565,490 16,350,648 Drainage 1,053,210 1,092,471 1,284,077 1,235,750 Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	**				
Sanitation 2,866,494 2,607,559 2,811,408 2,772,209 Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	_	11,964,71	9 12,033,005	12,565,490	16,350,648
Capital grants and contributions - - 2,033,231 4,281,581 Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government Total primary government - - - 2,033,231 4,281,581	Drainage	1,053,21			1,235,750
Total business-type activities program revenues 15,884,423 15,733,035 18,694,206 24,640,188 Total primary government	Sanitation	2,866,49	4 2,607,559	2,811,408	2,772,209
program revenues <u>15,884,423</u> <u>15,733,035</u> <u>18,694,206</u> <u>24,640,188</u> Total primary government	Capital grants and contributions			2,033,231	4,281,581
program revenues <u>15,884,423</u> <u>15,733,035</u> <u>18,694,206</u> <u>24,640,188</u> Total primary government	Total business-type activities				
Total primary government	• •	15,884,42	3 15,733,035	18,694,206	24,640,188
	r - 8				
program revenues \$\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	Total primary government				
	program revenues	\$ 20,934,82	5 \$ 24,113,860	\$ 29,808,508	\$ 37,404,645

	2007		2008		2009		2010
\$	5,116,336	\$	5,770,984	\$	3,827,242	\$	4,845,547
	15,368,212		15,173,881		17,402,007		17,889,132
	8,389,388		7,927,578		7,523,025		8,109,041
	3,262,673		3,532,927		3,162,068		3,683,752
	847,492		876,249		933,378		949,520
	-		-		-		-
	-		-		-		-
	336,085		369,265		213,452		171,664
	1,192,832 602,759		1,258,242 600,339		777,635 328,417		884,724 294,032
	3,363,716		3,970,451		3,939,305		3,557,515
						_	
	38,479,493	_	39,479,916		38,106,529	_	40,384,927
	12,185,402		12,656,844		12,611,568		12,697,975
	803,044		1,042,256		1,187,708		1,209,603
	2,916,041		3,064,111		2,889,531		2,935,666
				_		_	
	15,904,487	_	16,763,211		16,688,807	_	16,843,244
\$	54,383,980	\$	56,243,127	\$	54,795,336	\$	57,228,171
Ψ_	21,303,700	Ψ	30,213,127	Ψ_	31,773,330	Ψ_	37,220,171
\$	1,619,187	\$	1,698,725	\$	989,675	\$	329,150
	3,354,155		2,851,576		3,593,925		2,518,011
	1,086,307		645,532		448,877		575,242
	709,537		717,569		834,057		756,356
	45,023		47,864		51,333		61,406
	-		-		518		-
	896,598		842,032		1,088,561		1,684,707
_	2,040,813	_	1,765,753	_	23,696	_	338,964
	9,751,620		8,569,051		7,030,642		6,263,836
_	3,781,828	_	0,000,001	_	7,000,012	_	0,200,000
	12,579,614		13,808,696		14,036,444		14,155,822
	1,389,414		1,497,912		1,447,012		1,463,866
	3,029,504		3,296,873		2,880,996		3,199,311
_	2,399,780	_	1,512,223	_	104,877	_	35,571
_	19,398,312	_	20,115,704	_	18,469,329	-	18,854,570
\$	29,149,932	\$	28,684,755	\$	25,499,971	\$	25,118,406
					(con	tinue	l)
					(532		,

CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

(Continued)

LAST EIGHT FISCAL YEARS

	Fiscal Year						
	2003	2004	2005	2006			
NET (EXPENSE) REVENUES							
Governmental activities	\$(24,434,240)	\$(21,843,499)	\$(20,490,492)	\$(22,090,320)			
Business-type activities	2,741,463	2,181,408	4,455,318	9,189,303			
Total primary government							
net expense	(21,692,777)	(19,662,091)	(16,035,174)	(12,901,017)			
GENERAL REVENUES AND OTHER CHA	NGES IN NET ASSETS						
Governmental activities:							
Taxes							
General property	15,415,889	15,915,124	16,971,307	18,748,137			
Other local	7,954,201	7,888,477	7,994,954	8,944,583			
Interest income	227,096	175,044	523,957	1,259,291			
Gain (loss) on sales of assets	-	-	178,272	-			
Other	808,921	341,489	-	-			
Transfers	533,990	596,064	572,183	1,487,965			
Total governmental activities	24,940,097	24,916,198	26,240,673	30,439,976			
Business-type activities:							
Interest income	132,088	84,368	186,284	351,041			
Gain (loss) on sales of assets	-	-	(37,461)	-			
Other	-	-	-	-			
Transfers	(533,990)	(596,064)	(572,183)	(1,487,965)			
Total business-type activities	(401,902)	(511,696)	(423,360)	(1,136,924)			
Total primary government	24,538,195	24,404,502	25,817,313	29,303,052			
CHANGE IN NET ASSETS							
Governmental activities	505,857	3,072,699	5,750,181	8,349,656			
Business-type activities	2,339,561	1,669,712	4,031,958	8,052,379			
Total primary government	\$ 2,845,418	\$ 4,742,411	\$ 9,782,139	\$ 16,402,035			

Note:

Data compiled from the City's first implementation year as required by GASB - FY 2003.

	1 1500	i i cai	
2007	2008	2009	2010
Φ/ 20.727.072\	Φ(20.010.065)	Φ/ 21.075.007\	Φ(24.121.001)
\$(28,727,873)	\$(30,910,865)	\$(31,075,887)	\$(34,121,091)
3,493,825	3,352,493	1,780,522	2,011,326
(25,234,048)	(27,558,372)	(29,295,365)	(32,109,765)
20,479,714	22,051,523	21,562,536	20,998,395
8,968,049	9,535,661	8,628,339	8,899,286
1,857,677	1,434,605	314,323	42,494
-	-	-	89,604
-	-	-	118,710
1,708,085	693,399	1,278,553	1,769,052
33,013,525	33,715,188	31,783,751	31,917,541
362,982	148,239	55,674	31,429
-	-	-	-
-	-	30,208	87,006
(1,708,085)	(693,399)	(1,278,553)	(1,769,052)
(1,345,103)	(545,160)	(1,192,671)	(1,650,617)
31,668,422	33,170,028	30,591,080	30,266,924
4,285,652	2,804,323	707,864	(2,203,550)
2,148,722	2,807,333	587,851	360,709
2,170,122	2,001,533	307,031	300,709
\$ 6,434,374	\$ 5,611,656	\$ 1,295,715	\$(1,842,841)

GOVERNMENT ACTIVITIES TAX REVENUES BY SOURCE (ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

LAST EIGHT FISCAL YEARS

Fiscal Year	 General Property Taxes	 Sales Tax	_	Franchise Tax	 Other Local Taxes	_	Total
2003	\$ 15,415,889	\$ 4,449,567	\$	3,260,547	\$ 244,087	\$	23,370,090
2004	15,915,124	4,479,320		3,182,732	226,425		23,803,601
2005	16,971,307	4,499,908		3,250,555	244,491		24,966,261
2006	18,748,137	4,680,468		3,848,098	416,017		27,692,720
2007	20,479,714	5,314,550		3,394,651	258,848		29,447,763
2008	22,051,523	5,802,926		3,336,906	395,829		31,587,184
2009	21,562,536	5,028,838		3,129,287	470,214		30,190,875
2010	20,998,395	5,532,796		2,794,521	571,969		29,897,681

Note: Data complied from the City's first implementation year as required by GASB - FY 2003

FUND BALANCES GOVERNMENTAL FUNDS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED) LAST TEN FISCAL YEARS

									Fisca	al Yea	ar								
		2001		2002		2003	 2004		2005		2006		2007		2008		2009		2010
General fund Reserved Unreserved	\$	46,997 4,181,804	\$	50,674 4,755,789	\$	62,552 4,665,093	\$ 52,164 5,171,857	\$	268,351 6,255,230	\$	36,619 7,066,881	\$	34,432 6,780,425	\$	46,495 6,853,977	\$	454,274 7,157,520	\$	221,638 6,964,196
Total general fund	\$_	4,228,801	\$_	4,806,463	\$	4,727,645	\$ 5,224,021	\$_	6,523,581	\$	7,103,500	\$	6,814,857	\$_	6,900,472	\$_	7,611,794	\$	7,185,834
All other governmental fund Reserved Unreserved, reported in: Special revenue funds	ls \$ 	13,649,500	\$	10,559,600	\$ <u>(</u>	7,817,595 18,891)	\$ 8,664,063	\$	13,633,702	\$ <u>(</u>	18,715,559 147,372)	\$ <u>(</u>	28,452,022 155,816)	\$ <u>(</u>	22,030,806 267,389)	\$ <u>(</u>	21,282,353	\$ <u>(</u>	18,072,628 375,719)
Total all other	\$	13,649,500	\$	10,559,600	\$	7,798,704	\$ 8,664,063	\$	13,653,963	\$	18,568,187	\$	28,296,206	\$	21,763,417	\$	20,985,519	\$	17,696,909

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED) LAST TEN FISCAL YEARS

	Fiscal Year						
	2001	2002	2003	2004			
REVENUES							
Taxes	\$ 19,023,668	\$ 20,589,037	\$ 22,391,270	\$ 23,860,427			
Assessments	146,211	174,509	163,200	182,124			
Charges for services	1,069,327	1,255,662	1,019,276	1,107,287			
Recreation	235,486	313,623	208,516	190,640			
Licenses and permits	355,594	724,190	835,895	1,118,793			
Fines and forfeitures	872,829	794,057	786,313	917,481			
Interest	1,008,492	439,359	227,095	175,044			
Intergovernmental	1,056,879	518,794	724,580	573,336			
Administrative	1,420,044	1,481,187	1,487,826	1,487,825			
Other	445,324	419,546	428,059	886,443			
Total revenues	25,633,854	26,709,964	28,272,030	30,499,400			
EXPENDITURES							
General government	712,506	764,600	897,156	1,900,330			
Public safety	9,905,810	10,295,474	11,198,826	11,945,163			
Development services	3,026,020	3,026,773	2,850,195	3,453,256			
Parks and leisure services	-	-	1,818,675	2,239,495			
Library	=	-	750,465	674,788			
Management services	933,323	962,545	1,799,522	- -			
Community services	2,257,043	2,457,210	- -	-			
Fiscal and human resources	1,576,758	-	-	-			
Code services	826,006	800,056	-	-			
Nondepartmental	569,071	655,299	963,022	481,358			
Human resources	-	249,465	211,749	260,322			
Finance	-	937,784	957,101	1,183,734			
Information technology	-	467,447	497,859	475,104			
Capital outlay	8,791,576	11,230,420	5,307,680	4,939,559			
Debt service							
Principal	1,674,422	2,008,520	2,430,000	2,665,000			
Interest and service charges	2,535,171	2,585,227	2,965,131	2,708,732			
•							

36,440,820

32,647,381

32,926,841

32,807,706

Total expenditures

Fiscal Year							
2005	2006	2007	2008	2009	2010		
\$ 24,817,538	\$ 27,492,407	\$ 29,326,330	\$ 31,567,635	\$ 30,365,197	\$ 29,908,440		
144,900	254,725	73,875	23,400	-	_		
1,487,348	1,766,040	1,819,581	2,095,110	1,634,730	1,627,574		
239,278	243,027	229,686	227,719	860,012	748,192		
1,176,461	1,040,754	1,174,424	721,068	644,884	732,293		
1,011,588	1,110,188	1,153,583	1,074,968	984,317	1,096,452		
523,957	1,259,291	1,857,677	1,434,605	314,323	76,403		
991,055	1,338,761	900,669	844,407	1,112,257	1,297,146		
1,487,825	1,487,825	1,546,945	1,546,945	=	-		
858,620	1,603,733	615,677	662,003	710,354	535,208		
32,738,570	37,596,751	38,698,447	40,197,860	36,626,074	36,021,708		
2,103,346	2,406,010	3,583,153	2,334,303	1,279,890	1,961,081		
12,631,637	13,351,862	14,499,761	14,387,972	16,117,852	16,653,927		
3,355,538	3,508,849	3,917,629	3,856,422	3,521,060	3,551,797		
2,508,218		2,951,319	3,166,879	2,913,823	3,234,926		
674,453		814,602	870,217	889,791	935,633		
<u>-</u>	- -	- -	-	- -	, -		
_	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
867,069	958,652	1,053,341	2,933,840	1,358,466	2,067,520		
314,769	309,404	334,416	347,323	195,881	167,715		
1,229,697	1,199,965	1,183,605	1,241,631	713,569	778,779		
490,368	528,544	570,323	582,721	312,204	284,355		
6,113,105	7,687,797	9,380,677	15,089,860	9,203,386	4,362,868		
3,065,000	3,674,198	4,185,487	4,176,776	4,531,913	4,140,141		
2,653,315	3,492,404	3,861,639	4,069,494	3,922,904	3,527,769		
36,006,515	41,405,573	46,335,952	53,057,438	44,960,739	41,666,511		

(continued)

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

(Continued) LAST TEN FISCAL YEARS

	Fiscal Year							
	2001	2002	2003	2004				
EXCESS OF REVENUES								
OVER (UNDER)								
EXPENDITURES	\$ <u>(7,173,852)</u>	\$ <u>(9,730,856)</u>	\$ <u>(</u> 4,375,351)	\$ <u>(2,427,441)</u>				
OTHER FINANCING								
SOURCES (USES)								
Issuance of long-term debt	18,509,795	6,816,550	10,926,910	4,473,429				
Other financial sources (uses)	-	-	239,740	24,981				
Payment to refunding escrow agent	-	-	(10,165,000)	(1,305,298)				
Transfers in	973,178	1,502,766	1,734,655	4,814,323				
Transfers out	(672,206)	(1,100,698)	(1,200,665)	(4,218,259)				
Total other financing								
sources (uses)	18,810,767	7,218,618	1,535,640	3,789,176				
NET CHANGE IN								
FUND BALANCES	11,636,915	(2,512,238)	(2,839,711)	1,361,735				
FUND BALANCES, BEGINNING	6,241,386	17,878,301	15,366,063	12,526,349				
PRIOR PERIOD ADJUSTMENT			-					
FUND BALANCES, ENDING	\$ <u>17,878,301</u>	\$ 15,366,063	\$ <u>12,526,352</u>	\$ 13,888,084				
DEBT SERVICE AS								
A PERCENTAGE								
OF NONCAPITAL								
EXPENDITURES	17.5%	18.2%	19.7%	19.2%				

Fiscal	Vear

Fiscal Year												
2005	2006	2007	2008	2009	2010							
\$ <u>(</u> 3,267,945)	\$ <u>(</u> 3,808,822)	\$ <u>(</u> 7,637,505)	\$ <u>(</u> 12,859,578)	\$ <u>(</u> 8,334,665)	\$ <u>(5,644,803)</u>							
29,925,222 1,623,874 (22,563,874) 3,559,037 (2,986,854)	7,815,000 - - 5,769,465 (<u>4,281,500</u>)	15,510,000 30,273 - 6,988,814 (5,280,729)	5,690,000 29,005 - 5,368,659 (4,675,260)	14,105,000 510,352 (8,281,298) 5,695,409 (4,416,856)	755,000 130,802 (724,621) 7,396,548 (5,627,496)							
9,557,405	9,302,965	17,248,358	6,412,404	7,612,607	1,930,233							
6,289,460 13,888,084	5,494,143 20,177,544	9,610,853 25,671,687 (<u>171,477</u>)	(6,447,174) 35,111,063	(722,058) 28,663,889 655,482	(3,714,570) 28,597,313							
\$ <u>20,177,544</u>	\$ 25,671,687	\$ 35,111,063	\$ 28,663,889	\$ 28,597,313	\$ 24,882,743							
<u> 19.1</u> %	21.3%	21.8%	<u>21.7</u> %	23.6%	20.5%							

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (MODIFIED ACCRUAL BASIS OF ACCOUNTING) (UNAUDITED)

LAST TEN FISCAL YEARS

							Hotel		
Fiscal		Property		Sales	Franchise	O	ccupancy		
Year	Taxes		Tax		 Tax		Tax		Total
2001	\$	11,500,186	\$	4,475,371	\$ 2,716,183	\$	331,928	\$	19,023,668
2002		13,234,187		4,502,347	2,586,648		265,855		20,589,037
2003		14,437,069		4,449,567	3,260,547		244,087		22,391,270
2004		15,971,951		4,479,320	3,182,732		226,424		23,860,427
2005		16,822,584		4,499,908	3,250,555		244,491		24,817,538
2006		18,715,056		4,680,468	3,848,098		248,785		27,492,407
2007		20,358,281		5,314,550	3,394,651		258,848		29,326,330
2008		22,031,974		5,802,926	3,336,906		395,829		31,567,635
2009		21,774,805		5,056,041	3,129,287		405,064		30,365,197
2010		20,972,154		5,532,796	2,794,521		575,384		29,874,855

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Real Property Assessed Value		Personal Property Assessed Value		 Total Assessed Value	 Total Direct Tax Rate		
2001	\$	1,638,691,820	\$	336,097,090	\$ 1,974,788,910	\$ 0.611		
2002		1,811,147,280		352,250,350	2,163,397,630	0.636		
2003		1,900,562,860		342,966,010	2,243,528,870	0.659		
2004		2,146,953,330		309,732,550	2,456,685,880	0.659		
2005		2,357,730,310		308,085,090	2,665,815,400	0.685		
2006		2,517,430,840		298,440,930	2,815,871,770	0.698		
2007		2,683,144,134		276,411,696	2,959,555,830	0.710		
2008		2,667,601,748		396,884,124	3,064,485,872	0.700		
2009		2,540,797,154		397,930,090	2,938,727,244	0.700		
2010		2,618,725,080		426,359,160	3,045,084,240	0.700		

Assessed values are established by the Dallas Central Appraisal District on the basis of 100% of appraised values. Cheryl Jordan stated that Camelia has the login and we can run these reports ourselves. She can walk us through it.

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS PER \$100 ASSESSED VALUE) (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service Fund	Total	Dallas County	Dallas County Hospital	Dallas County Community College	Total City, County, Hospital and College
2001	\$ 0.443	\$ 0.168	\$ 0.611	\$ 0.196	\$ 0.254	\$ 0.060	\$ 1.121
2002	0.453	0.183	0.636	0.196	0.254	0.060	1.146
2003	0.453	0.206	0.659	0.209	0.254	0.078	1.200
2004	0.466	0.193	0.659	0.209	0.254	0.078	1.200
2005	0.476	0.209	0.685	0.214	0.254	0.082	1.235
2006	0.486	0.212	0.698	0.219	0.254	0.081	1.252
2007	0.486	0.224	0.570	0.233	0.254	0.080	1.137
2008	0.486	0.214	0.570	0.233	0.254	0.089	1.146
2009	0.496	0.204	0.700	0.233	0.274	0.098	1.305
2010	0.496	0.204	0.700	0.620	0.271	0.099	1.690

Note: Tax rate is at 100% of market value

 DeSoto ISD	County Col	tal City, y, Hospital, lege and Soto ISD]	Dallas ISD	Count Co	tal City, y, Hospital, llege and llas ISD	Dui	ncanville ISD	Total City, County, Hospital, College and Duncanville ISD		
\$ 1.660	\$	2.781	\$	1.550	\$	2.671	\$	1.670	\$	2.791	
1.680		2.826		1.587		2.733		1.750		2.896	
1.710		2.910		1.640		2.840		1.855		3.055	
1.710		2.910		1.640		2.840		1.855		3.055	
1.790		3.025		1.688		2.923		1.866		3.101	
1.760		3.012		1.503		2.755		1.736		2.988	
1.490		2.627		1.250		2.387		1.418		2.555	
1.510		2.656		1.183		2.329		1.418		2.564	
1.490		2.795		1.271		2.576		1.418		2.723	
1.490		3.180		1.240		2.930		1.420		3.110	

PRINCIPAL TAXPAYERS (UNAUDITED) CURRENT YEAR AND NINE YEARS AGO

			20	010					2	2001	
					Percentage	Percentage				Percentage	Percentage
					of Total	of Top Ten				of Total	of Top Ten
		Taxable			Taxable	Taxpayers to		Taxable		Taxable	Taxpayers to
		Assessed			Assessed	Assessed		Assessed		Assessed	Assessed
Taxpayer		Valuation (1)	Type of Business	Rank	Valuation	Valuation		Valuation (1)	Rank	Valuation	Valuation
Solar Tubines, Inc.	\$	121,264,300	Manufacturing	1	3.98%	35.00%	\$	99,381,200	2	4.94%	34.36%
McGraw Hill/School		91,739,130	Manufacturing	2	3.01%	26.50%		100,858,000	1	5.01%	34.88%
Oncor Electric Delivery		23,511,440	Public Utility	3	0.77%	6.80%		-		- %	- %
Cintas Corporation		20,202,180	Retail/Uniforms	4	0.66%	5.80%		-		- %	- %
Diab LP		16,211,090	Manufacturing	5	0.53%	4.70%		-		- %	- %
WalMart Stores Texas LP		15,710,610	Retail/Warehouse	6	0.52%	4.54%		-		- %	- %
DeSoto Apartments, LTD		15,250,000	Apartments	7	0.50%	4.40%		-		- %	- %
Maclay Carlin DeSoto LTD		14,719,450	Shopping Center	8	0.48%	4.25%		9,980,220	7	0.50%	3.45%
Shaw Feddern LP		14,148,570	Shopping Center	9	0.46%	4.09%		-		- %	- %
WRH Properties/Mt. Vernon, Inc.		13,526,680	Apartments	10	0.44%	3.91%		11,977,130	5	0.60%	4.14%
Texas Utilities Electric Co.		-	Utility		- %	- %		20,040,030	3	1.00%	6.93%
Albertson, Inc.		-	Retail		- %	- %		12,733,160	4	0.63%	4.40%
Southwestern Bell Telephone		-	Utility		- %	- %		10,447,310	6	0.52%	3.61%
Spiegel Enterprises		-	Manufacturing		- %	- %		7,667,730	9	0.38%	2.65%
Townsend Square II, LTD.		-	Investments		- %	- %		8,500,000	8	0.42%	2.94%
Dallas Wholesale Builder Supply	_		Building Supply		%	%	_	7,636,770	10	0.38%	2.64%
Total	\$	346,283,450	Total		11.35%	99.99%	\$	289,221,550		14.38%	100.00%

⁽¹⁾ Source - DeSoto Joint City and ISD tax collection office.

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED) LAST TEN FISCAL YEARS

	Total Tax	ollections	Total Collecti	ons to Date			
Fiscal Year Ended	Levied for Fiscal Year	Fiscal Year of Amount	Percentage of Levy	_	Subsequent Years	Amount	Percentage of Levy
2001	\$ 10,618,632	\$ 10,356,327	97.53%	\$	261,529	\$ 10,617,856	99.99%
2002	11,267,838	10,840,787	96.21%		262,003	11,102,790	98.54%
2003	12,802,356	12,331,229	96.32%		286,974	12,618,203	98.56%
2004	13,899,107	13,635,024	98.10%		257,292	13,892,316	99.95%
2005	16,698,546	15,705,410	94.05%		607,320	16,312,730	97.69%
2006	16,535,406	15,993,668	96.72%		369,744	16,363,412	98.96%
2007	19,915,679	19,114,409	95.98%		578,349	19,692,758	98.88%
2008	21,395,308	20,702,532	96.76%		400,308	21,102,840	98.63%
2009	21,379,787	20,812,339	97.35%		296,735	21,109,074	98.73%
2010	20,746,013	20,277,877	97.74%		-	20,277,877	97.74%

Sources: City of DeSoto Joint Tax office

RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED) LAST EIGHT FISCAL YEARS

	Governmental Activities						_	Business-ty	ype A	Activities								
Fiscal Year	- · · · · · · · · · · · · · · · · · · ·		Certificates of Obligation	- · · · · · ·		U		Total Certificates Primary Cobligation Government				Per pita*						
2003	\$	42,719,247	\$	18,420,792	\$	-	\$	-	\$	2,160,000	\$	2,030,000	\$	65,330,039	-	\$	5	1,557
2004		44,680,737		17,250,102		-		-		1,305,000		3,030,000		66,265,839	-			1,545
2005		54,617,226		11,408,460		2,045,222		749,921		395,000		4,460,000		73,675,829	-			1,619
2006		58,923,028		11,243,460		1,855,989		634,262		-		5,350,000		78,006,739	-			1,656
2007		61,948,256		19,848,460		1,671,789		512,747		-		5,140,000		89,121,252	6.98	%		1,872
2008		63,703,255		19,923,459		1,482,689		385,071		-		4,920,000		90,414,474	6.58	%		1,868
2009		61,401,561		22,478,459		1,291,852		290,796		1,376,694		8,500,000		95,339,362	7.28	%		1,958
2010		59,120,223		21,250,000		1,095,105		188,241		1,212,833		13,125,000		95,991,402	6.52	%		1,986

Notes: Data compiled from the City's first implementation year as required by GASB - FY 2003.

Personal income data unavailable prior to fiscal year 2007.

^{*} See table 15 for personal income and population data.

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

Fiscal Year	Population	Assessed Value (1)	Total Bonded Debt (2)	Debt Services Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2001	38,214	\$ 1,974,788,910	\$ 59,837,993	\$ 1,416,195	\$ 58,421,798	2.96%	\$ 1,529
2002	39,300	2,163,397,630	66,562,217	1,339,373	65,222,844	3.01%	1,660
2003	41,108	2,243,528,870	65,330,039	1,336,617	63,993,422	2.85%	1,557
2004	42,894	2,456,685,880	66,265,839	1,312,086	64,953,753	2.64%	1,514
2005	45,514	2,665,815,400	70,880,686	1,244,114	69,636,572	2.61%	1,530
2006	47,109	2,815,871,770	75,516,488	1,323,212	74,193,276	2.63%	1,575
2007	47,600	2,959,555,830	89,121,252	1,720,235	87,401,017	2.95%	1,836
2008	48,391	3,064,485,872	90,414,474	2,254,215	88,160,259	2.88%	1,822
2009	48,700	2,938,727,244	95,339,362	1,831,987	93,507,375	3.18%	1,920
2010	48,322	3,045,084,240	95,991,402	2,159,684	93,831,718	3.08%	1,942

Notes:

- (1) Beginning 1992, assessed values are determined by the Dallas Central Appraisal District.
- (2) Includes all long-term certificates of obligation and general obligation debt.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED) SEPTEMBER 30, 2010

Taxing Jurisdiction	Total Tax Supported Debt (1)	Percentage Applicable	Overlapping Debt
City of DeSoto	\$ 94,708,255	100.00%	\$ 94,708,255
Overlapping Debt DeSoto Independent School District	141,236,131	85.30%	120,474,420
Dallas County	121,176,552	1.80%	2,181,178
Dallas Independent School District	2,654,955,000	0.54%	14,336,757
Dallas County Community College District	416,040,000	1.80%	7,488,720
Dallas County Hospital District	705,000,000	1.80%	12,690,000
Duncanville Independent School District	160,804,100	7.41%	11,915,584
Subtotal overlapping debt	4,199,211,783		169,086,658
Total direct and overlapping debt	\$ 4,293,920,038		\$ 263,794,913
Ratio of direct and overlapping bonded debt to taxable assessed valuation			9.39%
Per capita direct and overlapping bonded debt			\$5,417

Source: First Southwest Company

Does not include \$1,015,000 portion of \$5,415,000 2002 Combination Tax and Revenue Certificates of Obligation serviced by Municipal Drainage Fund revenues.

Does not include \$1,030,000 portion of \$1,700,000 2003 Combination Tax and Revenue Certificates of Obligation serviced by Municipal Drainage Fund revenues.

⁽¹⁾ Does not include \$3,775,000 2001A General Obligation debt serviced by Proprietary fund revenues.

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED) YEAR ENDED SEPTEMBER 30, 2010

Net Assessed Value		\$	2,964,075,493
Plus: Exempt Property		-	121,851,310
Total Assessed Value			3,085,926,803
Debt limit - (10%) of total assessed value			308,592,680
Less: amount of debt applicable to debt limit:			
Total bonded debt (including special assessment bonds)	\$ 94,708,255		
Less: assets in debt service funds available for payment of principal	 2,159,684		92,548,571
Legal Debt Margin		\$	216,044,109

DEMOGRAPHIC STATISTICS (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year	Population	Estimated Median Family Household Income (1)	Personal Income* (2)	Per Capita Personal Income*	Median Age	Education Level in Years of Formal Schooling	School Enrollment (3)	Unemployment Rate (4)
2001	38,214	\$ 78,511	-	-	34	High School + 2 yrs.	7,161	2.2%
2002	39,300	78,511	-	-	34	High School + 2 yrs.	6,806	4.8%
2003	41,108	76,359	-	-	37	High School + 2 yrs.	6,806	4.8%
2004	42,894	69,892	-	-	36	High School + 2 yrs.	7,299	5.9%
2005	45,514	77,844	-	-	36	High School + 2 yrs.	7,915	5.7%
2006	47,109	72,726	-	-	36	High School + 2 yrs.	7,898	5.5%
2007	47,600	62,960	1,277,489	27	37	High School + 2 yrs.	8,700	3.0%
2008	48,391	62,960	1,373,095	28	37	High School + 2 yrs.	8,884	6.2%
2009	48,700	78,020	1,308,764	27	37	High School + 2 yrs.	9,063	6.7%
2010	48,322	75,488	1,472,710	30	37	High School + 2 yrs.	9,020	8.2%

Sources:

- (1) DeSoto Economic Development Corporation (Claritas)
- (2) US Census Bureau
- (3) DeSoto Independent School District
- (4) Texas Workforce Commission

Note: *Amount presented in thousands of dollars

Personal income data is unavailable prior to fiscal year 2007.

PRINCIPAL EMPLOYERS (UNAUDITED) CURRENT AND NINE YEARS AGO

		2010		2001		
			Percentage of Total City			Percentage of Total City
Employer	Employees	Rank	Employment	Employees	Rank	Employment
DeSoto ISD	924	1	3.70%	778	1	3.60%
City of DeSoto	367	2	1.47%	313	2	1.45%
DIAB	325	3	1.30%	200	4	0.93%
Solar Turbines	300	4	1.20%	214	3	0.99%
Marten Transport	300	5	1.20%	-		- %
WalMart Districution	240	6	0.96%	-		- %
Williamsburg Village	210	7	0.84%	-		- %
McGraw-Hill	155	8	0.62%	140	6	0.65%
Tom Thumb	150	9	0.60%	150	5	0.69%
Albertson's	125	10	0.50%	126	7	0.58%
Winn-Dixie	-		- %	125	8	0.58%
Kroger	-		- %	125	9	0.58%
DW Distribution, Inc.			%	124	10	0.57%
	3,096		12.39%	2,295		10.62%

Source: DeSoto, Texas - Community Profile provided by DEDC.



FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)

LAST EIGHT FISCAL YEARS

Fiscal Year Function General government Public safety Development services Parks and leisure services Finance Library Human resources Information technology Water and sewer Drainage Sanitation

Source: City of DeSoto Human Resource Department

Note: Data compiled from the City's first implementation year as required by GASB - FY 2003.

OPERATING INDICATORS BY FUNCTION (UNAUDITED)

LAST EIGHT FISCAL YEARS

Fiscal Year

		FISCAL	ı caı	
Function	2003	2004	2005	2006
General government				
Number of public information requests processed	35	35	55	55
Public safety				
Number of youth outreach programs held	34	39	53	40
Number of senior citizen symposiums held	12	8	44	8
Number of citizen police academics per year	3	2	3	2
Fire code inspections completed	412	479	466	445
Development services				
Traffic signal inspections	192	194	194	168
Parks and leisure services				
Total fitness facility memberships	3,839	3,125	4,325	4,342
Total swimming pool attendance	18,873	15,266	18,873	15,306
Library				
Total children's' story time programs	31	32	43	47
Human resources				
Number of salary surveys completed	8	8	8	14
Finance				
Municipal court cases filed	12,567	13,427	13,399	12,923
Information technology				
Number of City computers replaced annually	43	43	49	67
Water and sewer				
Number of touch read meters changed out	1,413	748	865	900
Number of meters read monthly	13,340	13,994	14,100	14,700
Drainage				
Number of easements acquired for				
project construction	7	5	4	4
Sanitation				
Number of existing intersection				
landscapes renovated annually	1	1	1	1

Source: Information provided by the head of each department.

Note: Data compiled from the City's first implementation year as required by GASB - FY 2003.

2007		2008		2009	2010
75		75		2,018	86
40		21		10	11
10		7		1	1
2	#	2	#	1	2
450	#	432	#	423	978
168		192		204	85
5,493		6,025		6,405	5,780
3,493 -		17,830		16,887	15,648
		17,030		10,007	13,010
35		33		98	32
8		14		5	5
14,271		14,117		11,342	12,106
77		C A		62	0
77		64		63	8
1,500		354		629	1,189
15,250		15,489		15,748	15,879
4		-		5	1
7				3	1
1		1		2	3

CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED) LAST EIGHT FISCAL YEARS

Fiscal Year Function **Public safety** Police stations Fire stations **Development services** Lane Miles of streets Miles of alleys Traffic signals Parks and recreation Number of parks Civic centers Swimming pools Theater playhouses Library Number of libraries Water and sewer 39.5 mg./day Water pumping capacity 18 mg/day 18 mg/day 18 mg/day 18 mg/day 35 mg/day 39.5 mg/day 39.5 mg./day Elevated water storage 5 mg. 13 mg. Ground storage 13 mg. 13 mg. 13 mg. 13 mg. 13 mg. 13 mg. 13 mg.