



**CITY OF DESOTO**

SOARING FOR EXCELLENCE



***DeSoto, Texas***  
***Comprehensive Annual Financial Report***  
***For The Year Ended***  
***September 30, 2016***

**CITY OF DESOTO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED September 30, 2016**



Prepared by the

FINANCIAL SERVICES DEPARTMENT

Tishia N. Jordan,  
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Accounting Manager

CITY MANAGER

Tarron Richardson, Ph.D.

CITY COUNCIL

Curtistene S. McCowan, Mayor

Virgil Helm, Council Member

Deshaundra Lockhart Jones, Council Member

Rachel Proctor, Mayor Pro Tem

Richard North, Council Member

Candice Quarles, Council Member

James Zander, Council Member



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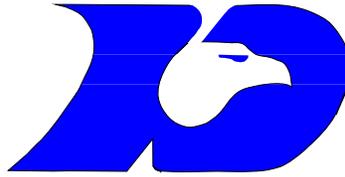


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# **INTRODUCTORY SECTION**



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# City of DeSoto

March 21, 2017

To the Citizens of the  
City of DeSoto, Texas

In accordance with State Law, municipalities are required to publish a complete set of audited financial statements with an opinion. Accordingly, these documents must be submitted six (6) months prior to the end of any given fiscal year (FY). Therefore, this detailed report fulfills that requirement for the FY that ended Wednesday, September 30, 2016.

Management assumes full responsibility for the completeness and reliability of information contained within this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. The costs associated with implementing these internal controls should not exceed its anticipated benefits. In particular, the overall objective is to provide a reader with reasonable, and not absolute assurance that all financial statements are free of material misstatements.

At the conclusion of the FY that ended on Friday, September 30, 2016, WhitleyPenn, LLP, Certified Public Accountants issued the City of DeSoto an unmodified (“clean”) opinion. In the beginning financial section of this document, a viewer can find the independent auditors’ report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report that includes a narrative introduction, overview, and an analysis of basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the entire document for a superior level of understanding.

## ***Profile***

Located in the Best Southwest region of Dallas County, the City of DeSoto is in close proximity to downtown Dallas and has a total area that covers 21.6 square miles. In 2016, it was estimated that the City of DeSoto had 51,934 residents. This growing community has access to three (3) major thoroughfares, I-35 (eastern border), Highway 67 (western border) and I-20 (northern border).

As a political subdivision and municipal corporation of the State, the City of DeSoto adopted a home rule charter that serves as its governing document over local issues. This enabled the residents to establish a Council/Manager form of government. The policy making body is comprised six (6) Council members and a Mayor. These elected officials enact local legislation and adopt annual budgets. They are also responsible for appointing the City secretary, City attorney, City Manager and Judge.

The City Manager, serves as the Chief Administrative Officer and is responsible for managing all municipal operations. Major services provided under general government and enterprise functions are: public safety (police and fire), street maintenance, water and sewer, parks and recreation, library and general administrative services.

### ***Accounting System and Budgetary Control***

The financial accounting system serves as a means to ensure that there are adequate internal controls. Internal controls provide a reasonable level of assurance in regards to, safeguarding assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing statements and asset accountability. Management assumes responsibility for the completeness and reliability of the information contained within this report, which is based upon a comprehensive framework of established internal controls for this specific purpose. Most importantly, the cost of internal controls should not exceed its anticipated benefits. The overall objective is to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatements.

The accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable. Once services or goods are received and the liabilities have been incurred, expenditures are then recorded. Accounting records for enterprise activities are maintained on an accrual basis.

Government-wide financial statements are prepared using the accrual basis of accounting, as well as the economic resources measurement focus. In particular, these statements do not provide information by fund. It is separated by activities associated with governmental, business-type, discretely presented component units on statements for net assets and activities.

Budgetary Controls – During the preliminary budget process, proposed revenues and expenditures for each department are thoroughly analyzed by two (2) departments (Finance and Administration). At the conclusion of these departmental reviews, the City Council will be forwarded a copy of these finalized documents. In accordance with the City Charter, the City Council must adopt a budget ten (10) days in advance of a new fiscal year.

The overall objective for having these budgetary controls is to ensure compliance with legal provisions. Activities of the general fund (GF), water and sewer fund, and all other funds are included in the annual budget. The level of budgetary controls (the level that expenditures cannot legally exceed its appropriated amounts) is established by departments within its individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council.

### ***Relevant Financial Policies***

By policy, the annually adopted FY budget must be balanced with fund reserves. In FY 2016, the GF had a fund balance of \$20,952,910, which exceeded the mandated reserve requirement of 60-days.

Every FY, the City utilizes its long-range planning policy to project future revenues and expenditures. This process enables the City to identify potential deficits and opportunities for financial growth over a two (2) year period. For illustration purposes, the FY2017 planning and FY2016 budgets were prepared in collaboration with one another.

The investment policy was established to minimize credit and market risks. It is updated and reauthorized on an annual basis by the City Council in compliance with the Texas Public Funds Investment Act.

The investment policy was established with objectives consistent with state and local laws. Investments follow the hierarchy to preserve capital, safety of principal and security of invested funds; maintenance of sufficient liquidity to meet operating goals; diversification of investments to avoid unreasonable or avoidable risks; insurance of public trust; and optimization of return on the portfolio.

Cash management is the process of managing currency in order to ensure maximum availability and optimum yield on short-term investments of idle funds. An aggressive cash management program that is consistent with this Investment Policy will provide investment interest as revenue for all operating and capital funds. The portfolio is designed and managed in a manner responsive to the public trust. Earnings from investments are used in a manner that best serves the City.

### ***Local Economy***

Major businesses within the municipal limits of DeSoto are distribution, retail, healthcare, grocery, manufacturing, transportation or e-commerce. The aforementioned company employs over 2,600 employees. The civilian employed workforce was estimated at approximately 27,600. The unemployment rate as of October 31, 2016 was 4.6%, which is slightly higher than Dallas, Fort Worth, Arlington area rate of 3.6%.

DeSoto benefits from being located twelve (12) miles south of Dallas and is accessible from several major transportation thoroughfares. This prime location serves as a gateway to job opportunities in Dallas, Fort Worth and the Mid-Cities. Its estimated population of over 51,000 has grown to a notable 35% since 2000, which ushered in a 40% rise in households. During that same year, the overall taxable assessed valuation increased by 3.73%.

### ***Long-term Financial Planning***

Historically, the City has maintained solid general fund balances. The FY2016 General Fund Fund Balance was approximately \$20.9 million or roughly 60% of spending. As a proactive measure, the budget is continuously analyzed for deficiencies as means to thwart revenue from being lost. By managing the budget in this manner, fund reserves are not used for ongoing operational expenses.

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 that are based upon individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development. These parcels are located within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center, which is located 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 Initiative***

The 2015-2016 fiscal year included initiatives such as:

- Maintain the current level of public services provided by all municipal departments
- Continue to market the Eagle Industrial Park to generate new business opportunities
- Increase the value of commercial, as well as residential assets through new development and redevelopment
- Develop a regional economic development vehicle to attract major employers to the Best Southwest region
- Review and update the Master Comprehensive Plan

## ***Awards and Acknowledgements***

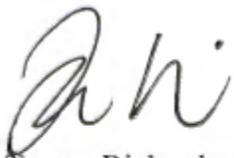
Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the FY that ended Wednesday, September 30, 2015. This is a prestigious national award that recognizes conformance with the highest standards for preparing State and Local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that conforms to program standards. A (CAFR) must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

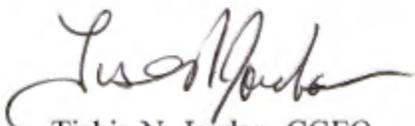
A Certificate of Achievement is only valid for one (1) year. Over the past 31 FYs, DeSoto has received this prestigious award. Synonymous with previous GFOA reports that DeSoto submitted, this report will also conform to program requirements for the Certificate of Achievement.

This report could not have been accomplished without the tireless dedication and due diligence of staff. Most importantly, our staff would like to commend both the Mayor and City Council for their unwavering contributions throughout this entire financial planning process.

Respectfully,

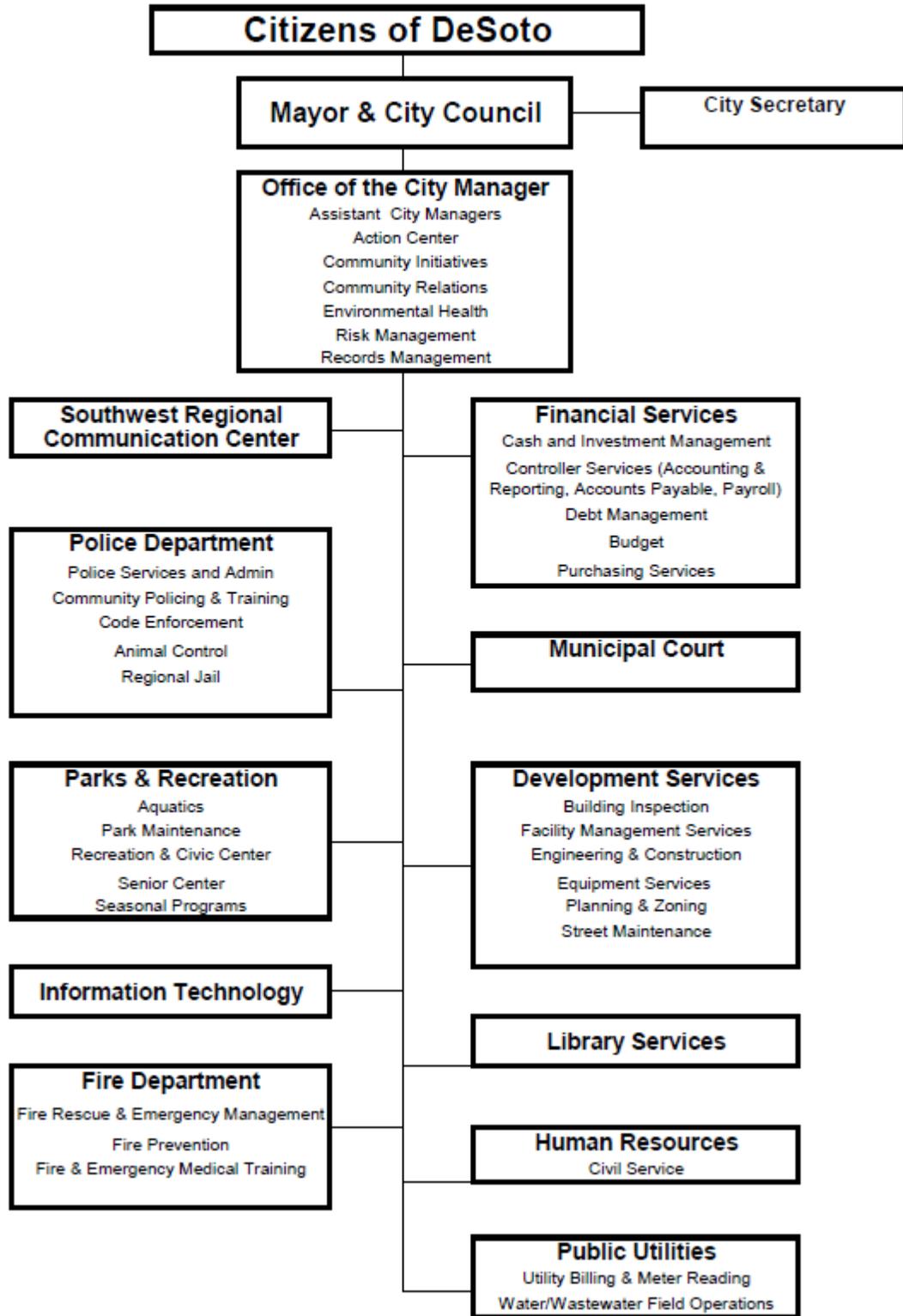


Tarron Richardson, Ph.D.  
City Manager



Tishia N. Jordan, CGFO  
Director of Budget, Financial Services Department

**CITY OF DESOTO, TEXAS**  
**ORGANIZATIONAL CHART**



# City Officials

## City Council



Curtistene McCowan, Mayor  
Place One



Vigil Helm  
Place Two



Deshaundra Lockhart Jones  
Place Three



Rachel Proctor  
Mayor Pro Tem, Place Four



Richard North  
Place Five



Candice Quarles  
Place Six



James Zander  
Place Seven

## Executive Team

<b>Tarron J. Richardson, PhD.</b> City Manager	
<b>Tracie Hlavinka</b> Assistant City Manager	<b>Lora Stallings</b> Assistant City Manager
<b>Tamara Bell</b> Managing Director S.W.R.C.C.	<b>Isom Cameron</b> Managing Director Public Utilities
<b>Joseph Costa</b> Police Chief	<b>Jerry Duffield</b> Fire Chief
<b>Derek T. Figert</b> Managing Director Information Technology	<b>Joe Gorfida</b> City Attorney
<b>Renee Johnson</b> Managing Director Parks & Recreation	<b>Tom Johnson</b> Managing Director Development Services
<b>Kathy Jones</b> Community Relations Manager	<b>Tishia N. Jordan, CGFO</b> Director of Budget Financial Services
<b>Scott Kurth</b> Judge DeSoto Municipal Court	<b>Kerry McGeath</b> Managing Director Library Services
<b>Kisha Morris</b> City Secretary	<b>Letitia L. Shelton</b> Director of Finance Financial Services
<b>Kathleen Shields</b> Managing Director Human Resources	



Government Finance Officers Association

**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, 2015**

Executive Director/CEO

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# **FINANCIAL SECTION**

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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of DeSoto, Texas (the “City”), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16, budgetary comparison information on pages 64 through 65, pension system supplementary information on pages 66 through 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, discretely presented component unit fund statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules along with the discretely presented component unit fund statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the discretely presented component unit fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance and has been issued under separate cover.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
March 16, 2017

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2016. 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 - v of this report, and the financial statements which follow this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2016 fiscal year by \$174,055,337 (net position). Of this amount, \$39,241,704 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$37,092,546, an increase of \$4,644,681 from the prior year. Approximately 56% of this total amount is unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,923,754 or 61% of total General Fund expenditures.
- The City's total capital assets net of accumulated depreciation decreased by \$0.6 million. The decrease is due to current year additions and retirements of capital assets, net of depreciation.
- The City's governmental and business-type activities long-term liabilities decreased \$3.2 million to a total outstanding amount of \$74.6 million. The decrease is due to scheduled payments and a refunding of outstanding bonds with a principal balance of \$5.27 million. The general obligation bonds were issued to fund a refunding of Series 2006 general and certificate of obligation bonds with an average interest rate of 4.149%. The City refunded the bonds to reduce its total debt service payments and to obtain an economic gain (difference between present value of the debt service payment on the old and new debt) of \$659,973.

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

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position 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).

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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, financial services, municipal court parks and recreation, library services, human resources, and information technology. The business-type activities of the City include public utilities, 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, governmental fund 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 17 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the other 15 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.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**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 public utility, 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 public utility, 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 31 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 position may serve over time as a useful indicator of a government's financial position. As of September 30, 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$174,055,337.

The largest portion of the City's net position (73%) 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 position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$39,241,704 may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

As of September 30, 2016, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Desoto's Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 43,860,467	\$ 39,787,913	\$ 24,588,524	\$ 26,256,107	\$ 68,448,991	\$ 66,044,020
Capital assets	134,396,691	136,380,906	62,350,177	61,016,120	196,746,868	197,397,026
Total assets	178,257,158	176,168,819	86,938,701	87,272,227	265,195,859	263,441,046
Deferred outflows of resources	8,558,398	2,912,956	801,008	294,347	9,359,406	3,207,303
Current and other liabilities	2,890,530	3,630,152	3,574,823	2,974,289	6,465,353	6,604,441
Long-term liabilities	75,594,930	71,753,678	16,890,069	17,295,182	92,484,999	89,048,860
Total Liabilities	78,485,460	75,383,830	20,464,892	20,269,471	98,950,352	95,653,301
Deferred inflows of resources	1,435,976	748,355	113,600	46,400	1,549,576	794,755
Net position						
Net investment in capital assets	75,388,877	75,008,168	52,278,918	53,034,176	127,667,795	128,042,344
Restricted	7,145,838	6,848,661	-	-	7,145,838	6,848,661
Unrestricted	24,359,405	21,092,761	14,882,299	14,216,527	39,241,704	35,309,288
Total net position	\$ 106,894,120	\$ 102,949,590	\$ 67,161,217	\$ 67,250,703	\$ 174,055,337	\$ 170,200,293

**Governmental activities.** Net position increased by \$3,944,530 in fiscal year 2016. This is compared to an increase of \$9,096,338 in fiscal year 2015. During the current year, there were increases in capital grants and contributions, property taxes, interest income earned and miscellaneous revenues. Governmental expenditures decreased largely in the area of interest on long-term debt.

**Business-type activities.** Net position decreased by \$89,486 in the current year compared to a \$138,341 increase in fiscal year 2015. The decrease in net position as compared to prior year is contributable to the increase in expenses related to water and sewer, storm drainage, and sanitation. There were significant increases in the cost of supplying water and wastewater treatment, refuse collection expense, personnel costs, and repair and maintenance in the current year.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

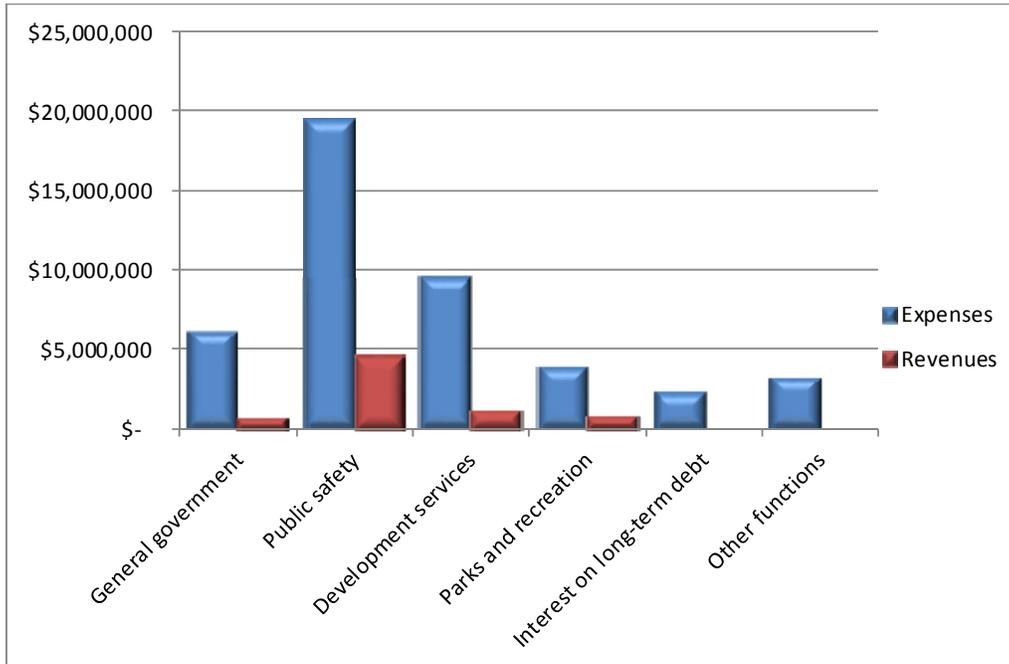
**City of DeSoto's Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 6,689,549	\$ 7,130,546	\$ 24,928,185	\$ 23,353,806	\$ 31,617,734	\$ 30,484,352
Operating grants and contributions	1,084,583	1,228,969	-	-	1,084,583	1,228,969
Capital grants and contributions	250,000	-	-	-	250,000	-
General Revenues:						
Property taxes	24,570,117	22,332,142	-	-	24,570,117	22,332,142
Other local taxes	12,865,327	12,883,219	-	-	12,865,327	12,883,219
Interest income	192,921	120,644	107,352	99,713	300,273	220,357
Miscellaneous	822,302	794,454	-	-	822,302	794,454
<b>Total revenues</b>	<u>46,474,799</u>	<u>44,489,974</u>	<u>25,035,537</u>	<u>23,453,519</u>	<u>71,510,336</u>	<u>67,943,493</u>
<b>Expenses</b>						
General government	6,116,384	4,472,030	-	-	6,116,384	4,472,030
Public Safety	19,523,630	15,633,862	-	-	19,523,630	15,633,862
Development services	9,599,031	8,860,259	-	-	9,599,031	8,860,259
Financial services	461,984	215,738	-	-	461,984	215,738
Municipal court	574,850	496,540	-	-	574,850	496,540
Information technology	767,304	521,186	-	-	767,304	521,186
Human resources	390,706	253,336	-	-	390,706	253,336
Parks and recreation	3,994,107	3,623,576	-	-	3,994,107	3,623,576
Library services	1,017,369	776,904	-	-	1,017,369	776,904
Interest on long-term debt	2,352,141	2,807,023	-	-	2,352,141	2,807,023
Water and sewer	-	-	17,589,431	16,049,932	17,589,431	16,049,932
Storm drainage	-	-	1,232,946	1,155,389	1,232,946	1,155,389
Sanitation	-	-	4,035,409	3,843,039	4,035,409	3,843,039
<b>Total Expenses</b>	<u>44,797,506</u>	<u>37,660,454</u>	<u>22,857,786</u>	<u>21,048,360</u>	<u>67,655,292</u>	<u>58,708,814</u>
Increase (decrease) in net position						
before transfers	1,677,293	6,829,520	2,177,751	2,405,159	3,855,044	9,234,679
Transfers	2,267,237	2,266,818	(2,267,237)	(2,266,818)	-	-
Change in net position	3,944,530	9,096,338	(89,486)	138,341	3,855,044	9,234,679
<b>Net position - beginning</b>						
<b>(as previously reported)</b>	102,949,590	97,354,680	67,250,703	67,473,650	170,200,293	164,828,330
Prior period adjustments	-	(3,501,428)	-	(361,288)	-	(3,862,716)
<b>Net position - ending</b>	<u>\$ 106,894,120</u>	<u>\$ 102,949,590</u>	<u>\$ 67,161,217</u>	<u>\$ 67,250,703</u>	<u>\$ 174,055,337</u>	<u>\$ 170,200,293</u>

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Analysis of the City's Operations.** The following table provides a summary of the City's operations for the year ended September 30, 2016. Overall, the City had an increase in net position of \$3,855,044. Overall revenues and expenses increased over the prior year.

**Expense and Program Revenues - Governmental Activities**



**Financial Analysis of the Government's 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 near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the 2016 fiscal year, the City's governmental funds reported combined ending fund balances of \$37,092,546, an increase of \$4,644,681 from the prior year. Approximately 56% of this total amount is available for spending at the City's discretion. A portion of the remaining fund balance \$10,023,208 is not available for new spending because it is restricted to pay for 1) street improvements and capital projects 2) debt service 3) public safety grants and 4) economic development projects.

**General Fund.** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$20,923,754, while the total fund balance was \$20,956,753. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 61% of the general fund expenditures.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The final budget for fiscal year 2016 reflected a decrease of \$1,722,426 in fund balance, which decreased the fund balance. The actual change in fund balance was an increase of \$2,044,439. Contributing factors was the realization of revenues \$2,221,191 over the budgeted amounts and overall expenditures \$3,448,130 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total actual General Fund revenues of \$35,641,514 were increased slightly from FY 2015 actuals by \$838,304 and were greater than budgeted FY 2016 by \$2,221,191.
  - o Property tax revenue increased \$1,376,579 from FY 2015 actuals as the overall property tax rate decreased by 1%; the number of parcels increased by .28%; and the taxable values increased by 3.73%.
  - o Sales tax revenues decreased slightly by \$22,282 and franchise fees decreased by \$114,513.
  - o Intergovernmental revenue increased slightly by \$14,328.
  - o Charges for services decreased by \$304,530 due substantially to the allocation of E911 Fees formerly recorded in the general fund recorded in Regional Dispatch in FY 2016. Recreation service fees decreased slightly by \$26,770.
  - o Fines and forfeitures decreased by \$217,751 as the results from collection of aged outstanding warrants levels off.
  - o Licenses and permits decreased by \$21,128.
  - o Miscellaneous revenue increased by 128,263 from FY 2015 due to amount received from insurance claims reimbursements.
  
- Total General Fund expenditures of \$34,153,791 were increased from FY 2015 actuals by \$2,502,853 and were less than budgeted FY 2016 by \$3,448,130.
  - o General government increased from FY 2015 actuals by \$205,254 for expenditures related to painting of the Pleasant Run Road retaining walls and final benefit expense for termed employees.
  - o Public safety – Police expenditures increased by \$240,929, primarily due to an increase in personnel, equipment, and Animal Shelter Participant Share.
  - o Public safety - Fire expenditures increased from FY 2015 actuals by \$89,574 primarily due to an increase in personnel costs.
  - o Development Services expenditures increased by 358,892 due to costs associated with inspection professional services and repair and maintenance of city facilities.
  - o Municipal Court expenditures decreased by \$66,444 for professional services related to warrant collections.
  - o Information technology expenditures increased by 146,556 over FY 2015 related to additional personnel and computer software and equipment purchases.
  - o Human Resources expenditures increased by \$43,856 for personnel and wellness and benefit expenditures.
  - o Parks and recreation services expenditures increased slightly by \$8,316 over FY 2015 related to personnel and repair and maintenance of park facilities.
  - o Library services expenditures increased by 101,628 over FY 2015 actuals due to personnel additions, electronic media and membership subscriptions, and contractual services
  - o Non-departmental expenditures increased by \$725,791 due primarily to an economic incentive, based upon property tax revenues, provided by the City.
  - o Capital outlay actual expenditures increased by \$822,157 due to large expenditures in FY 2016 related to machinery and equipment, motor vehicles and a fire truck.

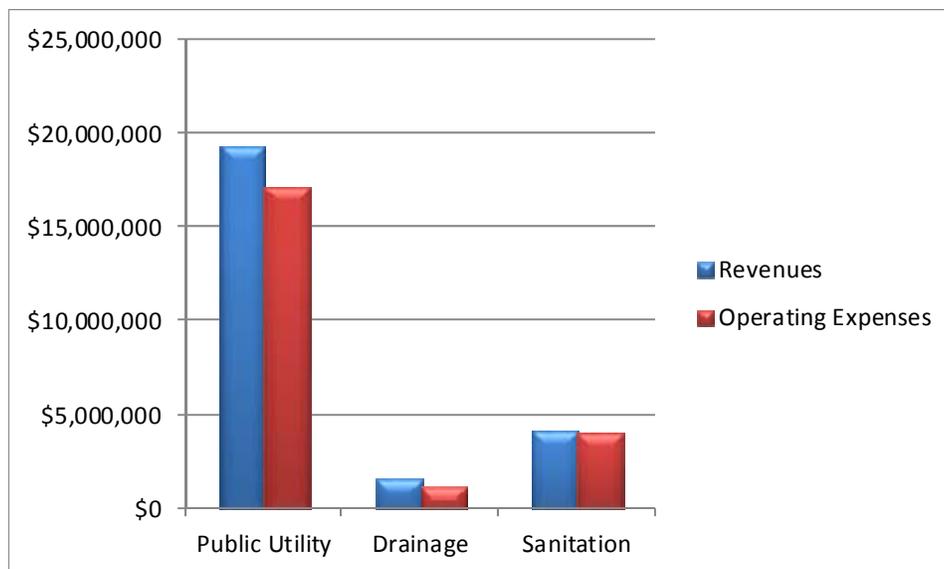
**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The actual revenues of \$35,641,514 were more than the budgeted revenues by \$2,221,191. Property tax, sales tax, franchise fees, license and permits, intergovernmental, charges for services, interest earnings, recreation services, and miscellaneous revenue exceeded the budgeted amount. The actual expenditures of \$34,153,791 were \$3,448,130 less than final budgeted expenditures of \$37,601,921.

Debt service fund balance increased by \$365,396 due to the increase in tax revenue collected from improved taxable value and interest earnings on available funds.

The fund balance of the Street Improvement fund increased by \$190,028 net effect of capital expenditures and proceeds from the issuance of long term debt issued for the Chattey Road Project.

**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 position of the respective proprietary funds are Public Utility – \$10,854,637, Storm Drainage –\$1,920,772, and Sanitation – \$2,106,890. The net position for the Public Utility fund decreased \$475,379; Storm Drainage increased \$302,064 and Sanitation increased \$83,829. The overall change in net position for business-type activities was a decrease of \$89,486, which is a decrease of \$227,827 from FY 2015. Public Utility Fund revenues increased with a water service base and sewer service base and volume rate increase. Overall Proprietary Funds operating revenues of \$24,928,185 reflected an increase of \$1,574,379 or an increase of approximately 6.7% compared to FY 2015. Proprietary Funds operating expenses of \$22,268,490 reflected an increase of \$1,820,980 or an increase of approximately 8.9% from FY 2015. There were significant increases in the cost of supplying water and wastewater treatment, refuse collection expense, personnel costs, and repair and maintenance in the current year.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Debt Administration**

*Capital assets*

At the end of fiscal year 2016, the City had \$196.7 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 \$0.7 million from the prior fiscal year.

**City of DeSoto's Capital Assets (in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 4,807	\$ 4,722	\$ 1,244	\$ 1,244	\$ 6,051	\$ 5,966
Construction in progress	8,627	7,907	5,072	1,527	13,699	9,434
Street/Alley ROW	14,073	14,073	-	-	14,073	14,073
Buildings	23,583	24,460	-	-	23,583	24,460
Infrastructure	80,631	83,239	55,267	57,666	135,898	140,905
Equipment and furniture	2,676	1,980	767	579	3,443	2,559
	<u>\$ 134,397</u>	<u>\$ 136,381</u>	<u>\$ 62,350</u>	<u>\$ 61,016</u>	<u>\$ 196,747</u>	<u>\$ 197,397</u>

Major capital asset events during the 2016 fiscal year include the following:

- **2016 Street Reconstruction:** The scope of work consisted of pulverization of the existing asphalt, cement stabilization of the base material to a depth of 6" (inches), and the construction of a new 6" (inch) asphalt roadway. In addition, Wintergreen Road, From Hampton to Westmoreland, received a 2" (inch) mill and overlay treatment to further extend the life of the existing pavement. In addition to Wintergreen Road, the selected streets for this project were: Elerson Road (536 Elerson to TXU Easement), Young Boulevard (Woodlawn to Lakewood) and spot repairs on Westmoreland, Live Oak, Adams Place, and Winwood. The estimated capitalized cost for this project is \$630,000.
- **Pleasant Run Road Screening Wall Phase 1:** The scope of work installation of a decorative concrete screening wall along the north side of Pleasant Run Road from Westlake extending approximately 200' east of Shadywood Lane. The estimated capitalized cost for this project is \$60,000.
- **2015 Water and Sewer Renovation and Reconstruction:** The scope of work consisted of the renovation and replacement of existing water, sewer and pavement infrastructure at the following locations: Williams Avenue, Holt Avenue, Williams Circle, Hanna Circle, Greenbriar Drive, Greenbriar Circle, E. Shockley Avenue, Laurie Avenue. In addition, the replacement of the water lines located beneath the sidewalk on the east side of Westlake and Pine Tree several years ago resulted in pavement failure of the sidewalk. The replacement of these sidewalks was included in the scope of this project. The estimated capitalized cost for this project is \$3.9 million.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Debt Administration**

**City of DeSoto's Outstanding Debt**  
**Certificates of Obligation, General Obligation, and Revenue Bonds (in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 45,500	\$ 45,503	\$ 2,815	\$ 2,487	\$ 48,315	\$ 47,990
Certificates of obligation	13,730	15,900	12,565	13,870	26,295	29,770
	<u>\$ 59,230</u>	<u>\$ 61,403</u>	<u>\$ 15,380</u>	<u>\$ 16,357</u>	<u>\$ 74,610</u>	<u>\$ 77,760</u>

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

Additional information on the City's long-term debt can be found in Note 5 beginning on page 48 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. In the coming year, an increase in general government Property Tax revenue is estimated due to the City's increase in assessed valuation for Tax Year 2016. The City's tax rate will be reduced for the second year in a row in fiscal year 2017. The FY 2017 budget was adopted with total tax rate of \$.7449 per \$100 valuation and an Operation & Maintenance tax rate of \$0.5349 and Interest and Sinking tax rate of \$0.2100.

Sales Tax is the second largest revenue source. In 2016, retail and industry taxable sales were substantially unchanged. Revenue related to sales tax exceeded general fund budget by approximately 7.2%; with overall revenue slightly lower than FY2015. For this reason, the City has conservatively budgeted for FY2017. The budget estimates for Franchise Fees for FY 2016 actuals were consistent with prior year and exceeded budget expectations. In FY 2017 the budget for franchise fees have been conservatively budgeted to be consistent with FY2016. Charges for services exceeded current year budgeted revenues by \$345,816. Because this category of revenue collections can span a number of fiscal years it will be budgeted conservatively in FY 2017. Overall, budgeted revenue in the General Fund for FY 2017 increased by approximately \$672,684, which represents a 1.94% increase over the amount actuals for fiscal year 2016.

The fiscal year 2017 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 increases in salary will reflect a 1% increase for eligible employees. These normal increases appear in the budget each year in addition to any potential market adjustment. Also, programmed into FY 2017 budget were additional positions to enhance services and increased to insurance costs. The cost associated with personnel for the General Fund for fiscal year 2017 is approximately \$1.1 million, an overall increase of 5.0%.

**CITY OF DESOTO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

In addition to salary adjustments, in the past, we have experienced a decrease in the Texas Municipal Retirement System ("TMRS") contribution rates. It is important to note that in fiscal year 2017 we will continue participation in TMRS, and the City's match will remain 2.0:1. In FY 2017, the actuarial rate will be 11.34%, which is an increase of 7.7% from the previous fiscal year. This allows us to continue in TMRS and meet the UAAL obligation over time. All other personnel related benefit programs remain at the level reflected in the fiscal year 2017 budget.

***Requests 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: Director of Budget, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9631, or email [tjordan@desototexas.gov](mailto:tjordan@desototexas.gov).

# **BASIC FINANCIAL STATEMENTS**

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF NET POSITION**  
*September 30, 2016*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 36,243,346	\$ 21,203,629	\$ 57,446,975
Receivables, net of allowances	5,369,399	3,378,209	8,747,608
Inventories	32,561	6,686	39,247
Prepays	-	-	-
Notes receivable	1,320,000	-	1,320,000
Investment in joint ventures	895,161	-	895,161
<b>Capital Assets:</b>			
Non-depreciable	27,506,739	6,316,779	33,823,518
Depreciable, net	106,889,952	56,033,398	162,923,350
<b>Total Capital Assets</b>	134,396,691	62,350,177	196,746,868
<b>Total Assets</b>	178,257,158	86,938,701	265,195,859
<b>Deferred Outflows of Resources</b>			
Deferred amounts pension related	7,718,777	737,200	8,455,977
Deferred charge on refunding	839,621	63,808	903,429
<b>Total Deferred Outflows of Resources</b>	8,558,398	801,008	9,359,406
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,790,725	1,922,952	3,713,677
Accrued liabilities	755,028	74,138	829,166
Accrued interest	271,630	72,000	343,630
Unearned revenues	73,147	-	73,147
Customer deposits	-	1,505,733	1,505,733
Noncurrent liabilities:			
Due within one year	6,482,890	1,053,462	7,536,352
Due in more than one year	61,817,393	15,143,007	76,960,400
Net pension liability	7,294,647	693,600	7,988,247
<b>Total Liabilities</b>	78,485,460	20,464,892	98,950,352
<b>Deferred Inflows of Resources</b>			
Deferred Inflows - pension related	1,180,111	113,600	1,293,711
Deferred gain on bond refunding	255,865	-	255,865
<b>Total Deferred Inflows of Resources</b>	1,435,976	113,600	1,549,576
<b>Net Position</b>			
Net investment in capital assets	75,388,877	52,278,918	127,667,795
Restricted for:			
Debt service	4,478,910	-	4,478,910
Public safety	1,038,550	-	1,038,550
Economic development	1,628,378	-	1,628,378
Unrestricted	24,359,405	14,882,299	39,241,704
<b>Total Net Position</b>	\$ 106,894,120	\$ 67,161,217	\$ 174,055,337

See notes to the financial statements.

<b>Component Units</b>	
<b>Desoto Parks Development Corporation</b>	<b>Desoto Economic Development Corporation</b>
\$ 577,467	\$ 3,522,033
128,334	397,129
-	-
-	405
-	216,600
-	-
11,250	-
2,148,848	-
<u>2,160,098</u>	<u>-</u>
<u>2,865,899</u>	<u>4,136,167</u>
-	96,600
-	11,513
<u>-</u>	<u>108,113</u>
-	176,337
-	-
10,800	11,097
-	-
-	-
375,000	215,000
1,745,000	2,017,045
-	90,200
<u>2,130,800</u>	<u>2,519,330</u>
-	14,900
<u>-</u>	<u>-</u>
<u>-</u>	<u>14,900</u>
-	-
-	-
-	-
-	-
735,099	1,710,050
<u>\$ 735,099</u>	<u>\$ 1,710,050</u>

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,116,384	\$ 466,958	\$ 433,957	\$ -
Public safety	19,523,630	4,193,774	630,280	-
Development services	9,599,031	1,268,385	-	-
Financial services	461,984	-	-	-
Municipal court	574,850	-	2	-
Information technology	767,304	-	-	-
Human resources	390,706	-	-	-
Parks and recreation	3,994,107	721,131	10,003	250,000
Library services	1,017,369	39,301	10,341	-
Interest on long-term debt	2,352,141	-	-	-
<b>Total Governmental Activities</b>	<b>44,797,506</b>	<b>6,689,549</b>	<b>1,084,583</b>	<b>250,000</b>
<b>Business-type Activities:</b>				
Public utility	17,589,431	19,286,512	-	-
Storm drainage	1,232,946	1,530,199	-	-
Sanitation	4,035,409	4,111,474	-	-
<b>Total Business-type Activities</b>	<b>22,857,786</b>	<b>24,928,185</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 67,655,292</b>	<b>\$ 31,617,734</b>	<b>\$ 1,084,583</b>	<b>\$ 250,000</b>
<b>Component Units</b>				
DeSoto Parks Development Corporation	\$ 617,668	\$ -	\$ -	\$ -
DeSoto Economic Development Corporation	1,486,392	-	-	-
<b>Total Component Units</b>	<b>\$ 2,104,060</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General revenues:**

Taxes:

Property taxes

Franchise and other taxes

Sales taxes

Hotel occupancy

Unrestricted investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

Change in net position

**Net Position - beginning**

**Net Position - ending**

See notes to the financial statements.

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

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	DeSoto Park Development Corporation	DeSoto Economic Development Corporation
\$ (5,215,469)	\$ -	\$ (5,215,469)	\$ -	\$ -
(14,699,576)	-	(14,699,576)	-	-
(8,330,646)	-	(8,330,646)	-	-
(461,984)	-	(461,984)	-	-
(574,848)	-	(574,848)	-	-
(767,304)	-	(767,304)	-	-
(390,706)	-	(390,706)	-	-
(3,012,973)	-	(3,012,973)	-	-
(967,727)	-	(967,727)	-	-
(2,352,141)	-	(2,352,141)	-	-
<u>(36,773,374)</u>	<u>-</u>	<u>(36,773,374)</u>	<u>-</u>	<u>-</u>
-	1,697,081	1,697,081	-	-
-	297,253	297,253	-	-
-	76,065	76,065	-	-
<u>-</u>	<u>2,070,399</u>	<u>2,070,399</u>	<u>-</u>	<u>-</u>
(36,773,374)	2,070,399	(34,702,975)	-	-
			(617,668)	-
			-	(1,486,392)
24,570,117	-	24,570,117	-	-
3,067,237	-	3,067,237	-	-
8,838,202	-	8,838,202	736,517	2,209,551
959,888	-	959,888	-	-
192,921	107,352	300,273	1,821	15,141
822,302	-	822,302	-	-
2,267,237	(2,267,237)	-	-	-
<u>40,717,904</u>	<u>(2,159,885)</u>	<u>38,558,019</u>	<u>738,338</u>	<u>2,224,692</u>
3,944,530	(89,486)	3,855,044	120,670	738,300
<u>102,949,590</u>	<u>67,250,703</u>	<u>170,200,293</u>	<u>614,429</u>	<u>971,750</u>
<u>\$ 106,894,120</u>	<u>\$ 67,161,217</u>	<u>\$ 174,055,337</u>	<u>\$ 735,099</u>	<u>\$ 1,710,050</u>

**CITY OF DESOTO, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 19,593,478	\$ 3,174,686	\$ 13,475,182	\$ 36,243,346
Receivables, net:				
Taxes	2,117,337	257,554	146,473	2,521,364
Due from other governments	151,836	-	377,988	529,824
Accounts and other	2,309,862	-	7,911	2,317,773
Due from other funds	302,549	-	-	302,549
Inventories	32,561	-	-	32,561
Prepaid items	438	-	-	438
Note receivable	-	1,320,000	-	1,320,000
<b>Total Assets</b>	<u>\$ 24,508,061</u>	<u>\$ 4,752,240</u>	<u>\$ 14,007,554</u>	<u>\$ 43,267,855</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,055,355	\$ 1,700	\$ 733,670	\$ 1,790,725
Accrued liabilities	730,896	-	24,132	755,028
Due to other funds	-	-	302,549	302,549
Unearned revenues	67,022	-	6,125	73,147
<b>Total Liabilities</b>	<u>1,853,273</u>	<u>1,700</u>	<u>1,066,476</u>	<u>2,921,449</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	1,698,035	1,555,825	-	3,253,860
<b>Total Deferred Inflows</b>	<u>1,698,035</u>	<u>1,555,825</u>	<u>-</u>	<u>3,253,860</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventories	32,561	-	-	32,561
Prepays	438	-	-	438
<b>Restricted:</b>				
Debt service	-	3,194,715	-	3,194,715
Street improvements	-	-	4,161,565	4,161,565
Public safety	-	-	1,038,550	1,038,550
Economic development	-	-	1,628,378	1,628,378
<b>Committed:</b>				
Public health	-	-	18,435	18,435
Development activities	-	-	226,523	226,523
<b>Assigned:</b>				
Capital projects	-	-	5,867,799	5,867,799
<b>Unassigned</b>	20,923,754	-	(172)	20,923,582
<b>Total Fund Balances</b>	<u>20,956,753</u>	<u>3,194,715</u>	<u>12,941,078</u>	<u>37,092,546</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 24,508,061</u>	<u>\$ 4,752,240</u>	<u>\$ 14,007,554</u>	<u>\$ 43,267,855</u>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
*September 30, 2016*

**Total fund balance, governmental funds** \$ 37,092,546

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 134,396,691

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds and certificates of obligation payable	(59,230,391)
Capital leases payable	(635,708)
Compensated absences	(4,547,148)
Accrued interest payable	(271,630)
Unamortized premium on bonds	(3,887,036)

Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 3,253,860

Deferred gain on refunding	(255,865)
Deferred loss on refunding	839,621

Certain other long-term assets and liabilities 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 Position.

Investment in joint venture	895,161
Net pension liability	(7,294,647)
Deferred outflows and inflows of resources related to the net pension liability	<u>6,538,666</u>

**Net Position of Governmental Activities in the Statement of Net Position** \$ 106,894,120

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2016**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Property taxes	\$ 17,101,586	\$ 7,334,433	\$ -	\$ 24,436,019
Sales taxes	8,881,627	-	-	8,881,627
Franchise fees and other	3,023,812	-	-	3,023,812
Hotel occupancy tax	-	-	959,888	959,888
Fines and forfeitures	1,358,874	-	66,528	1,425,402
Licenses and permits	1,280,155	-	-	1,280,155
Intergovernmental	549,358	358,401	2,058,863	2,966,622
Charges for services	2,293,526	-	37,187	2,330,713
Investment earnings	122,918	30,689	39,314	192,921
Recreation services	704,626	-	-	704,626
Miscellaneous	325,032	-	82,486	407,518
<b>Total Revenues</b>	<b>35,641,514</b>	<b>7,723,523</b>	<b>3,244,266</b>	<b>46,609,303</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,058,626	-	436,770	1,495,396
Public safety:				
Police	8,919,790	-	1,396,607	10,316,397
Fire	7,146,714	-	8,481	7,155,195
Development services	4,767,071	-	1,402	4,768,473
Financial services	394,729	-	-	394,729
Municipal court	479,593	-	74,257	553,850
Information technology	621,493	-	-	621,493
Human resources	373,022	-	-	373,022
Parks and recreation	3,078,068	-	126,966	3,205,034
Library services	988,102	-	97,960	1,086,062
Non-departmental	4,831,142	-	-	4,831,142
<b>Debt service:</b>				
Principal	88,355	5,028,766	-	5,117,121
Interest and other charges	12,535	2,651,172	84,359	2,748,066
<b>Capital outlay</b>	<b>1,394,551</b>	<b>-</b>	<b>3,516,055</b>	<b>4,910,606</b>
<b>Total Expenditures</b>	<b>34,153,791</b>	<b>7,679,938</b>	<b>5,742,857</b>	<b>47,576,586</b>
Excess (deficiency) of revenues over expenditures	1,487,723	43,585	(2,498,591)	(967,283)
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	6,465,000	3,000,000	9,465,000
Sale of capital assets	62,847	-	-	62,847
Premium on issuance of bonds	-	426,869	132,108	558,977
Agent	-	(6,742,097)	-	(6,742,097)
Transfers in	2,367,022	198,339	1,938,238	4,503,599
Transfers out	(1,873,153)	(26,300)	(336,909)	(2,236,362)
<b>Total Other Financing Sources (Uses)</b>	<b>556,716</b>	<b>321,811</b>	<b>4,733,437</b>	<b>5,611,964</b>
Net change in fund balances	2,044,439	365,396	2,234,846	4,644,681
<b>Fund balances - beginning</b>	<b>18,912,314</b>	<b>2,829,319</b>	<b>10,706,232</b>	<b>32,447,865</b>
<b>Fund balances - ending</b>	<b>\$ 20,956,753</b>	<b>\$ 3,194,715</b>	<b>\$ 12,941,078</b>	<b>\$ 37,092,546</b>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**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, 2016*

Net change in fund balances - total governmental funds: \$ 4,644,681

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 for the period.

Capital outlay	4,955,176
Depreciation expense	(6,935,897)

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.

Unavailable tax and emergency management revenues	156,143
Change in equity interest of joint venture	(44,918)

Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt service principal	5,117,121
Payments to escrow agent for payment of refunded bonds	6,742,097
Proceeds from issuance of long-term debt	(9,465,000)
Premium from issuance of long-term debt	(558,977)

Pension contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension liability in the statement of net position. This amount is the difference between pension contributions and net pension expense (revenue) for the current fiscal year.

(990,168)

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:

(Increase) decrease in accrued interest	56,270
(Increase) decrease in compensated absences	(68,159)
Amortization of deferred loss on refunding	(29,617)
Amortization of deferred gain on refunding	28,430
Amortization of premium on bonds	340,842

<b>Change in net position of governmental activities</b>	<b>\$ 3,944,530</b>
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See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2016

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Public Utility</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 17,079,690	\$ 2,182,684	\$ 1,941,255	\$ 21,203,629
Accounts receivable, net	2,672,188	168,201	537,820	3,378,209
Inventories	6,686	-	-	6,686
<b>Total current assets</b>	<b>19,758,564</b>	<b>2,350,885</b>	<b>2,479,075</b>	<b>24,588,524</b>
<b>Non-current assets</b>				
<b>Capital assets:</b>				
Land	583,160	341,196	320,087	1,244,443
Construction in progress	4,971,466	100,870	-	5,072,336
Improvements	9,524,634	5,002,363	548,503	15,075,500
Water and sewer systems	83,875,478	-	-	83,875,478
Drainage systems	-	13,260,436	-	13,260,436
Equipment and furniture	1,787,687	105,896	231,585	2,125,168
Accumulated depreciation	(50,454,710)	(7,463,123)	(385,351)	(58,303,184)
<b>Total non-current assets</b>	<b>50,287,715</b>	<b>11,347,638</b>	<b>714,824</b>	<b>62,350,177</b>
<b>Total Assets</b>	<b>70,046,279</b>	<b>13,698,523</b>	<b>3,193,899</b>	<b>86,938,701</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension related	564,200	93,700	79,300	737,200
Deferred loss on bond refunding	-	63,808	-	63,808
<b>Total Deferred Outflows of Resources</b>	<b>564,200</b>	<b>157,508</b>	<b>79,300</b>	<b>801,008</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	1,576,502	26,013	320,437	1,922,952
Accrued liabilities	60,928	6,971	6,239	74,138
Accrued interest	58,617	13,383	-	72,000
Customer deposits	1,505,733	-	-	1,505,733
Compensated absences	66,680	14,465	9,452	90,597
Bonds payable	670,000	292,866	-	962,866
<b>Total Current Liabilities</b>	<b>3,938,460</b>	<b>353,698</b>	<b>336,128</b>	<b>4,628,286</b>
<b>Non-current Liabilities</b>				
Compensated absences	200,035	43,393	28,357	271,785
Bonds payable	12,030,391	2,840,830	-	14,871,221
Net pension liability	530,300	88,500	74,800	693,600
<b>Total Non-current Liabilities</b>	<b>12,760,726</b>	<b>2,972,723</b>	<b>103,157</b>	<b>15,836,606</b>
<b>Total Liabilities</b>	<b>16,699,186</b>	<b>3,326,421</b>	<b>439,285</b>	<b>20,464,892</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension related	87,000	14,400	12,200	113,600
<b>Net Position</b>				
Net investment in capital assets	42,969,656	8,594,438	714,824	52,278,918
Unrestricted	10,854,637	1,920,772	2,106,890	14,882,299
<b>Total Net Position</b>	<b>\$ 53,824,293</b>	<b>\$ 10,515,210</b>	<b>\$ 2,821,714</b>	<b>\$ 67,161,217</b>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*

*PROPRIETARY FUNDS*

*For the Year Ended September 30, 2016*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Public Utility</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>Revenues</b>				
Charges for services	\$ 19,286,512	\$ 1,530,199	\$ 4,111,474	\$ 24,928,185
<b>Total Revenues</b>	<u>19,286,512</u>	<u>1,530,199</u>	<u>4,111,474</u>	<u>24,928,185</u>
<b>Operating Expenses</b>				
Personnel costs	1,859,873	291,450	255,451	2,406,774
Water supply	4,629,242	-	-	4,629,242
Wastewater treatment	5,718,046	-	-	5,718,046
Refuse collection	-	-	2,966,942	2,966,942
Administrative charges	1,313,602	102,673	500,000	1,916,275
Contractual services	151,687	10,131	195,603	357,421
Repairs and maintenance	795,994	11,671	26,044	833,709
Materials and supplies	141,586	3,954	20,211	165,751
Other	235,272	34,238	618	270,128
Depreciation	2,279,976	655,134	69,092	3,004,202
<b>Total Operating Expenses</b>	<u>17,125,278</u>	<u>1,109,251</u>	<u>4,033,961</u>	<u>22,268,490</u>
Operating income (loss)	<u>2,161,234</u>	<u>420,948</u>	<u>77,513</u>	<u>2,659,695</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	94,777	4,811	7,764	107,352
Interest expense	(464,153)	(123,695)	(1,448)	(589,296)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(369,376)</u>	<u>(118,884)</u>	<u>6,316</u>	<u>(481,944)</u>
Income (loss) before transfers	1,791,858	302,064	83,829	2,177,751
Transfers out	<u>(2,267,237)</u>	<u>-</u>	<u>-</u>	<u>(2,267,237)</u>
Change in net position	(475,379)	302,064	83,829	(89,486)
<b>Net position - beginning</b>	<u>54,299,672</u>	<u>10,213,146</u>	<u>2,737,885</u>	<u>67,250,703</u>
<b>Total Net Position - ending</b>	<u>\$ 53,824,293</u>	<u>\$ 10,515,210</u>	<u>\$ 2,821,714</u>	<u>\$ 67,161,217</u>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
*For the Year Ended September 30, 2016*

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Public Utility</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 19,634,675	\$ 1,524,352	\$ 4,041,430	\$ 25,200,457
Payments to suppliers	(12,329,422)	(288,280)	(3,705,463)	(16,323,165)
Payments to employees	(1,776,032)	(275,122)	(240,460)	(2,291,614)
<b>Net cash provided (used) by operating activities</b>	<u>5,529,221</u>	<u>960,950</u>	<u>95,507</u>	<u>6,585,678</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out to other funds	(2,267,237)	-	-	(2,267,237)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(2,267,237)</u>	<u>-</u>	<u>-</u>	<u>(2,267,237)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of property, plant and equipment	(3,890,939)	(447,320)	-	(4,338,259)
Principal paid on long-term debt	(645,000)	(332,573)	-	(977,573)
Interest paid on long-term debt	(478,709)	(101,208)	(1,448)	(581,365)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(5,014,648)</u>	<u>(881,101)</u>	<u>(1,448)</u>	<u>(5,897,197)</u>
<b>Cash flows from investing activities</b>				
Interest received	96,407	4,759	4,886	106,052
<b>Net cash provided (used) by investing activities</b>	<u>96,407</u>	<u>4,759</u>	<u>4,886</u>	<u>106,052</u>
Net increase (decrease) in cash and cash equivalents	(1,656,257)	84,608	98,945	(1,472,704)
<b>Cash and cash equivalents, beginning</b>	<u>18,735,947</u>	<u>2,098,076</u>	<u>1,842,310</u>	<u>22,676,333</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 17,079,690</u>	<u>\$ 2,182,684</u>	<u>\$ 1,941,255</u>	<u>\$ 21,203,629</u>

See notes to the financial statements.

(continued)

**CITY OF DESOTO, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS (continued)**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Public Utility</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 2,161,234	\$ 420,948	\$ 77,513	\$ 2,659,695
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,279,976	655,134	69,092	3,004,202
Change in assets and liabilities:				
Decrease (increase) in customer receivable	273,413	(5,847)	(70,044)	197,522
Decrease (increase) in inventory	(1,343)	-	-	(1,343)
Increase (decrease) in accounts payable	720,527	(119,477)	9,328	610,378
Increase (decrease) in accrued liabilities	(63,177)	(6,136)	(5,373)	(74,686)
Increase (decrease) in customer deposits	74,750	-	-	74,750
Increase (decrease) in compensated absences	12,841	4,328	4,991	22,160
Net pension liability/ net pension obligation	421,500	71,200	59,400	552,100
Pension related deferred inflows	51,300	8,700	7,200	67,200
Pension related deferred outflows	(401,800)	(67,900)	(56,600)	(526,300)
<b>Total adjustments</b>	<b>3,367,987</b>	<b>540,002</b>	<b>17,994</b>	<b>3,925,983</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 5,529,221</b>	<b>\$ 960,950</b>	<b>\$ 95,507</b>	<b>\$ 6,585,678</b>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2016**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and investments	\$ 415,180
<b>Total assets</b>	<u>\$ 415,180</u>
<b>Liabilities</b>	
Due to Southwest Regional Communications Center	\$ 415,180
<b>Total liabilities</b>	<u>\$ 415,180</u>

See notes to the financial statements.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Year Ended September 30, 2016*

**Note 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 following is a summary of the more significant accounting and reporting policies:

**A. Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities have been blended or discretely presented within the financial statements.

**Blended Component Units**

**Health Facilities Development Corporation** – 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. Operational responsibility of the Health Facilities Development Corporation lies with City management. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

**Housing Finance Corporation** – 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. Operational responsibility of the Housing Finance Corporation lies with City management. 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.

**Industrial Development Authority, Inc.** – 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 and operational responsibility lies with City management. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

**Discretely Presented Component Units**

**DeSoto Economic Development Corporation** – 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.

**DeSoto Parks Development Corporation** – 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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units.

All internal balances in the Statement of Net Position 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.

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.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

**General Fund** – 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.

**Debt Service Fund** – 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.

The City reports the following major proprietary funds:

**Public Utility Fund** – 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.

**Drainage Fund** – This fund accounts for the operation of the Drainage Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

**Sanitation Fund** – 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 government reports the following fund type:

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

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.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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 Position.

The *agency funds* are used to account for resources held for others in a custodial capacity. The most significant of these funds are as follows:

- Southwest Regional Communications Center Agency Fund - used to account for cash and investments held on behalf of the Southwest Regional Communications Center joint project.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 operating 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.

Trust funds employ the same economic resources measurement focus and accrual basis of accounting as described for proprietary funds. Since agency funds report only assets and liabilities, they have no measurement focus.

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.

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.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance**

**Investments**

Investments consist of balances in privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. 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. The City currently reports all investments at fair value, except for investment pools. The City's investment pools are valued and reported at amortized cost, which approximates fair value.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Investments (continued)**

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 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 fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

**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, 2016, the City had a tax rate of \$.7499 per \$100, of which \$.5249 was allocated for general government, and \$.2250 was allocated for payment of principal and interest on governmental activities long-term debt.

**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, 2016.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**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:

Asset	Years
Infrastructure, water and sewer system, and water line replacements	10-50
Buildings	32
Equipment and furniture	3-10
Capital lease equipment	shorter 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. Liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and are 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.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts 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.

**Interfund Transactions**

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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense) until that time. The City has two items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Property taxes	\$ 538,330	\$ 235,825	\$ 774,155
Court fines and fees receivable	524,363	-	524,363
Ambulance	606,552	-	606,552
Alarm permits	28,790	-	28,790
Note receivable	-	1,320,000	1,320,000
<b>Total</b>	<u>\$ 1,698,035</u>	<u>\$ 1,555,825</u>	<u>\$ 3,253,860</u>

- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits Payments and refunds are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)**

**Net Position (continued)**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**E. Implementation of New Accounting Standards**

In the current fiscal year, the City implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2. Cash and Investments**

The City's investments at September 30, 2016, are as follows:

	Cash on Hand and Deposits	Municipal Bonds	Local Government Investment Pools	US Gov't & Agency Securities	Money Market	Certificates of Deposit	Total
<b>Governmental Activities:</b>							
General Fund	\$ 11,791,794	\$ 1,298,383	\$ 13,128	\$ 945,000	\$ 245,173	\$ 5,300,000	\$ 19,593,478
Debt Service Fund	3,174,686	-	-	-	-	-	3,174,686
Aggregate Remaining	4,366,483	-	8,308,699	-	-	800,000	13,475,182
<b>Total Governmental Activities</b>	<b>19,332,963</b>	<b>1,298,383</b>	<b>8,321,827</b>	<b>945,000</b>	<b>245,173</b>	<b>6,100,000</b>	<b>36,243,346</b>
<b>Business-type Activities:</b>							
Public Utility	8,102,769	-	2,476,921	-	-	6,500,000	17,079,690
Drainage	1,731,940	-	50,744	-	-	400,000	2,182,684
Sanitation	1,641,255	-	-	-	-	300,000	1,941,255
<b>Total Business-type Activities</b>	<b>11,475,964</b>	<b>-</b>	<b>2,527,665</b>	<b>-</b>	<b>-</b>	<b>7,200,000</b>	<b>21,203,629</b>
<b>Fiduciary Funds:</b>							
Southwest Regional Communications Center	315,180	-	-	-	-	100,000	415,180
<b>Total Primary Government</b>	<b>31,124,107</b>	<b>1,298,383</b>	<b>10,849,492</b>	<b>945,000</b>	<b>245,173</b>	<b>13,400,000</b>	<b>57,862,155</b>
<b>Component Units:</b>							
Desoto Parks Development Corporation	469,404	-	8,063	-	-	100,000	577,467
Desoto Economic Development Corporation	2,772,033	-	-	-	-	750,000	3,522,033
<b>Total Component Units</b>	<b>3,241,437</b>	<b>-</b>	<b>8,063</b>	<b>-</b>	<b>-</b>	<b>850,000</b>	<b>4,099,500</b>
<b>Total</b>	<b>\$ 34,365,544</b>	<b>\$ 1,298,383</b>	<b>\$ 10,857,555</b>	<b>\$ 945,000</b>	<b>\$ 245,173</b>	<b>\$ 14,250,000</b>	<b>\$ 61,961,655</b>

As of September 30, 2016, the City's investments included privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. The investment pools are recorded at amortized costs and the remaining investments are recorded at their fair value measured with level 2 inputs.

The City participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Texas CLASS, the Texas Cooperative Liquid Asset Securities System (Trust Company) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. It is administered and managed by Public Trust Advisors, LLC and Wells Fargo Bank N.A. is the custodial bank. The primary objectives of Texas CLASS Investment Pool, is to maintain safety of principal while providing participating government entities with the highest possible rate of return for invested funds. The City's amortized cost in the Texas CLASS Investment Pool is the same as the value of the pool shares.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2. Cash and Investments (continued)**

**Credit Risk**

In compliance with the City's investment policy as of September 30, 2016, 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. The following is a listing of investments held at September 30, 2016:

	<u>Fair Value</u>	<u>Credit Quality Rating</u>	<u>Percentage of Investments</u>
<b>Investment Type:</b>			
Local Government Investment Pools:			
TexPool	\$ 136,288	AAAm	0.49%
Texas CLASS	<u>10,721,267</u>	AAAm	<u>38.85%</u>
<b>Total Local Government Investment Pools</b>	<u>10,857,555</u>		<u>39.35%</u>
<b>Investment Securities:</b>			
Federal Home Loan Bank	945,000	AA+	3.41%
Municipal Bonds	1,298,383	Aa3	4.70%
Certificates of Deposit	14,250,000	N/A	51.64%
Money Market	<u>245,173</u>	N/A	<u>0.00%</u>
<b>Total Investment Securities</b>	<u>16,738,556</u>		<u>60.65%</u>
	<u>\$ 27,596,111</u>		<u>100.00%</u>

**Interest Rate Risk**

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:

Operating Funds – 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.

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

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

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2. Cash and Investments (continued)**

The weighted average maturity (WAM) of the City's investments follows:

	<u>Fair Market Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Percentage of Investments</u>
<b>Governmental Activities:</b>			
Certificates of deposit	\$ 6,100,000	18	22.10%
<b>Investments:</b>			
Local Government Investment Pools:			
TexPool	128,225	33	0.46%
Texas CLASS	8,193,602	56	29.69%
<b>Total Local Government Investment Pools</b>	<u>8,321,827</u>		<u>30.16%</u>
<b>Investment Securities:</b>			
Municipal Bonds	1,298,383	88	4.70%
Federal Home Loan Bank	945,000	54	3.42%
Money Market	245,173	1	0.89%
<b>Total Investment Securities</b>	<u>2,488,556</u>		<u>9.02%</u>
<b>Total Governmental Activities</b>	<u>16,910,383</u>	44	<u>61.28%</u>
<b>Business-type Activities:</b>			
Certificates of deposit	7,200,000	18	26.09%
<b>Investments:</b>			
Local Government Investment Pools:			
Texas CLASS	2,527,665	56	9.16%
<b>Total Local Government Investment Pools</b>	<u>2,527,665</u>		<u>9.16%</u>
<b>Total Business-type Activities</b>	<u>9,727,665</u>	28	<u>35.25%</u>
<b>Fiduciary Funds:</b>			
Certificates of deposit	100,000	18	0.36%
<b>Investments:</b>			
<b>Component Units:</b>			
Certificates of deposit	850,000	18	3.08%
<b>Investments:</b>			
Local Government Investment Pools:			
TexPool	8,063	33	0.03%
<b>Total Local Government Investment Pools</b>	<u>8,063</u>		<u>0.03%</u>
<b>Total Component Units Funds</b>	<u>858,063</u>	18	<u>3.11%</u>
<b>Total</b>	<u>\$ 27,596,111</u>	37	<u>100.00%</u>

**Custodial Credit Risk**

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 30, 2016. The City reported bank deposits in the amount of \$30,040,990 and the book balances totaled \$29,857,890 at September 30, 2016.

As of September 30, 2016, all of DEDC's and DPDC's deposits were fully insured by FDIC insurance or collateralized.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3. Receivables**

Receivables at September 30, 2016, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Governmental</u>	
<b>Receivables:</b>				
Property taxes	\$ 629,662	\$ 285,113	\$ -	\$ 914,775
Sales tax	1,550,641	-	-	1,550,641
Hotel occupancy tax	-	-	146,473	146,473
Due from other governments	151,836	-	244,865	396,701
Court fines	5,243,626	-	-	5,243,626
Ambulance	5,655,978	-	-	5,655,978
Franchise fees	855,428	-	-	855,428
Alarm permits	173,908	-	-	173,908
Other	294,728	-	141,034	435,762
Gross receivables	14,555,807	285,113	532,372	15,373,292
Less: allowance for uncollectibles	(9,976,772)	(27,559)	-	(10,004,331)
<b>Net total receivables</b>	<u>\$ 4,579,035</u>	<u>\$ 257,554</u>	<u>\$ 532,372</u>	<u>\$ 5,368,961</u>

	<u>Proprietary Funds</u>			<u>Total</u>
	<u>Public Utility</u>	<u>Drainage</u>	<u>Sanitation</u>	
Customer accounts	\$ 2,623,483	\$ 167,975	\$ 541,823	\$ 3,333,281
Other	85,434	3,446	4,464	93,344
Gross receivables	2,708,917	171,421	546,287	3,426,625
Less allowance for uncollectibles	(36,729)	(3,220)	(8,467)	(48,416)
<b>Total</b>	<u>\$ 2,672,188</u>	<u>\$ 168,201</u>	<u>\$ 537,820</u>	<u>\$ 3,378,209</u>

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4. Capital Assets**

Capital assets activity for the primary government for the fiscal year ended September 30, 2016, is as follows:

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 4,722,124	\$ 84,798	\$ -	\$ 4,806,922
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	7,907,142	1,983,311	(1,263,585)	8,626,868
<b>Total capital assets, not being depreciated</b>	<b>26,702,215</b>	<b>2,068,109</b>	<b>(1,263,585)</b>	<b>27,506,739</b>
<b>Capital assets, being depreciated:</b>				
Buildings	37,732,740	112,374	-	37,845,114
Infrastructure	165,372,466	1,222,079	1,263,585	167,858,130
Equipment and furniture	12,368,364	1,552,614	(250,723)	13,670,255
<b>Total capital assets, being depreciated</b>	<b>215,473,570</b>	<b>2,887,067</b>	<b>1,012,862</b>	<b>219,373,499</b>
<b>Less accumulated depreciation for:</b>				
Buildings	13,272,852	989,244	-	14,262,096
Infrastructure	82,133,700	5,093,130	-	87,226,830
Equipment and furniture	10,388,327	853,523	(247,229)	10,994,621
<b>Total accumulated depreciation</b>	<b>105,794,879</b>	<b>6,935,897</b>	<b>(247,229)</b>	<b>112,483,547</b>
Total capital assets - being depreciated	109,678,691	(4,048,830)	1,260,091	106,889,952
<b>Governmental capital assets, net</b>	<b>\$ 136,380,906</b>	<b>\$ (1,980,721)</b>	<b>\$ (3,494)</b>	<b>\$ 134,396,691</b>
<b>Business-type activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 1,244,443	\$ -	\$ -	\$ 1,244,443
Construction in progress	1,527,711	3,544,625	-	5,072,336
<b>Total capital assets, not being depreciated</b>	<b>2,772,154</b>	<b>3,544,625</b>	<b>-</b>	<b>6,316,779</b>
<b>Capital assets, being depreciated:</b>				
Water and sewer system	83,804,506	70,972	-	83,875,478
Drainage system	12,860,315	400,121	-	13,260,436
Improvements	15,075,500	-	-	15,075,500
Equipment and furniture	1,862,762	322,541	(60,135)	2,125,168
<b>Total capital assets, being depreciated</b>	<b>113,603,083</b>	<b>793,634</b>	<b>(60,135)</b>	<b>114,336,582</b>
<b>Less accumulated depreciation for:</b>				
Water and sewer system	42,089,498	1,983,284	-	44,072,782
Drainage system	3,947,207	519,635	-	4,466,842
Improvements	8,038,465	367,323	-	8,405,788
Equipment and furniture	1,283,947	133,960	(60,135)	1,357,772
<b>Total accumulated depreciation</b>	<b>55,359,117</b>	<b>3,004,202</b>	<b>(60,135)</b>	<b>58,303,184</b>
Total capital assets - being depreciated	58,243,966	(2,210,568)	-	56,033,398
<b>Business-type capital assets, net</b>	<b>\$ 61,016,120</b>	<b>\$ 1,334,057</b>	<b>\$ -</b>	<b>\$ 62,350,177</b>

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4. Capital Assets (continued)**

Capital assets activity for the discretely presented component units is as follows:

<b>DeSoto Park Development Corporation:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 11,250	\$ -	\$ -	\$ 11,250
<b>Total capital assets, not being depreciated</b>	<b>11,250</b>	<b>-</b>	<b>-</b>	<b>11,250</b>
<b>Capital assets, being depreciated:</b>				
Improvements	5,324,530	-	-	5,324,530
<b>Total capital assets, being depreciated</b>	<b>5,324,530</b>	<b>-</b>	<b>-</b>	<b>5,324,530</b>
<b>Less accumulated depreciation for:</b>				
Improvements	3,024,563	151,119	-	3,175,682
<b>Total accumulated depreciation</b>	<b>3,024,563</b>	<b>151,119</b>	<b>-</b>	<b>3,175,682</b>
Total capital assets - being depreciated	2,299,967	(151,119)	-	2,148,848
<b>DeSoto Park Development Corporation capital assets, net</b>	<b>\$ 2,311,217</b>	<b>\$ (151,119)</b>	<b>\$ -</b>	<b>\$ 2,160,098</b>
<b>DeSoto Economic Development Corporation:</b>				
<b>Capital assets, being depreciated:</b>				
Furniture and equipment	\$ 69,879	\$ -	\$ -	\$ 69,879
<b>Total capital assets, being depreciated</b>	<b>69,879</b>	<b>-</b>	<b>-</b>	<b>69,879</b>
<b>Less accumulated depreciation for:</b>				
Furniture and equipment	69,879	-	-	69,879
<b>Total accumulated depreciation</b>	<b>69,879</b>	<b>-</b>	<b>-</b>	<b>69,879</b>
Total capital assets - being depreciated	-	-	-	-
<b>DeSoto Economic Development Corporation capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4. Capital Assets (continued)**

**Depreciation**

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

	<b>Depreciation Expense</b>
<b>Primary government</b>	
<b>Governmental activities:</b>	
General government	\$ 476,609
Public safety	764,236
Development services	4,740,072
Parks and recreation	769,415
Library services	21,234
Financial services	35,204
Information technology	129,127
<b>Total Governmental activities</b>	6,935,897
<b>Business-type activities:</b>	
Water and sewer	2,279,976
Drainage	655,134
Sanitation	69,092
<b>Total Business-type activities:</b>	3,004,202
<b>Total primary government</b>	\$ 9,940,099

**Construction commitments**

The City has active construction projects as of September 30, 2016. At year end, the City's commitments with contractors were as follows:

<b>Projects</b>	<b>Construction Commitment</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
Street improvements	\$ 9,401,712	\$ 8,626,868	\$ 774,844
Drainage	102,236	100,870	1,366
Water and sewer	5,333,015	4,971,466	361,549
<b>Total Commitments</b>	\$ 14,836,963	\$ 13,699,204	\$ 1,137,759

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities**

Changes in the City's long-term liability activity for the year ended September 30, 2016, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government</b>					
<b>Governmental activities:</b>					
General obligation bonds	\$ 45,502,817	\$ 8,480,000	\$ (8,482,426)	\$ 45,500,391	\$ 4,302,135
Certificates of obligation	15,900,000	985,000	(3,155,000)	13,730,000	910,000
Bond premium	3,685,288	558,977	(357,229)	3,887,036	-
Capital leases	770,403	-	(134,695)	635,708	133,968
Compensated absences	4,478,989	119,150	(50,991)	4,547,148	1,136,787
<b>Governmental activity</b>					
<b>Long-term liabilities</b>	<u>\$ 70,337,497</u>	<u>\$ 10,143,127</u>	<u>\$ (12,180,341)</u>	<u>\$ 68,300,283</u>	<u>\$ 6,482,890</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 2,487,183	\$ 585,000	\$ (257,573)	2,814,610	\$ 292,866
Certificates of obligation	13,870,000	-	(1,305,000)	12,565,000	670,000
Bond premium	456,277	41,847	(43,647)	454,477	-
Compensated absences	340,222	27,762	(5,602)	362,382	90,596
<b>Business-type activity</b>					
<b>Long-term liabilities</b>	<u>\$ 17,153,682</u>	<u>\$ 654,609</u>	<u>\$ (1,611,822)</u>	<u>\$ 16,196,469</u>	<u>\$ 1,053,462</u>

Changes in the discretely presented component units' long-term liabilities for the year ended September 30, 2016, are as follows:

<b>DeSoto Park Development Corporation</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue refunding bonds	\$ 1,315,000	\$ -	\$ (165,000)	\$ 1,150,000	\$ 170,000
Note payable	1,170,000	-	(200,000)	970,000	205,000
Total	<u>\$ 2,485,000</u>	<u>\$ -</u>	<u>\$ (365,000)</u>	<u>\$ 2,120,000</u>	<u>\$ 375,000</u>
<b>DeSoto Economic Development Corporation:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue refunding bonds	\$ 2,025,000	\$ -	\$ (195,000)	\$ 1,830,000	\$ 200,000
Premium on bond issuance	33,459	-	(3,717)	29,742	-
Compensated absences	10,825	13,176	(1,698)	22,303	-
Note payable	365,000	-	(15,000)	350,000	15,000
Total	<u>\$ 2,434,284</u>	<u>\$ 13,176</u>	<u>\$ (215,415)</u>	<u>\$ 2,232,045</u>	<u>\$ 215,000</u>

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

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities (continued)**

**Governmental Activities**

General obligation bonds, certificates of obligation, and notes payable for Governmental Activities outstanding at September 30, 2016, consist of the following individual issues:

<b>General Obligation Bonds:</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Outstanding 09/30/16</b>
2007 General Obligation	4.0 - 4.375%	2/15/27	\$ 3,985,000
2008 General Obligation	3.25 - 4.0%	2/15/28	3,335,000
2009 General Obligation & Refunding	3.0 - 4.5%	2/15/29	3,570,391
2011 Refunding	2.0 - 4.0%	2/15/31	935,000
2012 Refunding	3.0 - 5.0%	2/15/25	14,595,000
2013 Refunding	2.0 - 4.0%	2/15/25	7,005,000
2015 General Obligation	2.5 - 4.0%	2/15/30	3,595,000
2016 Refunding	2.0% - 3.0%	2/15/36	6,490,000
2016 Refunding (Taxable)	2.25% - 4.0%	2/15/36	1,990,000
Total general obligation bonds			<u>45,500,391</u>
 <b>Certificates of Obligation:</b>			
2007 Tax and Revenue	4.0 - 4.375%	2/15/27	1,405,000
2007A Tax and Revenue (Tax exempt)	4.0 - 4.25%	2/15/27	2,695,000
2007A Tax and Revenue (Taxable)	4.0 - 4.5%	2/15/17	140,000
2008 Tax and Revenue	2.8 - 4.0%	2/15/28	550,000
2009 Tax and Revenue	3.0 - 4.5%	2/15/29	4,080,000
2011A Tax and Revenue	4.75- 5.75%	2/15/31	775,000
2011B Tax and Revenue	2.0%	2/15/31	800,000
2015 Tax and Revenue	2.5% - 3.5%	2/15/30	2,300,000
2016 Tax and Revenue	2.5% - 4.0%	2/15/36	985,000
Total certificates of obligation			<u>13,730,000</u>
Total bonds and certificates payable			<u>\$ 59,230,391</u>

On September 29, 2016, the City issued \$985,000 of Combination Tax and Revenue Certificates of Obligation, Series 2016, \$7,075,000 of General Obligation Refunding and Improvement Bonds, Series 2016, and \$1,990,000 General Obligation Refunding Bonds, Taxable Series 2016. The interest rates for the debt issuances are 3.0%, 2.0% to 3.0%, and 2.05% to 4.0%, respectfully. Proceeds from the issuances will be used for (i) refunding a portion of the City's debt for debt service savings (ii) constructing, improving and equipping firefighting facilities; (iii) constructing, improving and equipping park and recreation facilities; and (iv) paying costs of professional services including the costs of issuance of the Bonds. In total for the Series 2016 refunding issuances, the City recognized a total reacquisition price that exceeded the net carrying value of the old debt by \$72,556, which is also known as a refunding loss. This amount is netted against the new debt and amortized over the remaining life of the new debt, which was equal and or shorter than the refunded debt. The refunding was undertaken to reduce total debt service payments and the District achieved a cash flow difference and an economic gain of \$1,019,425.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities (continued)**

**Business-Type Activities**

General obligation bonds, certificates of obligation, and notes payable for Business-Type Activities outstanding at September 30, 2016, consist of the following individual issues:

<b>General Obligation Bonds:</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Outstanding 09/30/16</b>
2009 Refunding Bonds	3.0 - 4.5%	2/15/29	\$ 24,610
2012 Refunding Bonds	3.0 - 5.0%	2/15/25	1,765,000
2013 Refunding Bonds	2.0 - 4.0%	2/15/25	440,000
2016 Refunding Bonds	2.0% - 3.0%	2/15/26	585,000
Total general obligation bonds			<u>2,814,610</u>
<b>Certificates of Obligation:</b>			
2009 Tax and Revenue	3.0 - 4.5%	2/15/29	2,900,000
2010 Tax and Revenue	2.0 - 4.3%	2/15/30	3,825,000
2011B Tax and Revenue	2.0 - 4.0%	2/15/31	2,425,000
2013 Tax and Revenue	2.0 - 3.5%	2/15/33	3,415,000
Total certificates of obligation			<u>12,565,000</u>
Total bonds and certificates			<u>\$ 15,379,610</u>

**Component Units**

Revenue bonds and notes payable for Governmental Activities outstanding at September 30, 2016, consist of the following individual issues:

<b>DeSoto Park Development Corporation</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Outstanding 09/30/16</b>
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/22	\$ 1,150,000
Notes Payable:			
City of DeSoto -2009 GOs	3.0 - 4.5%	2/15/29	395,000
City of DeSoto - 2012 GOs	3.0 - 5.0%	2/15/25	575,000
Total notes payable			<u>970,000</u>
Total bonds and notes payable			<u>\$ 2,120,000</u>

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities (continued)**

**Component Units (continued)**

<b>DeSoto Economic Development Corporation</b>	<b>Interest Rates</b>	<b>Final Maturity Date</b>	<b>Outstanding 09/30/16</b>
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/24	\$ 1,830,000
Notes Payable:			
City of DeSoto - 2011A COs	4.75 - 5.75%	2/15/31	<u>350,000</u>
Total bonds and notes payable			<u><u>\$ 2,180,000</u></u>

**Amortization Schedules**

The annual requirements to amortize long term debt as of September 30, 2016, are as follows:

**General Obligation Bonds**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 4,302,135	\$ 1,642,529	\$ 292,866	\$ 103,593
2018	4,371,800	1,671,246	303,200	94,631
2019	4,551,456	1,357,098	313,544	83,396
2020	4,500,000	1,180,341	330,000	70,125
2021	4,695,000	985,154	345,000	54,925
2022-2026	18,805,000	2,216,023	1,230,000	82,475
2027-2031	3,495,000	253,494	-	-
2032-2036	780,000	47,844	-	-
	<u>\$ 45,500,391</u>	<u>\$ 9,353,728</u>	<u>\$ 2,814,610</u>	<u>\$ 489,145</u>

**Certificates of Obligation**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 910,000	\$ 528,121	\$ 670,000	\$ 458,809
2018	865,000	496,568	690,000	437,721
2019	900,000	462,454	710,000	415,471
2020	930,000	427,351	730,000	392,534
2021	965,000	390,779	755,000	366,934
2022-2026	5,450,000	1,317,455	4,270,000	1,359,394
2027-2031	3,410,000	286,999	4,235,000	459,723
2032-2036	300,000	23,100	505,000	17,763
	<u>\$ 13,730,000</u>	<u>\$ 3,932,826</u>	<u>\$ 12,565,000</u>	<u>\$ 3,908,348</u>

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities (continued)**

**Notes Payable**

<u>Fiscal Year</u>	<u>DPDC</u>		<u>DEDC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 205,000	\$ 38,000	\$ 15,000	\$ 18,319
2018	210,000	29,700	15,000	17,606
2019	225,000	21,000	20,000	16,775
2020	105,000	13,875	20,000	15,825
2021	110,000	8,500	20,000	14,875
2022-2026	115,000	2,875	110,000	58,350
2027-2031	-	-	150,000	22,713
	<u>\$ 970,000</u>	<u>\$ 113,950</u>	<u>\$ 350,000</u>	<u>\$ 164,463</u>

**Revenue Refunding Bonds**

<u>Fiscal Year</u>	<u>DPDC</u>		<u>DEDC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 170,000	\$ 41,750	\$ 200,000	\$ 66,600
2018	180,000	35,600	205,000	59,513
2019	185,000	28,300	215,000	52,163
2020	195,000	20,700	225,000	43,900
2021	205,000	12,700	230,000	34,800
2022-2026	215,000	4,300	755,000	45,900
	<u>\$ 1,150,000</u>	<u>\$ 143,350</u>	<u>\$ 1,830,000</u>	<u>\$ 302,876</u>

**Capital leases**

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of 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.

The cost of equipment purchased with capital leases is \$1,071,153, and accumulated depreciation is \$556,536, with a carrying value of \$514,617 as of September 30, 2016.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 5. Long-term Liabilities (continued)**

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, 2016:

Fiscal Year	Amount
2017	\$ 118,861
2018	118,861
2019	59,431
2020	59,431
2021	59,431
2022-2025	237,724
Minimum lease payments	653,739
Less amount representing interest	(18,031)
Total	\$ 635,708

**Note 6. Interfund Balances and Transfers**

**Due to/from Other Funds**

Interfund balances outstanding as of September 30, 2016, are as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Nonmajor (Grant) Funds	\$ 302,549	Advances for expenditure driven grants

**Interfund Transfers**

The composition of interfund transfers for the year ended September 30, 2016, is as follows:

Transfer from	Transfer to	Amount	Purpose
General fund	Debt service	\$ 92,732	To fund debt service
	Nonmajor governmental	1,030,761	Parks capital improvement projects
	Nonmajor governmental	634,689	Street improvement projects
	Nonmajor governmental	108,720	Public facilities capital improvement projects
	Nonmajor governmental	6,251	Grant reimbursement
Debt service	General fund	26,300	Miscellaneous
Nonmajor governmental	General fund	73,485	Miscellaneous
	Debt service	105,607	To fund debt service
	Nonmajor governmental	35,000	Public facilities capital improvement projects
	Nonmajor governmental	122,817	Street improvement projects
Public utility	General	2,267,237	PILOT, franchise fees, energy management grant, and maintenance and equipment
		\$ 4,503,599	

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 7. Employee Retirement System**

*Texas Municipal Retirement System*

**Plan Description and Provisions**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

On the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated Service Credit:	100% Repeating
Annuity Increase to retirees:	30% of CPI Repeating
Supplemental death benefit – employees and retirees	Yes

**CITY OF DESOTO, TEXAS**  
*NOTES TO THE FINANCIAL STATEMENTS (continued)*

**Note 7. Employee Retirement System (continued)**

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2016, the City made contributions of 11.03% for the months in 2015 and 10.53% for the months in 2016.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes: There were no benefit changes during the year.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7. Employee Retirement System (continued)**

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7. Employee Retirement System (continued)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2014	\$ 100,480,753	\$ 98,772,672	\$ 1,708,081
Changes for the year			
Service Cost	3,177,007	-	3,177,007
Interest (on the Total Pension Liability)	6,960,684	-	6,960,684
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,294,146)	-	(1,294,146)
Changes of assumptions	1,862,527	-	1,862,527
Benefit payments, including refunds of employee contributions	(5,261,823)	(5,261,823)	-
Contributions – employer	-	2,208,445	(2,208,445)
Contributions – employee	-	1,420,874	(1,420,874)
Net investment income	-	145,745	(145,745)
Administrative Expense	-	(88,773)	88,773
Other	-	(4,385)	4,385
Balance at 12/31/2015	\$ 105,925,002	\$ 97,192,755	\$ 8,732,247

**Sensitivity of the Net Pension Liability**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	Total	City of DeSoto	DEDC	SWRCC
1% Decrease (5.75%)	\$ 24,073,514	\$ 22,038,848	\$ 244,160	\$ 1,790,506
Current Single Rate (6.75%)	8,732,247	7,988,247	90,200	653,800
1% Increase (7.75%)	(3,832,150)	(3,508,261)	(38,867)	(285,022)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2016, the City recognized a pension expense of \$3,466,758. This expense was largely generated by a combination of changes in benefits implemented during the measurement year described in the benefits section of this note.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7. Employee Retirement System (continued)**

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ -	\$ 1,293,711
Difference in change in assumptions	1,325,410	-
Difference in projected and actual earnings on pension plan investments	5,615,416	-
Contributions subsequent to the measurement date	1,515,151	-
Total	\$ 8,455,977	\$ 1,293,711

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,515,151 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the City’s financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net deferred outflows (inflows) of resources</b>
2017	\$ 1,437,970
2018	1,437,970
2019	1,476,276
2020	1,294,899
Total	\$ 5,647,115

**Note 8. Postretirement Benefits**

**Supplemental Death Benefits**

The City also 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.

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.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8. Postretirement Benefits (continued)**

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. The City's contributions to the TMRS SDBF for fiscal years 2014, 2015 and 2016 are as follows:

Year	Annual Required Contribution	Annual Contribution Made	Percentage of ARC Contributed	Net OPEB Obligation
2014	\$ 28,420	\$ 28,420	100%	\$ -
2015	30,307	30,307	100%	-
2016	32,512	32,512	100%	-

**Health Insurance**

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.

**Note 9. 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 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.

**Note 10. 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.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 10. Commitments and Contingencies (continued)**

Total payments made by the City under the contract amounted to \$5,718,046 for 2016. The payments are reflected in the accompanying statement of revenues, expenses and changes in net position of the Public Utility 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 Public Utility 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 year 2016, 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.

**DEDC**

As of September 30, 2016, the DEDC had approved several grants totaling approximately \$14,200,714 payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City.

DEDC grant commitments are scheduled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 1,594,677
2018	1,413,177
2019	846,510
2020	295,610
2021	295,610
2022-2026	1,478,050
2027-2031	1,478,050
2032-2036	1,478,050
2037-2041	1,478,050
2042-2046	1,478,050
2047-2051	1,478,050
2052-2054	886,830
Total	<u>\$ 14,200,714</u>

**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.

**CITY OF DESOTO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 11. Joint Ventures**

**Southwest Regional Communications Center**

The Southwest Regional Communications 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 2016, the City contributed \$527,000 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 Position. The value of the City’s share in the equity of the facility as of September 30, 2016, is \$411,251. The Center issues separate financial statements available from the City’s Financial Department.

**Regional Animal Control Shelter**

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 2016, the City contributed \$240,473 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 Position. The value of the City’s share in the equity of the facility as of September 30, 2016, is \$483,910.

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.

**Note 12. Economic Development Grants**

The City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City.

<u>Purpose</u>	<u>Percentage of Taxes Abated during Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
E- fulfillment Distribution Center develops property and increases property tax base	95%	\$ 1,929,738
E- fulfillment Distribution Center operations generates sales tax revenue	90%	\$ 910,071
Warehouse and Distribution Center leases property and generates business personal property tax revenue	100%	\$ 130,820

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**GENERAL FUND**  
*For the Year Ended September 30, 2016*

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 16,431,709	\$ 16,431,709	\$ 17,101,586	\$ 669,877
Sales taxes	8,281,000	8,281,000	8,881,627	600,627
Franchise fees and other	2,900,000	2,900,000	3,023,812	123,812
Fines and forfeitures	1,395,000	1,395,000	1,358,874	(36,126)
Licenses and permits	904,150	1,054,150	1,280,155	226,005
Intergovernmental	445,807	445,807	549,358	103,551
Charges for services	1,947,700	1,947,700	2,293,526	345,826
Investment earnings	51,413	51,413	122,918	71,505
Recreation services	666,668	666,668	704,626	37,958
Miscellaneous	177,776	246,876	325,032	78,156
<b>Total Revenues</b>	<u>33,201,223</u>	<u>33,420,323</u>	<u>35,641,514</u>	<u>2,221,191</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,708,875	1,831,766	1,058,626	773,140
Public safety:				
Police	9,007,921	9,007,921	8,919,790	88,131
Fire	7,384,427	7,384,427	7,146,714	237,713
Development services	5,274,767	5,397,883	4,767,071	630,812
Financial services	1,135,361	1,194,261	394,729	799,532
Municipal court	560,639	552,739	479,593	73,146
Information technology	839,988	839,988	621,493	218,495
Human resources	565,170	565,170	373,022	192,148
Parks and recreation	3,211,002	3,228,874	3,078,068	150,806
Library services	1,027,742	1,020,842	988,102	32,740
Non-departmental	3,957,575	4,775,440	4,831,142	(55,702)
<b>Debt service:</b>				
Principal	136,150	136,150	88,355	47,795
Interest and other charges	22,224	22,224	12,535	9,689
<b>Capital outlay</b>	<u>1,154,400</u>	<u>1,644,236</u>	<u>1,394,551</u>	<u>249,685</u>
<b>Total Expenditures</b>	<u>35,986,241</u>	<u>37,601,921</u>	<u>34,153,791</u>	<u>3,448,130</u>
Excess (deficiency) of revenues over expenditures	<u>(2,785,018)</u>	<u>(4,181,598)</u>	<u>1,487,723</u>	<u>5,669,321</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	90,000	90,000	62,847	(27,153)
Transfers in	4,236,074	4,236,074	2,367,022	(1,869,052)
Transfers out	(667,989)	(1,866,902)	(1,873,153)	(6,251)
<b>Total Other Financing Sources (Uses)</b>	<u>3,658,085</u>	<u>2,459,172</u>	<u>556,716</u>	<u>(1,902,456)</u>
Net change in fund balances	873,067	(1,722,426)	2,044,439	3,766,865
<b>Fund balances - beginning</b>	<u>18,912,314</u>	<u>18,912,314</u>	<u>18,912,314</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 19,785,381</u>	<u>\$ 17,189,888</u>	<u>\$ 20,956,753</u>	<u>\$ 3,766,865</u>

**CITY OF DESOTO, TEXAS**  
**NOTES TO BUDGETARY SCHEDULE**  
*September 30, 2016*

**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.
- 2) Public hearing is conducted to obtain taxpayer comments.
- 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 2016.
- 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.
- 9) Budgetary statements and schedules are presented for all funds with legally adopted budgets. The Homeland Security Grant Fund, Health Facilities Development Corp. Fund, Housing Finance Corp. Fund and Industrial Development Authority Fund do not have legally adopted budgets and accordingly budget information is not presented for these funds.

**Excess of Expenditures over Appropriations**

For the year ended September 30, 2016, expenditures exceeded appropriations in the in the non-departmental function for the General Fund by \$55,702.

These excess expenditures were funded by greater than anticipated revenues in the General Fund and also by functions that were under budget.

**CITY OF DESOTO, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
*Last Two Measurement Years*

	<b>2015</b>	<b>2014</b>
A. Total pension liability		
1. Service Cost	\$ 3,177,007	\$ 2,763,679
2. Interest (on the Total Pension Liability)	6,960,684	6,674,548
3. Changes of benefit terms	-	(4,591,077)
4. Difference between expected and actual experience	(1,294,146)	(710,026)
5. Changes of assumptions	1,862,527	-
6. Benefit payments, including refunds of employee contributions	(5,261,823)	(4,432,593)
7. Net change in total pension liability	5,444,249	(295,469)
8. Total pension liability – beginning	100,480,753	100,776,222
9. Total pension liability – ending	105,925,002	100,480,753
 B. Plan fiduciary net position		
1. Contributions – employer	2,208,445	2,324,637
2. Contributions – employee	1,420,874	1,388,154
3. Net investment income	145,745	5,386,759
4. Benefit payments, including refunds of employee contributions	(5,261,823)	(4,432,593)
5. Administrative Expense	(88,773)	(56,242)
6. Other	(4,385)	(4,624)
7. Net change in plan fiduciary net position	(1,579,917)	4,606,091
8. Plan fiduciary net position – beginning	98,772,672	94,166,581
9. Plan fiduciary net position – ending	97,192,755	98,772,672
 C. Net pension liability [A.9 – B.9]	<b>\$ 8,732,247</b>	<b>\$ 1,708,081</b>
 D. Plan fiduciary net position as a percentage of the total pension liability	92%	98%
 E. Plan's net pension liability as a percentage of covered-employee payroll	43%	9%
F. Plan's covered-employee payroll (measurement year)	\$ 20,248,609	\$ 19,817,910
 Primary Government's proportional share		
Primary Government's proportion of the net pension liability	91.5%	90.2%
Primary Government's proportionate share of the net pension liability	\$ 7,988,247	\$ 1,540,781
Primary Government's covered-employee payroll (measurement year)	\$ 18,523,398	\$ 17,876,822
Primary Government's proportionate share of the net pension liability as a percentage of it's covered-employee paryoll	43%	9%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

**CITY OF DESOTO, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
*Last Six Fiscal Years <sup>(1)</sup>*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially required contributions	\$ 2,278,194	\$ 2,245,773	\$ 2,332,905	\$ 2,284,542	\$ 2,381,834
Contributions in relation to the actuarially required contributions	<u>2,278,194</u>	<u>2,245,773</u>	<u>2,332,905</u>	<u>2,284,542</u>	<u>2,381,834</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 21,674,821	\$ 20,202,038	\$ 19,678,012	\$ 19,145,770	\$ 18,402,485
Contributions as a percentage of covered-employee payroll	10.5%	11.1%	11.9%	11.9%	12.9%
	<b><u>2011</u></b>				
Actuarially required contributions	\$ 2,785,993				
Contributions in relation to the actuarially required contributions	<u>2,785,993</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered-employee payroll	\$ 18,354,272				
Contributions as a percentage of covered-employee payroll	15.2%				

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2011. The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes: There were no benefit changes during the year.

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# NONMAJOR GOVERNMENTAL 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.

*Regional Jail* – to account for restricted 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.

*Municipal Court Fund* – 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.

*Police-Seized Fund* – 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.

*Police Grant Fund* – to account for grant funding received to support police operations.

*Homeland Security Grant Fund* – to account for grant funding received for homeland security purposes.

*Hotel Occupancy Tax Fund* – 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.

*Health Facilities Development Corporation* – 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.

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

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

*Community Development Block Grant* - To account for federal awards from the U.S. Department of Housing and Urban Development for community development.

*Capital Projects Funds* are used to account for the acquisition and construction of major capital facilities.

*Parks Capital Improvement Fund* – to account for the purchase and improvement of the City’s parks. Financing is provided by general obligation bonds and contributions from developers.

*Street Improvements Fund* – 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.

*Public Facilities Capital Improvement Fund* – to account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

*Fire Station Bond Project and Park Improvement Fund* – These funds account for the constructing, improving and equipping fire-fighting facilities and equipping park and recreation facilities within the City. General obligation bonds provide the financing.

*Park Improvements Fund* – These funds account for the financial and construction costs of various park improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

**CITY OF DESOTO, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2016*

	<b>Special Revenue Funds</b>			
	<b>Regional Jail</b>	<b>Municipal Court</b>	<b>Police Seized Assets</b>	<b>Police Grants</b>
<b>Assets</b>				
Cash and investments	\$ 386,491	\$ 276,486	\$ 396,214	\$ 24,242
Receivables, net:				
Taxes	-	-	-	-
Due from other governments	-	-	-	23,691
Accounts	-	-	-	-
<b>Total Assets</b>	<b>\$ 386,491</b>	<b>\$ 276,486</b>	<b>\$ 396,214</b>	<b>\$ 47,933</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,038	\$ 3,131	\$ 33,303	\$ -
Accrued liabilities	20,808	1,048	-	1,221
Due to other funds	-	-	-	-
Unearned revenues	-	-	6,025	-
<b>Total Liabilities</b>	<b>23,846</b>	<b>4,179</b>	<b>39,328</b>	<b>1,221</b>
<b>Fund Balances:</b>				
<b>    Restricted:</b>				
Street improvements	-	-	-	-
Public safety	362,645	272,307	356,886	46,712
Economic development	-	-	-	-
<b>    Committed:</b>				
Public health	-	-	-	-
Development	-	-	-	-
<b>    Assigned:</b>				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>362,645</b>	<b>272,307</b>	<b>356,886</b>	<b>46,712</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 386,491</b>	<b>\$ 276,486</b>	<b>\$ 396,214</b>	<b>\$ 47,933</b>

**Special Revenue Funds**

<b>Homeland Security Grant</b>	<b>Hotel Occupancy Tax</b>	<b>Health Facilities Development Corporation</b>	<b>Housing Finance Corporation</b>	<b>Industrial Development Authority</b>	<b>Community Development Block Grant</b>
\$ -	\$ 1,563,246	\$ 18,435	\$ 194,952	\$ 29,157	\$ -
-	146,473	-	-	-	-
221,174	-	-	-	-	133,123
-	2,887	-	1,902	-	-
<u>\$ 221,174</u>	<u>\$ 1,712,606</u>	<u>\$ 18,435</u>	<u>\$ 196,854</u>	<u>\$ 29,157</u>	<u>\$ 133,123</u>
\$ 44,225	\$ 84,128	\$ -	\$ -	\$ -	\$ 6,128
-	-	-	-	-	1,055
177,121	-	-	-	-	125,428
-	100	-	-	-	-
<u>221,346</u>	<u>84,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,611</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1,628,378	-	-	-	-
-	-	18,435	-	-	-
-	-	-	196,854	29,157	512
-	-	-	-	-	-
(172)	-	-	-	-	-
<u>(172)</u>	<u>1,628,378</u>	<u>18,435</u>	<u>196,854</u>	<u>29,157</u>	<u>512</u>
<u>\$ 221,174</u>	<u>\$ 1,712,606</u>	<u>\$ 18,435</u>	<u>\$ 196,854</u>	<u>\$ 29,157</u>	<u>\$ 133,123</u>

*(continued)*

**CITY OF DESOTO, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2016*

**Capital Projects Funds**

	<b>Parks Capital Improvement</b>	<b>Street Improvement</b>	<b>Public Facilities Capital Improvement</b>	<b>Fire Station Bond Project</b>
<b>Assets</b>				
Cash and investments	\$ 305,080	\$ 4,622,031	\$ 1,983,814	\$ 2,708,565
Receivables, net:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Accounts	-	1,468	373	1,281
<b>Total Assets</b>	<b>\$ 305,080</b>	<b>\$ 4,623,499</b>	<b>\$ 1,984,187</b>	<b>\$ 2,709,846</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 93,268	\$ 461,934	\$ 4,515	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total Liabilities</b>	<b>93,268</b>	<b>461,934</b>	<b>4,515</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Street improvements	-	4,161,565	-	-
Public safety	-	-	-	-
Economic development	-	-	-	-
<b>Committed:</b>				
Public health	-	-	-	-
Development	-	-	-	-
<b>Assigned:</b>				
Capital projects	211,812	-	1,979,672	2,709,846
<b>Unassigned</b>				
	-	-	-	-
<b>Total Fund Balances</b>	<b>211,812</b>	<b>4,161,565</b>	<b>1,979,672</b>	<b>2,709,846</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 305,080</b>	<b>\$ 4,623,499</b>	<b>\$ 1,984,187</b>	<b>\$ 2,709,846</b>

<u>Park Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 966,469	\$ 13,475,182
-	146,473
-	377,988
-	7,911
<u>\$ 966,469</u>	<u>\$ 14,007,554</u>
\$ -	\$ 733,670
-	24,132
-	302,549
-	6,125
<u>-</u>	<u>1,066,476</u>
-	4,161,565
-	1,038,550
-	1,628,378
-	18,435
-	226,523
966,469	5,867,799
-	(172)
<u>966,469</u>	<u>12,941,078</u>
<u>\$ 966,469</u>	<u>\$ 14,007,554</u>

**CITY OF DESOTO, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2016*

	<b>Special Revenue Funds</b>			
	<b>Regional Jail</b>	<b>Municipal Court</b>	<b>Police Seized Assets</b>	<b>Police Grants</b>
<b>Revenues</b>				
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	66,528	-	-
Intergovernmental	1,050,000	-	254,752	55,101
Charges for services	22,294	-	-	-
Investment earnings	843	371	1,031	-
Miscellaneous	1,335	-	4,151	-
<b>Total Revenues</b>	<b>1,074,472</b>	<b>66,899</b>	<b>259,934</b>	<b>55,101</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety:				
Police	1,074,439	-	271,033	51,135
Fire	-	-	-	-
Development services	-	-	-	-
Municipal court	-	74,257	-	-
Parks and recreation	-	-	-	-
Library services	-	-	-	-
<b>Debt service:</b>				
Interest and other charges	-	-	-	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>153,691</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,074,439</b>	<b>74,257</b>	<b>424,724</b>	<b>51,135</b>
Excess (deficiency) of revenues over expenditures	33	(7,358)	(164,790)	3,966
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Transfers in	-	-	-	6,251
Transfers out	(20,638)	(51,547)	(1,300)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(20,638)</b>	<b>(51,547)</b>	<b>(1,300)</b>	<b>6,251</b>
Net change in fund balances	(20,605)	(58,905)	(166,090)	10,217
<b>Fund balances - beginning</b>	<b>383,250</b>	<b>331,212</b>	<b>522,976</b>	<b>36,495</b>
<b>Fund balances - ending</b>	<b>\$ 362,645</b>	<b>\$ 272,307</b>	<b>\$ 356,886</b>	<b>\$ 46,712</b>

**Special Revenue Funds**

<b>Homeland Security Grant</b>	<b>Hotel Occupancy Tax</b>	<b>Health Facilities Development Corporation</b>	<b>Housing Finance Corporation</b>	<b>Industrial Development Authority</b>	<b>Community Development Block Grant</b>
\$ -	\$ 959,888	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
227,743	-	-	-	-	221,267
-	14,893	-	-	-	-
-	5,189	48	1,348	77	22
-	-	-	-	-	-
<u>227,743</u>	<u>979,970</u>	<u>48</u>	<u>1,348</u>	<u>77</u>	<u>221,289</u>
-	420,359	-	16,411	-	-
-	-	-	-	-	-
8,481	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	107,903	-	-	-	-
-	-	-	-	-	97,960
-	-	-	-	-	-
<u>220,973</u>	<u>22,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>229,454</u>	<u>550,537</u>	<u>-</u>	<u>16,411</u>	<u>-</u>	<u>97,960</u>
(1,711)	429,433	48	(15,063)	77	123,329
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(140,607)	-	-	-	(122,817)
-	(140,607)	-	-	-	(122,817)
(1,711)	288,826	48	(15,063)	77	512
1,539	1,339,552	18,387	211,917	29,080	-
<u>\$ (172)</u>	<u>\$ 1,628,378</u>	<u>\$ 18,435</u>	<u>\$ 196,854</u>	<u>\$ 29,157</u>	<u>\$ 512</u>

*(continued)*

**CITY OF DESOTO, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended September 30, 2016*

	<b>Capital Projects Funds</b>			
	<b>Parks Capital Improvement</b>	<b>Street Improvement</b>	<b>Public Facilities Capital Improvement</b>	<b>Fire Station Bond Project</b>
<b>Revenues</b>				
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	250,000	-
Charges for services	-	-	-	-
Investment earnings	220	13,491	7,464	4,284
Miscellaneous	77,000	-	-	-
<b>Total Revenues</b>	<u>77,220</u>	<u>13,491</u>	<u>257,464</u>	<u>4,284</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Development services	-	1,402	-	-
Municipal court	-	-	-	-
Parks and recreation	19,063	-	-	-
Library services	-	-	-	-
<b>Debt service:</b>				
Interest and other charges	-	46,703	-	37,656
<b>Capital outlay</b>	<u>1,011,698</u>	<u>1,586,034</u>	<u>175,442</u>	<u>305,042</u>
<b>Total Expenditures</b>	<u>1,030,761</u>	<u>1,634,139</u>	<u>175,442</u>	<u>342,698</u>
Excess (deficiency) of revenues over expenditures	<u>(953,541)</u>	<u>(1,620,648)</u>	<u>82,022</u>	<u>(338,414)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	-	985,000	-	2,015,000
Premium on issuance of bonds	-	68,170	-	63,938
Transfers in	1,030,761	757,506	143,720	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,030,761</u>	<u>1,810,676</u>	<u>143,720</u>	<u>2,078,938</u>
Net change in fund balances	77,220	190,028	225,742	1,740,524
<b>Fund balances - beginning</b>	<u>134,592</u>	<u>3,971,537</u>	<u>1,753,930</u>	<u>969,322</u>
<b>Fund balances - ending</b>	<u>\$ 211,812</u>	<u>\$ 4,161,565</u>	<u>\$ 1,979,672</u>	<u>\$ 2,709,846</u>

<u>Park Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 959,888
-	66,528
-	2,058,863
-	37,187
4,926	39,314
-	82,486
<u>4,926</u>	<u>3,244,266</u>
-	436,770
-	1,396,607
-	8,481
-	1,402
-	74,257
-	126,966
-	97,960
-	84,359
<u>40,900</u>	<u>3,516,055</u>
<u>40,900</u>	<u>5,742,857</u>
<u>(35,974)</u>	<u>(2,498,591)</u>
-	3,000,000
-	132,108
-	1,938,238
-	<u>(336,909)</u>
<u>-</u>	<u>4,733,437</u>
<u>(35,974)</u>	<u>2,234,846</u>
<u>1,002,443</u>	<u>10,706,232</u>
<u>\$ 966,469</u>	<u>\$ 12,941,078</u>

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# **BUDGETARY COMPARISON SCHEDULES**

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**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**DEBT SERVICE FUND**  
*For the Year Ended September 30, 2016*

	<b>Final Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance with Final Budget - Positive</b>
<b>Revenues</b>			
Property taxes	\$ 7,043,503	\$ 7,334,433	\$ 290,930
Intergovernmental	358,375	358,401	26
Investment earnings	1,500	30,689	29,189
<b>Total Revenues</b>	<u>7,403,378</u>	<u>7,723,523</u>	<u>320,145</u>
<b>Expenditures</b>			
<b>Debt service:</b>			
Principal	5,028,766	5,028,766	-
Interest and other charges	2,510,961	2,651,172	(140,211)
<b>Total Expenditures</b>	<u>7,539,727</u>	<u>7,679,938</u>	<u>(140,211)</u>
Excess (deficiency) of revenues over expenditures	<u>(136,349)</u>	<u>43,585</u>	<u>179,934</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of long-term debt	-	6,465,000	6,465,000
Premium on issuance of bonds	-	426,869	426,869
Payment to Refunded Bond Escrow Agent	-	(6,742,097)	(6,742,097)
Transfers in	198,339	198,339	-
<b>Total Other Financing Sources (Uses)</b>	<u>172,039</u>	<u>321,811</u>	<u>149,772</u>
Net change in fund balances	35,690	365,396	329,706
<b>Fund balances - beginning</b>	<u>2,829,319</u>	<u>2,829,319</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 2,865,009</u>	<u>\$ 3,194,715</u>	<u>\$ 329,706</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**REGIONAL JAIL FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,050,000	\$ 1,050,000	\$ -
Charges for services	34,000	22,294	(11,706)
Investment earnings	450	843	393
Miscellaneous	480	1,335	855
<b>Total Revenues</b>	<u>1,084,930</u>	<u>1,074,472</u>	<u>(10,458)</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety:			
Police	1,097,265	1,074,439	22,826
<b>Total Expenditures</b>	<u>1,097,265</u>	<u>1,074,439</u>	<u>22,826</u>
Excess (deficiency) of revenues over expenditures	<u>(12,335)</u>	<u>33</u>	<u>12,368</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(20,500)	(20,638)	(138)
<b>Total Other Financing Sources (Uses)</b>	<u>(20,500)</u>	<u>(20,638)</u>	<u>(138)</u>
Net change in fund balances	(32,835)	(20,605)	12,230
<b>Fund balances - beginning</b>	<u>383,250</u>	<u>383,250</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 350,415</u>	<u>\$ 362,645</u>	<u>\$ 12,230</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**MUNICIPAL COURT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Fines and forfeitures	\$ 75,000	\$ 66,528	\$ (8,472)
Investment earnings	500	371	(129)
<b>Total Revenues</b>	<u>75,500</u>	<u>66,899</u>	<u>(8,601)</u>
<b>Expenditures</b>			
<b>Current:</b>			
Municipal Court	<u>107,471</u>	<u>74,257</u>	<u>33,214</u>
<b>Total Expenditures</b>	<u>107,471</u>	<u>74,257</u>	<u>33,214</u>
Excess (deficiency) of revenues over expenditures	<u>(31,971)</u>	<u>(7,358)</u>	<u>24,613</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(50,200)</u>	<u>(51,547)</u>	<u>(1,347)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(50,200)</u>	<u>(51,547)</u>	<u>(1,347)</u>
Net change in fund balances	(82,171)	(58,905)	23,266
<b>Fund balances - beginning</b>	<u>331,212</u>	<u>331,212</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 249,041</u>	<u>\$ 272,307</u>	<u>\$ 23,266</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**POLICE SEIZED ASSETS FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Intergovernmental	\$ 41,000	\$ 254,752	\$ 213,752
Investment earnings	250	1,031	781
Miscellaneous	-	4,151	4,151
<b>Total Revenues</b>	<u>41,250</u>	<u>259,934</u>	<u>218,684</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety:			
Police	317,010	271,033	45,977
<b>Capital outlay</b>	201,792	153,691	48,101
<b>Total Expenditures</b>	<u>518,802</u>	<u>424,724</u>	<u>94,078</u>
Excess (deficiency) of revenues over expenditures	<u>(477,552)</u>	<u>(164,790)</u>	<u>312,762</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	-	(1,300)	(1,300)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(1,300)</u>	<u>(1,300)</u>
Net change in fund balances	(477,552)	(166,090)	311,462
<b>Fund balances - beginning</b>	<u>522,976</u>	<u>522,976</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 45,424</u>	<u>\$ 356,886</u>	<u>\$ 311,462</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**POLICE GRANTS FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Intergovernmental	\$ 70,479	\$ 55,101	\$ (15,378)
<b>Total Revenues</b>	<u>70,479</u>	<u>55,101</u>	<u>(15,378)</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety:			
Police	56,784	51,135	5,649
<b>Total Expenditures</b>	<u>56,784</u>	<u>51,135</u>	<u>5,649</u>
Excess (deficiency) of revenues over expenditures	<u>13,695</u>	<u>3,966</u>	<u>(9,729)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	6,251	6,251
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>6,251</u>	<u>6,251</u>
Net change in fund balances	13,695	10,217	(3,478)
<b>Fund balances - beginning</b>	<u>36,495</u>	<u>36,495</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 50,190</u>	<u>\$ 46,712</u>	<u>\$ (3,478)</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**HOTEL OCCUPANCY TAX FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Hotel occupancy tax	\$ 700,000	\$ 959,888	\$ 259,888
Charges for services	4,700	14,893	10,193
Investment earnings	1,500	5,189	3,689
<b>Total Revenues</b>	<u>706,200</u>	<u>979,970</u>	<u>273,770</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	481,185	420,359	60,826
Parks and recreation	110,000	107,903	2,097
<b>Capital outlay</b>	550,000	22,275	527,725
<b>Total Expenditures</b>	<u>1,141,185</u>	<u>550,537</u>	<u>590,648</u>
Excess (deficiency) of revenues over expenditures	<u>(434,985)</u>	<u>429,433</u>	<u>864,418</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(140,607)</u>	<u>(140,607)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(140,607)</u>	<u>(140,607)</u>	<u>-</u>
Net change in fund balances	(575,592)	288,826	864,418
<b>Fund balances - beginning</b>	<u>1,339,552</u>	<u>1,339,552</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 763,960</u>	<u>\$ 1,628,378</u>	<u>\$ 864,418</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**PARKS CAPITAL IMPROVEMENT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Investment earnings	\$ 300	\$ 220	\$ (80)
Miscellaneous	10,000	77,000	67,000
<b>Total Revenues</b>	<u>10,300</u>	<u>77,220</u>	<u>66,920</u>
<b>Expenditures</b>			
<b>Capital outlay</b>	<u>1,080,761</u>	<u>1,011,698</u>	<u>69,063</u>
<b>Total Expenditures</b>	<u>1,080,761</u>	<u>1,030,761</u>	<u>50,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,070,461)</u>	<u>(953,541)</u>	<u>116,920</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>1,030,761</u>	<u>1,030,761</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,030,761</u>	<u>1,030,761</u>	<u>-</u>
Net change in fund balances	(39,700)	77,220	116,920
<b>Fund balances - beginning</b>	<u>134,592</u>	<u>134,592</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 94,892</u>	<u>\$ 211,812</u>	<u>\$ 116,920</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**STREET IMPROVEMENT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Investment earnings	\$ 4,000	\$ 13,491	\$ 9,491
<b>Total Revenues</b>	<u>4,000</u>	<u>13,491</u>	<u>9,491</u>
<b>Expenditures</b>			
<b>Current:</b>			
Development services	191,612	1,402	190,210
<b>Debt service:</b>			
Interest and other charges	50,000	46,703	3,297
<b>Capital outlay</b>	<u>8,692,488</u>	<u>1,586,034</u>	<u>7,106,454</u>
<b>Total Expenditures</b>	<u>8,934,100</u>	<u>1,634,139</u>	<u>7,299,961</u>
Excess (deficiency) of revenues over expenditures	<u>(8,930,100)</u>	<u>(1,620,648)</u>	<u>7,309,452</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of long-term debt	4,500,000	985,000	(3,515,000)
Premium on issuance of bonds	-	68,170	68,170
Transfers in	<u>757,506</u>	<u>757,506</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>5,257,506</u>	<u>1,810,676</u>	<u>(3,446,830)</u>
Net change in fund balances	(3,672,594)	190,028	3,862,622
<b>Fund balances - beginning</b>	<u>3,971,537</u>	<u>3,971,537</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 298,943</u>	<u>\$ 4,161,565</u>	<u>\$ 3,862,622</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Intergovernmental	\$ 250,000	\$ 250,000	\$ -
Investment earnings	-	7,464	7,464
<b>Total Revenues</b>	<u>250,000</u>	<u>257,464</u>	<u>7,464</u>
<b>Expenditures</b>			
<b>Capital outlay</b>	<u>414,136</u>	<u>175,442</u>	<u>238,694</u>
<b>Total Expenditures</b>	<u>414,136</u>	<u>175,442</u>	<u>238,694</u>
Excess (deficiency) of revenues over expenditures	<u>(164,136)</u>	<u>82,022</u>	<u>246,158</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>143,720</u>	<u>143,720</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>143,720</u>	<u>143,720</u>	<u>-</u>
Net change in fund balances	(20,416)	225,742	246,158
<b>Fund balances - beginning</b>	<u>1,753,930</u>	<u>1,753,930</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,733,514</u>	<u>\$ 1,979,672</u>	<u>\$ 246,158</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**FIRE STATION BOND PROJECT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 4,284	\$ 4,284
<b>Total Revenues</b>	<u>-</u>	<u>4,284</u>	<u>4,284</u>
<b>Expenditures</b>			
<b>Debt service:</b>			
Interest and other charges	150,000	37,656	112,344
<b>Capital outlay</b>	<u>3,966,879</u>	<u>305,042</u>	<u>3,661,837</u>
<b>Total Expenditures</b>	<u>4,116,879</u>	<u>342,698</u>	<u>3,774,181</u>
Excess (deficiency) of revenues over expenditures	<u>(4,116,879)</u>	<u>(338,414)</u>	<u>3,778,465</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of long-term debt	2,850,000	2,015,000	(835,000)
Premium on issuance of bonds	<u>300,000</u>	<u>63,938</u>	<u>(236,062)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>3,150,000</u>	<u>2,078,938</u>	<u>(1,071,062)</u>
Net change in fund balances	(966,879)	1,740,524	2,707,403
<b>Fund balances - beginning</b>	<u>969,322</u>	<u>969,322</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 2,443</u>	<u>\$ 2,709,846</u>	<u>\$ 2,707,403</u>

**CITY OF DESOTO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (WITH VARIANCES)**  
**PARK IMPROVEMENT FUND**  
*For the Year Ended September 30, 2016*

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget - Positive</u>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 4,926	\$ 4,926
<b>Total Revenues</b>	<u>-</u>	<u>4,926</u>	<u>4,926</u>
<b>Expenditures</b>			
<b>Debt service:</b>			
Interest and other charges	24,750	-	24,750
<b>Capital outlay</b>	<u>500,000</u>	<u>40,900</u>	<u>459,100</u>
<b>Total Expenditures</b>	<u>524,750</u>	<u>40,900</u>	<u>483,850</u>
Excess (deficiency) of revenues over expenditures	<u>(524,750)</u>	<u>(35,974)</u>	<u>488,776</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of long-term debt	475,250	-	(475,250)
Premium on issuance of bonds	<u>49,500</u>	<u>-</u>	<u>(49,500)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>524,750</u>	<u>-</u>	<u>(524,750)</u>
Net change in fund balances	-	(35,974)	(35,974)
<b>Fund balances - beginning</b>	<u>1,002,443</u>	<u>1,002,443</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,002,443</u>	<u>\$ 966,469</u>	<u>\$ (35,974)</u>

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## **AGENCY FUND**

**CITY OF DESOTO, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
*For the Year Ended September 30, 2016*

	<u>Balance</u> <u>9/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09/30/16</u>
<b>Southwest Regional</b>				
<b>Communications Center</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 582,754	\$ 2,897,267	\$ 3,064,841	\$ 415,180
<b>Total assets</b>	<u>\$ 582,754</u>	<u>\$ 2,897,267</u>	<u>\$ 3,064,841</u>	<u>\$ 415,180</u>
<b>Liabilities</b>				
Due to Southwest Regional Communications Center	\$ 582,754	\$ 2,897,267	\$ 3,064,841	\$ 415,180
<b>Total liabilities</b>	<u>\$ 582,754</u>	<u>\$ 2,897,267</u>	<u>\$ 3,064,841</u>	<u>\$ 415,180</u>

**DISCRETELY PRESENTED COMPONENT UNITS  
FUND FINANCIAL STATEMENTS**

**CITY OF DESOTO, TEXAS**  
**BALANCE SHEETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
*September 30, 2016*

	<b>Desoto Parks Development Corporation</b>	<b>Desoto Economic Development Corporation</b>
<b>Assets</b>		
Cash and investments	\$ 577,467	\$ 3,522,033
Taxes receivable	128,334	385,002
Notes receivable	-	216,600
Other receivables	-	12,127
Prepaid Expenses	-	405
<b>Total Assets</b>	<b>\$ 705,801</b>	<b>\$ 4,136,167</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 176,337
Payroll liabilities due to primary government	-	9,651
<b>Total Liabilities</b>	<b>-</b>	<b>185,988</b>
<b>Fund Balances:</b>		
Restricted for park and park facilities projects	705,801	-
Restricted for economic development	-	3,950,179
<b>Total Fund Balances</b>	<b>705,801</b>	<b>3,950,179</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 705,801</b>	<b>\$ 4,136,167</b>

**RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

<b>Total fund balances - component unit</b>	\$ 705,801	\$ 3,950,179
Amounts reported for the component unit in the Statement of Net Position are different because:		
Capital assets are used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of:		
Land	11,250	-
Improvements other than buildings (net of accumulated	2,148,848	-
Effect of Net Pension Liability and related deferred outflows and inflows of resources.	-	(8,500)
Some debt related deferred outflows of resources and liabilities do not represent current resources or are not due and payable in the current period and are not included in the fund financial statements. These balances consist of:		
Deferred charges on refunding	-	11,513
Accrued interest	(10,800)	(11,097)
Long-term debt	(2,120,000)	(2,232,045)
<b>Net position of component unit</b>	<b>\$ 735,099</b>	<b>\$ 1,710,050</b>

**CITY OF DESOTO, TEXAS**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
*For the Year Ended September 30, 2016*

	<b>Desoto Parks Development Corporation</b>	<b>Desoto Economic Development Corporation</b>
<b>Revenues</b>		
Sales tax	\$ 736,517	\$ 2,209,551
Investment earnings	1,821	15,141
<b>Total Revenues</b>	738,338	2,224,692
<b>Expenditures</b>		
<b>Current:</b>		
Parks and leisure services	370,609	-
Economic development	-	1,373,384
<b>Debt service:</b>		
Principal	365,000	210,000
Interest and other charges	97,403	92,544
<b>Total Expenditures</b>	833,012	1,675,928
Excess (deficiency) of revenues over expenditures	(94,674)	548,764
Net change in fund balances	(94,674)	548,764
<b>Fund balances - beginning</b>	800,475	3,401,415
<b>Fund balances - ending</b>	\$ 705,801	\$ 3,950,179

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES**

<b>Net Change in Fund Balances - component unit</b>	\$ (94,674)	\$ 548,764
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Amounts reported for the component unit in the Statement of Activities are different because:

The component unit reports 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 amount of depreciation in the current period.

	(151,119)	-
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The component unit reports bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. The component unit fund reports repayment of bond principal as an expenditures. In contrast, the Statement of Net Position shows this as a reduction of long-term liabilities.

Repayment of principal on long-term debt	365,000	210,000
Amortization of premium on debt	-	3,717
Amortization of deferred loss on refunding	-	(1,645)

Differences between cash payments for pension contributions reported in fund based financial statements and pension expense (revenue) as reported in the Corporation's government-wide financial statements.

	-	(12,000)
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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 compensated absences	-	(11,478)
Accrued interest	1,463	942

<b>Changes in Net Position of component units</b>	\$ 120,670	\$ 738,300
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# 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 government's overall financial health.

## Contents Pages

<b><i>Financial Trends</i></b>	<b><i>100-109</i></b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b>	<b><i>111-117</i></b>
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b><i>Debt Capacity</i></b>	<b><i>119-123</i></b>
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b><i>Demographic and Economic Information</i></b>	<b><i>124-125</i></b>
This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b><i>Operating Information</i></b>	<b><i>126-131</i></b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF DESOTO, TEXAS**  
**NET POSITION BY COMPONENT**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

	<u>2016</u>	<u>2015 <sup>(1)</sup></u>	<u>2014</u>	<u>2013</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 75,388,877	\$ 75,008,168	\$ 79,821,001	\$ 80,552,505
Restricted	7,145,838	6,848,661	6,171,884	5,011,347
Unrestricted	24,359,405	21,092,761	11,361,795	8,889,050
<b>Total governmental activities net position</b>	<u>\$ 106,894,120</u>	<u>\$ 102,949,590</u>	<u>\$ 97,354,680</u>	<u>\$ 94,452,902</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 52,278,918	\$ 52,019,447	\$ 53,034,176	\$ 55,777,822
Unrestricted	14,882,299	15,159,256	14,439,474	13,095,617
<b>Total business-type activities net position</b>	<u>\$ 67,161,217</u>	<u>\$ 67,178,703</u>	<u>\$ 67,473,650</u>	<u>\$ 68,873,439</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 127,667,795	\$ 127,099,615	\$ 132,855,177	\$ 136,330,327
Restricted	7,145,838	6,848,661	6,171,884	5,011,347
Unrestricted	39,241,704	36,252,017	25,801,269	21,984,667
<b>Total Primary government net positions</b>	<u>\$ 174,055,337</u>	<u>\$ 170,200,293</u>	<u>\$ 164,828,330</u>	<u>\$ 163,326,341</u>

<sup>(1)</sup> In fiscal year 2015, the City implemented GASB Statement No. 68. Prior periods have not been restated as information is not available.

*Table 1*

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ 85,553,558	\$ 83,839,278	\$ 82,952,006	\$ 88,778,833	\$ 83,437,503	\$ 82,336,139
2,762,778	2,629,370	1,727,639	3,407,347	2,912,353	2,723,392
9,830,512	9,708,413	12,761,912	7,458,927	10,599,124	9,085,126
<u>\$ 98,146,848</u>	<u>\$ 96,177,061</u>	<u>\$ 97,441,557</u>	<u>\$ 99,645,107</u>	<u>\$ 96,948,980</u>	<u>\$ 94,144,657</u>
\$ 57,708,884	\$ 46,444,456	\$ 59,668,820	\$ 53,525,260	\$ 56,931,665	\$ 58,520,397
10,933,100	21,617,015	6,493,872	12,276,723	6,611,738	5,215,673
<u>\$ 68,641,984</u>	<u>\$ 68,061,471</u>	<u>\$ 66,162,692</u>	<u>\$ 65,801,983</u>	<u>\$ 63,543,403</u>	<u>\$ 63,736,070</u>
\$ 143,262,442	\$ 130,283,734	\$ 142,620,826	\$ 142,304,093	\$ 143,369,168	\$ 140,856,536
2,762,778	2,629,370	1,727,639	3,407,347	2,912,353	2,723,392
20,763,612	31,325,428	19,255,784	19,735,650	17,210,862	14,300,799
<u>\$ 166,788,832</u>	<u>\$ 164,238,532</u>	<u>\$ 163,604,249</u>	<u>\$ 165,447,090</u>	<u>\$ 163,492,383</u>	<u>\$ 157,880,727</u>

**CITY OF DESOTO, TEXAS**  
**CHANGES IN NET POSITION**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government	\$ 6,116,384	\$ 4,472,030	\$ 3,689,262	\$ 4,054,193
Public safety	19,523,630	15,633,862	18,322,046	17,789,694
Development services	9,599,031	8,860,259	9,201,069	8,878,903
Financial services	461,984	215,738	397,475	492,164
Municipal court	574,850	496,540	541,705	456,592
Information technology	767,304	521,186	428,672	306,289
Human resources	390,706	253,336	290,303	246,211
Parks and recreation services	3,994,107	3,623,576	3,683,337	3,899,590
Library services	1,017,369	776,904	919,596	892,249
Interest on long-term debt	2,352,141	2,807,023	2,453,548	2,634,793
<b>Total government activities expenses</b>	<u>44,797,506</u>	<u>37,660,454</u>	<u>39,927,013</u>	<u>39,650,678</u>
<b>Business-type activities:</b>				
Water and wastewater	17,589,431	16,049,932	15,982,382	14,061,689
Drainage	1,232,946	1,155,389	1,594,527	1,970,730
Sanitation	4,035,409	3,843,039	3,795,723	3,695,159
<b>Total business-type activities</b>	<u>22,857,786</u>	<u>21,048,360</u>	<u>21,372,632</u>	<u>19,727,578</u>
<b>Total primary government expenses</b>	<u>\$ 67,655,292</u>	<u>\$ 58,708,814</u>	<u>\$ 61,299,645</u>	<u>\$ 59,378,256</u>
 <b>PROGRAM REVENUES</b>				
<b>Governmental activities:</b>				
<b>Charges for services:</b>				
General government	\$ 466,958	\$ 452,770	\$ 332,066	\$ 618,605
Public safety	4,193,774	4,564,521	4,225,010	3,024,624
Development services	1,268,385	1,319,083	1,260,957	871,691
Financial services	-	-	-	768,546
Information technology	-	-	-	63,068
Human resources	-	-	-	-
Parks and recreation services	721,131	750,124	749,215	-
Library services	39,301	44,048	59,149	-
<b>Operating grants and contributions</b>	1,084,583	1,228,969	964,431	1,040,029
<b>Capital grants and contributions</b>	250,000	-	1,787	376,468
<b>Total Governmental activities program revenues:</b>	<u>8,024,132</u>	<u>8,359,515</u>	<u>7,592,615</u>	<u>6,763,031</u>
 <b>Business-type activities:</b>				
<b>Charges for services:</b>				
Water and wastewater	19,286,512	17,849,524	16,583,747	16,532,417
Drainage	1,530,199	1,501,251	1,483,893	1,488,332
Sanitation	4,111,474	4,003,031	3,954,851	3,848,776
Capital grants and contributions	-	-	-	137,750
<b>Total business-type activities program revenues</b>	<u>24,928,185</u>	<u>23,353,806</u>	<u>22,022,491</u>	<u>22,007,275</u>
<b>Total primary government program revenues</b>	<u>\$ 32,952,317</u>	<u>\$ 31,713,321</u>	<u>\$ 29,615,106</u>	<u>\$ 28,770,306</u>

*Table 2*  
*Page 1 of 2*

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 4,562,337	\$ 5,217,799	\$ 4,845,547	\$ 3,827,242	\$ 5,770,984	\$ 5,116,336
17,491,146	17,578,307	17,889,132	17,402,007	15,173,881	15,368,212
7,312,154	7,788,666	8,109,041	7,523,025	7,927,578	8,389,388
926,892	855,547	884,724	777,635	1,258,242	1,192,832
-	-	-	-	-	-
280,360	294,197	294,032	328,417	600,639	602,759
197,978	139,935	171,664	213,452	369,265	336,085
3,844,791	3,584,536	3,683,752	3,162,068	3,532,927	3,262,673
890,239	896,501	949,520	933,378	876,249	847,492
3,391,573	3,423,048	3,557,515	3,939,305	3,970,451	3,363,716
<u>38,897,470</u>	<u>39,778,536</u>	<u>40,384,927</u>	<u>38,106,529</u>	<u>39,480,216</u>	<u>38,479,493</u>
14,097,518	13,452,042	12,697,975	12,611,568	12,656,844	12,185,402
1,427,820	1,282,892	1,209,603	1,187,708	1,042,256	803,044
3,246,026	2,957,452	2,935,666	2,889,531	3,064,111	2,916,041
<u>18,771,364</u>	<u>17,692,386</u>	<u>16,843,244</u>	<u>16,688,807</u>	<u>16,763,211</u>	<u>15,904,487</u>
<u>\$ 57,668,834</u>	<u>\$ 57,470,922</u>	<u>\$ 57,228,171</u>	<u>\$ 54,795,336</u>	<u>\$ 56,243,427</u>	<u>\$ 54,383,980</u>
\$ 365,815	\$ 226,158	\$ 329,150	\$ 989,675	\$ 1,698,725	\$ 1,619,187
2,865,010	2,459,939	2,518,011	3,593,925	2,851,576	3,354,155
823,229	795,377	575,242	448,877	645,532	1,086,307
813,009	864,197	756,356	834,057	717,569	709,537
62,601	64,841	61,406	51,333	47,864	45,023
-	-	-	518	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,254,754	926,017	1,684,707	1,088,561	842,032	896,598
2,450,162	402,804	338,964	23,696	1,765,753	2,040,813
<u>8,634,580</u>	<u>5,739,333</u>	<u>6,263,836</u>	<u>7,030,642</u>	<u>6,803,298</u>	<u>9,751,620</u>
16,138,436	16,680,611	14,155,822	14,036,444	13,808,696	12,579,614
1,458,904	1,472,674	1,463,866	1,447,012	1,497,912	1,389,414
3,428,857	3,244,899	3,199,311	2,880,996	3,296,873	3,029,504
15,000	158,865	35,571	104,877	1,512,223	2,399,780
<u>21,041,197</u>	<u>21,557,049</u>	<u>18,854,570</u>	<u>18,469,329</u>	<u>20,115,704</u>	<u>19,398,312</u>
<u>\$ 29,675,777</u>	<u>\$ 27,296,382</u>	<u>\$ 25,118,406</u>	<u>\$ 25,499,971</u>	<u>\$ 26,919,002</u>	<u>\$ 29,149,932</u>

**CITY OF DESOTO, TEXAS**  
**CHANGES IN NET POSITION**  
*Last Ten Fiscal Years*  
*(Accrual Basis of Accounting)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (36,773,374)	\$ (29,300,939)	\$ (32,334,398)	\$ (32,887,647)
Business-type activities	2,070,399	2,305,446	649,859	2,279,697
<b>Total primary government net expense</b>	<u>\$ (34,702,975)</u>	<u>\$ (26,995,493)</u>	<u>\$ (31,684,539)</u>	<u>\$ (30,607,950)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Property taxes	\$ 24,570,117	\$ 22,332,142	\$ 21,730,242	\$ 21,165,572
Sales taxes	8,838,202	8,865,087	6,548,886	6,089,949
Franchise and other taxes	3,067,237	3,177,165	3,024,987	2,846,979
Hotel occupancy	959,888	840,967	790,657	755,819
Unrestricted investment earnings	192,921	120,644	61,157	74,177
Miscellaneous	822,302	794,451	956,711	207,602
Transfers	2,267,237	2,266,818	2,123,536	1,836,131
<b>Total governmental activities</b>	<u>40,717,904</u>	<u>38,397,274</u>	<u>35,236,176</u>	<u>32,976,229</u>
<b>Business-type activities:</b>				
Unrestricted investment earnings	107,352	99,713	73,888	68,425
Miscellaneous	-	-	-	-
Transfers	(2,267,237)	(2,266,818)	(2,123,536)	(1,836,131)
<b>Total business-type activities</b>	<u>(2,159,885)</u>	<u>(2,167,105)</u>	<u>(2,049,648)</u>	<u>(1,767,706)</u>
<b>Total primary government</b>	<u>38,558,019</u>	<u>36,230,169</u>	<u>33,186,528</u>	<u>31,208,523</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	3,944,530	9,096,335	2,901,778	88,582
Business-type activities	(89,486)	138,341	(1,399,789)	511,991
<b>Total primary government</b>	<u>\$ 3,855,044</u>	<u>\$ 9,234,676</u>	<u>\$ 1,501,989</u>	<u>\$ 600,573</u>

**Table 2**  
**Page 2 of 2**

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ (30,262,890)	\$ (34,039,203)	\$ (34,121,091)	\$ (31,075,887)	\$ (30,910,865)	\$ (28,727,873)
2,269,833	3,864,663	2,011,326	1,780,522	3,352,493	3,943,825
<u>\$ (27,993,057)</u>	<u>\$ (30,174,540)</u>	<u>\$ (32,109,765)</u>	<u>\$ (29,295,365)</u>	<u>\$ (27,558,372)</u>	<u>\$ (24,784,048)</u>
\$ 20,673,781	\$ 21,392,377	\$ 20,998,395	\$ 21,562,536	\$ 22,051,523	\$ 20,479,714
5,929,029	5,409,524	5,532,796	5,028,838	5,802,926	5,314,550
2,835,277	2,998,791	2,794,521	3,129,287	3,336,906	3,394,651
734,528	634,074	571,969	470,214	395,829	258,848
70,204	83,020	42,494	314,323	1,434,605	1,857,677
254,756	262,238	208,314	-	-	-
1,735,102	1,651,170	1,769,052	1,278,553	693,399	1,708,085
<u>32,232,677</u>	<u>32,431,194</u>	<u>31,917,541</u>	<u>31,783,751</u>	<u>33,715,188</u>	<u>33,013,525</u>
45,782	28,799	31,429	55,674	148,239	362,982
-	-	87,006	30,208	-	-
<u>(1,735,102)</u>	<u>(1,651,170)</u>	<u>(1,769,052)</u>	<u>(1,278,553)</u>	<u>(693,399)</u>	<u>(1,708,085)</u>
<u>(1,689,320)</u>	<u>(1,622,371)</u>	<u>(1,650,617)</u>	<u>(1,192,671)</u>	<u>(545,160)</u>	<u>(1,345,103)</u>
<u>30,543,357</u>	<u>30,808,823</u>	<u>30,266,924</u>	<u>30,591,080</u>	<u>33,170,028</u>	<u>31,668,422</u>
1,969,787	(1,608,009)	(2,203,550)	707,864	2,804,323	4,285,652
580,513	2,242,292	360,709	587,851	2,807,333	2,148,722
<u>\$ 2,550,300</u>	<u>\$ 634,283</u>	<u>\$ (1,842,841)</u>	<u>\$ 1,295,715</u>	<u>\$ 5,611,656</u>	<u>\$ 6,434,374</u>

**CITY OF DESOTO, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable:				
Inventories	32,561	42,754	42,754	45,363
Assigned:				
Subsequent year's budget	-	-	-	-
Unassigned	20,923,754	18,868,052	13,395,310	10,590,898
<b>Total General Fund</b>	<u>20,956,315</u>	<u>18,910,806</u>	<u>13,438,064</u>	<u>10,636,261</u>
<b>All Other Governmental Funds</b>				
Reserved	-	-	-	-
Special revenue funds	-	-	-	-
Non Spendable: Note Receivable	438	-	57,003	109,005
Restricted:				
Debt Service	3,194,715	2,829,319	2,532,070	1,655,137
Street Improvements	4,161,565	3,971,537	2,592,811	5,684,787
Public safety	1,038,550	1,275,472	922,879	696,371
Economic Development	1,628,378	1,339,552	1,034,694	800,580
Culture and Recreation	-	-	-	-
Capital projects	-	-	-	35,248
Committed:				
Public Health	18,435	18,387	18,370	18,355
Development activities	226,523	240,997	258,979	277,947
Assigned:				
Street Improvements	-	-	-	115,737
Capital projects	5,867,799	3,860,287	246,994	528,404
<b>Total Other Governmental Funds</b>	<u>16,136,403</u>	<u>13,535,551</u>	<u>7,663,800</u>	<u>9,921,571</u>
<b>Total Fund Balances of Governmental Funds</b>	<u>\$ 37,092,718</u>	<u>\$ 32,446,357</u>	<u>\$ 21,101,864</u>	<u>\$ 20,557,832</u>

**\*\* Implementation of GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."**

**Table 3**

<b>2012</b>	<b>2011 **</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$ -	\$ -	\$ 221,638	\$ 454,274	\$ 46,495	\$ 34,432
-	-	6,964,196	7,157,520	6,853,977	6,780,425
52,881	39,331	-	-	-	-
557,178	528,025	-	-	-	-
8,684,056	7,967,759	-	-	-	-
<u>9,294,115</u>	<u>8,535,115</u>	<u>7,185,834</u>	<u>7,611,794</u>	<u>6,900,472</u>	<u>6,814,857</u>
-	-	18,072,628	21,282,353	22,030,806	28,452,022
-	-	(375,719)	(296,834)	(267,389)	(155,816)
161,673	212,025	-	-	-	-
1,603,729	1,450,009	-	-	-	-
7,480,942	9,080,205	-	-	-	-
728,475	679,910	-	-	-	-
552,351	558,547	-	-	-	-
-	617	-	-	-	-
35,248	1,327,888	-	-	-	-
18,352	18,323	-	-	-	-
152,029	150,081	-	-	-	-
826,931	1,387,953	-	-	-	-
729,681	-	-	-	-	-
<u>12,289,411</u>	<u>14,865,558</u>	<u>17,696,909</u>	<u>20,985,519</u>	<u>21,763,417</u>	<u>28,296,206</u>
<u>\$ 21,583,526</u>	<u>\$ 23,400,673</u>	<u>\$ 24,882,743</u>	<u>\$ 28,597,313</u>	<u>\$ 28,663,889</u>	<u>\$ 35,111,063</u>

**CITY OF DESOTO, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(Modified Accrual Basis of Accounting)*

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 24,436,019	\$ 22,519,005	\$ 21,709,933	\$ 21,147,434
Sales taxes	8,881,627	8,903,909	6,548,886	6,089,949
Franchise fees and others	3,023,812	3,138,343	3,024,987	2,877,716
Hotel occupancy	959,888	840,967	790,657	725,382
Fines and forfeitures	1,425,402	1,651,605	1,520,772	998,412
Licenses and permits	1,280,155	1,301,283	1,248,422	871,691
Intergovernmental	2,966,622	2,395,890	2,261,079	1,867,758
Charges for services	2,330,713	2,621,251	2,283,407	2,189,271
Investment earnings	192,921	120,644	61,157	74,177
Recreation services	704,626	731,396	731,655	748,099
Administrative	-	-	-	-
Assessments	-	-	-	-
Miscellaneous	407,518	327,420	781,805	291,392
<b>Total revenues</b>	<b>46,609,303</b>	<b>44,551,713</b>	<b>40,962,760</b>	<b>37,881,281</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,495,396	1,234,143	1,260,101	2,120,838
Public safety:	17,471,592	16,873,317	16,493,144	16,917,596
Development services	4,768,473	4,935,865	6,077,682	3,103,786
Financial services	394,729	330,494	330,271	833,766
Municipal court	553,850	584,523	525,049	-
Information technology	621,493	474,937	402,041	290,045
Human resources	373,022	329,166	288,934	247,092
Parks and recreation	3,205,034	3,130,647	2,882,472	3,077,070
Library services	1,086,062	886,474	896,324	875,161
Non-departmental	4,831,142	4,105,351	3,084,050	1,423,854
<b>Debt service:</b>				
Principal	5,117,121	4,866,302	4,630,076	5,602,787
Interest and other charges	2,748,066	2,587,579	2,643,073	2,915,788
<b>Capital outlay</b>	<b>4,910,606</b>	<b>2,353,421</b>	<b>3,140,232</b>	<b>3,386,111</b>
<b>Total expenditures</b>	<b>47,576,586</b>	<b>42,692,219</b>	<b>42,653,449</b>	<b>40,793,894</b>
Excess of revenues over (under) expenditures	(967,283)	1,859,494	(1,690,689)	(2,912,613)
<b>Other Financing Sources (Uses)</b>				
Issuance Long-Term Debt	10,023,977	6,718,947	75,000	10,375,000
Other Sources	62,847	500,739	36,185	733,159
Payment to refund escrow agent	(6,742,097)	-	-	(11,161,123)
Transfers in	4,503,599	2,982,684	3,665,104	4,077,117
Transfers out	(2,236,362)	(715,866)	(1,541,568)	(2,240,986)
<b>Total other financing sources (uses)</b>	<b>5,611,964</b>	<b>9,486,504</b>	<b>2,234,721</b>	<b>1,783,167</b>
<b>Net change in fund balances</b>	<b>\$ 4,644,681</b>	<b>\$ 11,345,998</b>	<b>\$ 544,032</b>	<b>\$ (1,129,446)</b>
Debt service as a percentage of noncapital expenditures	18.5%	18.7%	19.2%	22.8%

*Table 4*

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	20,753,144	\$ 20,719,051	\$ 20,972,154	\$ 21,774,805	\$ 22,031,974	\$ 20,358,281
	6,423,115	5,860,318	5,532,796	5,056,041	5,802,926	5,314,550
	2,692,496	2,998,792	2,828,106	3,129,287	3,336,906	3,394,651
	704,045	597,292	575,384	405,064	395,829	258,848
	958,534	1,054,477	1,096,452	984,317	1,074,968	1,153,583
	823,229	795,377	732,293	644,884	721,068	1,174,424
	2,072,020	1,278,510	1,297,146	1,112,257	844,407	900,669
	1,921,012	1,696,669	1,627,574	1,634,730	2,095,110	1,819,581
	70,204	83,020	76,403	314,323	1,434,605	1,857,677
	796,815	820,760	748,192	860,012	227,719	229,686
	-	-	-	-	1,546,945	1,546,945
	-	-	-	-	23,400	73,875
	156,764	257,910	535,208	710,354	662,003	615,677
	<u>37,371,378</u>	<u>36,162,176</u>	<u>36,021,708</u>	<u>36,626,074</u>	<u>40,197,860</u>	<u>38,698,447</u>
	2,631,101	2,622,418	1,961,081	1,279,890	2,334,303	3,583,153
	16,591,396	16,981,677	16,653,927	16,117,852	14,387,972	14,499,761
	3,042,163	3,340,924	3,551,797	3,521,060	3,856,422	3,917,629
	762,721	727,046	778,779	713,569	1,241,631	1,183,605
	-	-	-	-	-	-
	274,064	293,953	284,355	312,204	582,721	570,323
	197,010	140,181	167,715	195,881	347,323	334,416
	3,222,956	3,186,277	3,234,926	2,913,823	3,166,879	2,951,319
	869,133	879,457	935,633	889,791	870,217	814,602
	1,386,474	1,288,744	2,067,520	1,358,466	2,933,840	1,053,341
	4,989,020	4,641,948	4,140,140	4,531,913	4,176,776	4,185,487
	3,692,322	3,602,843	3,527,769	3,922,904	4,069,494	3,861,639
	3,524,766	3,755,708	4,362,869	9,203,386	15,089,860	9,380,677
	<u>41,183,126</u>	<u>41,461,176</u>	<u>41,666,511</u>	<u>44,960,739</u>	<u>53,057,438</u>	<u>46,335,952</u>
	(3,811,748)	(5,299,000)	(5,644,803)	(8,334,665)	(12,859,578)	(7,637,505)
	18,040,000	3,314,406	755,000	14,105,000	5,690,000	15,510,000
	3,220,773	189,967	130,802	510,352	29,005	30,273
	(21,001,274)	(1,338,613)	(724,621)	(8,281,298)	-	-
	3,314,660	2,981,635	7,396,548	5,695,409	5,368,659	6,988,814
	<u>(1,579,558)</u>	<u>(1,330,465)</u>	<u>(5,627,496)</u>	<u>(4,416,856)</u>	<u>(4,675,260)</u>	<u>(5,280,729)</u>
	<u>1,994,601</u>	<u>3,816,930</u>	<u>1,930,233</u>	<u>7,612,607</u>	<u>6,412,404</u>	<u>17,248,358</u>
\$	<u>(1,817,147)</u>	<u>(1,482,070)</u>	<u>(3,714,570)</u>	<u>(722,058)</u>	<u>(6,447,174)</u>	<u>(9,610,853)</u>
	23.1%	21.9%	20.6%	23.6%	21.7%	21.8%

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**CITY OF DESOTO, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
*Last Ten Fiscal Years*

*Table 5*

<b>Real Property</b>				
<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax rate</b>
2007	\$ 2,513,532,590	\$ 254,136,054	\$ 2,767,668,644	\$ 0.6984
2008	2,683,144,134	276,411,696	2,959,555,830	0.7097
2009	2,667,601,748	396,884,124	3,064,485,872	0.6997
2010	2,486,212,011	452,515,233	2,938,727,244	0.6997
2011	2,384,201,534	426,128,357	2,810,329,891	0.7351
2012	2,365,056,165	430,430,576	2,795,486,741	0.7574
2013	2,313,596,055	466,342,520	2,779,938,575	0.7574
2014	2,402,889,269	474,468,022	2,877,357,291	0.7574
2015	2,510,330,406	507,665,624	3,017,996,030	0.7574
2016	2,682,537,966	447,907,641	3,130,445,607	0.7499

The estimated actual taxable value equals the total taxable assessed value.  
 All properties are assessed at 100% of actual taxable value.

Source: Dallas County Tax Office

**CITY OF DESOTO, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 ASSESSED VALUE)**  
**(UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Dallas County &amp; School Equalization</u>	<u>Dallas Parkland Hospital</u>	<u>Dallas County Comm. College</u>
2007	\$ 0.48592	\$ 0.21243	\$ 0.69835	\$ 0.23300	\$ 0.25400	\$ 0.08000
2008	0.48592	0.22381	0.70973	0.23300	0.25400	0.08900
2009	0.48592	0.21381	0.69973	0.23300	0.27400	0.09500
2010	0.49592	0.20381	0.69973	0.23330	0.27400	0.09490
2011	0.50492	0.23020	0.73512	0.25310	0.27100	0.09923
2012	0.50490	0.25250	0.75740	0.25310	0.27100	0.09967
2013	0.51990	0.23750	0.75740	0.25300	0.27100	0.11938
2014	0.53030	0.22710	0.75740	0.25310	0.27600	0.12470
2015	0.53030	0.22710	0.75740	0.25310	0.27600	0.12478
2016	0.52490	0.22500	0.74990	0.25310	0.27600	0.12365

Note: Tax rate is at 100% of market value.

**Table 6**

<u>Total City, County, Hospital and College</u>	<u>DeSoto I.S.D.</u>	<u>Total City, County, Hospital, College and DeSoto I.S.D.</u>	<u>Dallas I.S.D.</u>	<u>Total City, County, Hospital, College and Dallas I.S.D.</u>	<u>Duncanville I.S.D.</u>	<u>Total City, County, Hospital, College and Duncanville I.S.D.</u>
\$ 1.26535	\$ 1.49000	\$ 2.75535	\$ 1.20000	\$ 2.46535	\$ 1.41800	\$ 2.68335
1.28573	1.51000	2.79573	1.18300	2.46873	1.41800	2.70373
1.30173	1.49000	2.79173	1.27100	2.57273	1.41800	2.71973
1.30193	1.49000	2.79193	1.27134	2.57327	1.41800	2.71993
1.35845	1.49000	2.84845	1.23781	2.59626	1.41800	2.77645
1.38117	1.44000	2.82117	1.29035	2.67152	1.41800	2.79917
1.40078	1.44000	2.84078	1.29035	2.69112	1.43000	2.83078
1.41120	1.49000	2.90120	1.28209	2.69329	1.41000	2.82120
1.41128	1.47000	2.88128	1.28209	2.69336	1.41000	2.82128
1.40265	1.46000	2.86265	1.28209	2.68474	1.52950	2.93215

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**CITY OF DESOTO, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

*Table 7*

<b>Fiscal Year Ended Sept 30,</b>	<b>Taxes Levied for the Fiscal Year*</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2007	\$ 19,915,679	\$19,114,409	95.98%	\$ 775,824	\$19,890,233	99.87%
2008	21,395,308	20,702,532	96.76%	659,069	21,361,601	99.84%
2009	21,379,787	20,812,339	97.35%	535,690	21,348,029	99.85%
2010	20,746,013	20,277,877	97.74%	434,692	20,712,569	99.84%
2011	20,692,471	20,324,347	98.22%	328,120	20,652,467	99.81%
2012	21,182,362	20,705,884	97.75%	413,546	21,119,430	99.70%
2013	21,069,288	20,922,192	99.30%	63,687	20,985,879	99.60%
2014	21,808,320	21,470,787	98.45%	240,379	21,711,166	99.55%
2015	22,604,400	22,311,366	98.70%	141,117	22,452,483	99.33%
2016	24,105,582	23,827,722	98.85%	-	23,827,722	98.85%

Source: City of DeSoto Joint Tax Office and Dallas County Tax Office

\* Includes Year to Date Adjustments to the Levy by the Tax Office

**CITY OF DESOTO, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
*Current Year and Nine Years Ago*

**2016**

Taxpayer	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation
Solar Tubines Inc	\$ 191,844,900	Manufacturing	1	6.13%	44.46%
Kohls Department Store	42,816,600	Distribution	2	1.37%	9.92%
WalMart Stores Inc	33,832,420	Retail/Warehouse	3	1.08%	7.84%
WRH Properties Inc	32,687,430	Apartments	4	1.04%	7.57%
DeSoto Apartments LTD	25,830,000	Apartments	5	0.83%	5.99%
Oncor Electric Delivery Co	24,692,530	Public Utility	6	0.79%	5.72%
Cintas Corporation 2	23,670,500	Retail/Uniforms	7	0.76%	5.49%
US Real Estate LP	22,225,360	Multi-Family Development	8	0.71%	5.15%
Atlas Huntington Ridge LLC	18,018,000	Apartments	9	0.58%	4.18%
Maclay Carlin Desoto 1LTD	15,916,680	Shopping Center	10	0.51%	3.69%
McGraw Hill/School	-	Distribution		-	-
Texas Utilities Elec. Co.	-	Utility		-	-
Tejas Family Investments	-	Investments		-	-
Weingarten Realty Inv	-	Investments		-	-
Eqyinvest Townsend	-	Investments		-	-
Total	<u>\$ 431,534,420</u>			<u>13.79%</u>	<u>100.0%</u>

Source: (1) Dallas County Appraisal District

*Table 8*

<b>2007</b>				
Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation	
\$ 98,950,340	1	3.58%	31.25%	
-	-	-	-	
29,966,920	3	1.08%	9.47%	
12,978,020	10	0.47%	4.10%	
17,968,340	5	0.65%	5.68%	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
16,144,790	6	0.58%	5.10%	
69,738,570	2	2.52%	22.04%	
25,340,910	4	0.92%	8.01%	
16,000,000	7	0.58%	5.06%	
15,400,000	8	0.56%	4.87%	
13,972,300	9	0.50%	4.42%	
<u>\$ 316,460,190</u>		<u>11.44%</u>	<u>100.00%</u>	

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**CITY OF DESOTO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*

*Table 9*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation Bonds	Notes Payable	Capital Lease Obligations	General Obligation Bonds	Certificates of Obligation			
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
2011	55,373,650	21,995,000	892,040	518,768	1,326,351	15,680,000	95,785,809	6.39%	1,953
2012	54,005,759	15,865,000	678,926	410,089	708,576	14,985,000	86,653,350	5.80%	1,767
2013	53,121,252	14,927,710	459,346	308,020	3,762,502	15,363,753	87,942,583	5.65%	1,721
2014	45,570,481	14,180,000	233,105	336,990	2,944,519	14,550,000	77,815,095	4.96%	1,511
2015	44,332,817	15,535,000	-	770,403	2,847,183	13,870,000	77,355,403	4.89%	1,489
2016	45,500,391	13,730,000	-	636,436	2,814,609	12,565,000	75,246,436	4.70%	1,431

Personal income data unavailable prior to fiscal year 2007.

Source: Personal income and population data can be found in demographic and economic statistics table.

**CITY OF DESOTO, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
*Last Ten Fiscal Years*

*Table 10*

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Total Bonded Debt (1)</b>	<b>Less Debt Services Monies Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Per Capita</b>
2007	47,600	\$ 2,767,668,644	\$ 89,121,252	\$ 1,720,235	\$ 87,401,017	3.16%	\$ 1,836
2008	48,391	2,959,555,830	90,414,474	2,254,215	88,160,259	2.98%	1,822
2009	48,700	3,064,485,872	95,339,362	1,831,987	93,507,375	3.05%	1,920
2010	48,322	2938727244	95991402	2159684	93,831,718	3.19%	1941.801
2011	49,047	2,810,329,891	95,785,809	1,450,009	94,335,800	3.36%	1,923
2012	49,047	2,795,486,741	86,653,350	1,603,730	85,049,620	3.04%	1,734
2013	51,102	2,779,938,575	87,942,583	1,655,136	86,287,447	3.10%	1,689
2014	51,483	2877357291	77815095	2532070	75,283,025	2.62%	1462.289
2015	51,934	3,017,996,030	77,355,403	2,820,786	74,534,617	2.47%	1,435
	52,586	3,130,445,607	75,246,436	3,194,715	72,051,721	2.30%	1,370

(1) Includes all long-term certificates of obligation and general obligation debt.

**CITY OF DESOTO, TEXAS**

*Table 11*

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

*September 30, 2016*

<b>Taxing Jurisdiction</b>	<b>Total Tax Supported Debt (1)</b>	<b>Overlapping</b>	
		<b>Percent Applicable</b>	<b>Amount</b>
<b>Overlapping Debt</b>			
DeSoto Independent School District	\$ 143,109,614	85.26%	\$ 122,015,257
Dallas County	227,980,000	1.70%	3,875,660
Dallas County Schools	50,405,000	1.70%	856,885
Dallas Independent School District	3,013,520,000	0.54%	16,273,008
Dallas County Community College District	294,050,000	1.70%	4,998,850
Dallas County Hospital District	718,480,000	1.70%	12,214,160
Duncanville Independent School District	213,701,096	6.69%	14,296,603
<b>Total Overlapping Debt</b>			<u>174,530,423</u>
<b>City Direct Debt (Governmental Activities)</b>	59,230,391	100.00%	<u>59,230,391</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>233,760,814</u></u>
<b>Population</b>			52,586
<b>Ratio of direct and overlapping bonded debt to taxable assessed value</b>			7.47%
<b>Per Capita Debt-Direct and Overlapping Debt</b>			<u><u>4,445</u></u>

Source - First Southwest Company

(1) Includes general obligation bonds and certificates of obligation.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

**CITY OF DESOTO, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**(UNAUDITED)**  
**LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assessed Value	\$ 3,130,445,607	\$ 3,017,996,030	\$ 2,877,357,291	\$ 2,779,938,575
Debt limit - (10%) of total assessed value	313,044,561	301,799,603	287,735,729	277,993,858
Amount of debt applicable to debt limit:				
Total bonded debt (including special assessment bonds)	75,246,436	77,355,403	77,815,095	87,942,583
Less: assets in debt service funds available for payment of principal	<u>3,194,715</u>	<u>2,820,786</u>	<u>2,532,070</u>	<u>1,655,136</u>
Total amount of debt applicable to debt limit	72,051,721	74,534,617	75,283,025	86,287,447
<b>Legal Debt Margin</b>	<u>\$ 240,992,840</u>	<u>\$ 227,264,986</u>	<u>\$ 212,452,704</u>	<u>\$ 191,706,411</u>
<b>Ratio of outstanding net debt to the debt limit</b>	23%	25%	26%	31%

Note: City's Debt Management Policy, Version 4, Section 9.0, adopted by the City Council April 7, 2015.

"The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten (10) percent of the total assessed valuation of the City's tax rolls."

*Table 12*

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,795,486,741	\$ 2,810,329,891	\$ 2,938,727,244	\$ 3,064,485,872	\$ 2,959,555,830	\$ 2,767,668,644
279,548,674	281,032,989	293,872,724	306,448,587	295,955,583	276,766,864
86,653,350	95,785,809	95,991,402	95,339,362	90,414,474	89,121,252
<u>1,603,730</u>	<u>1,450,009</u>	<u>2,159,684</u>	<u>1,831,987</u>	<u>2,254,215</u>	<u>1,720,235</u>
85,049,620	94,335,800	93,831,718	93,507,375	88,160,259	87,401,017
<u>\$ 194,499,054</u>	<u>\$ 186,697,189</u>	<u>\$ 200,041,006</u>	<u>\$ 212,941,212</u>	<u>\$ 207,795,324</u>	<u>\$ 189,365,847</u>
30%	34%	32%	31%	30%	32%

**CITY OF DESOTO, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
*(UNAUDITED)*  
*Last Ten Fiscal Years*

*Table 13*

<b>Fiscal Year</b>	<b>Population</b>	<b>Estimated Median Family Household Income (1)</b>	<b>Personal Income* (2)</b>	<b>Per Capita Personal Income*</b>	<b>Median Age</b>	<b>Education level in Years of Schooling</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2007	47,600	\$ 62,960	\$ 1,277,489	\$ 27	37	High School + 2 Years	8,700	5.1%
2008	48,391	62,960	1,373,095	28	37	High School + 2 Years	8,884	6.3%
2009	48,700	78,020	1,308,764	27	37	High School + 2 Years	9,063	9.6%
2010	48,322	75,488	1,472,710	30	37	High School + 2 Years	9,020	9.2%
2011	49,047	78,020	1,499,806	31	38.2	High School + 2 Years	8,995	9.4%
2012	49,047	58,711	1,494,805	30	38.2	High School + 2 Years	8,972	7.3%
2013	51,102	59,003	1,557,436	30	37.8	High School + 2 Years	9,177	7.0%
2014	51,483	60,945	1,569,047	30	36.1	High School + 2 Years	9,200	5.8%
2015	51,934	56,911	1,582,793	30	36.1	High School + 2 Years	9,600	4.0%
2016	52,586	60,945	1,599,616	30	36.1	High School + 2 Years	9,872	3.5%

Sources:

- (1) DeSoto Economic Development Corporation (Claritas) - 2015
- (2) US Census Bureau
- (3) DeSoto Independent School District
- (4) Bureau of Labor Statistics

Note: \* Amount presented in thousands of dollars

**CITY OF DESOTO, TEXAS**

*PRINCIPAL EMPLOYERS*

*(UNAUDITED)*

*Current Year and Nine Years Ago*

**Table 14**

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
DeSoto ISD	1,178	1	4.27%	924	1	3.70%
Kohl's e-Commerce	500	2	1.81%	-	-	-
Solar Turbines	400	3	1.45%	300	4	1.20%
City of DeSoto	400	4	1.45%	367	2	1.47%
Williamsburg Village	300	5	1.09%	210	6	0.84%
NFI Industries	300	6	1.09%	-	-	-
GlasFloss Industries	250	7	0.91%	-	-	-
Marten Transport	250	8	0.91%	240	5	0.96%
Wal Mart Distribution	250	9	0.91%	-	-	-
Hickory Trail Hospital	250	10	0.91%	-	-	-
McGraw-Hill	-	-	-	155	7	0.62%
DIAB	-	-	-	325	3	1.30%
Tom Thumb	-	-	-	150	8	0.60%
Albertson's	-	-	-	126	9	0.50%
Kroger	-	-	-	125	10	0.50%
<b>Total</b>	<b>4,078</b>		<b>14.80%</b>	<b>2,922</b>		<b>11.69%</b>

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

**CITY OF DESOTO, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
**(UNAUDITED)**  
*Last Ten Fiscal Years*

**Full-time Equivalent Employees as of Sept 30:**

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Governmental Activities:</b>					
General Government	10	10	10	10	11
Public Safety	207	193	184	188	196
Development Services	29	27	27	25	25
Parks and Recreation Services	35	34	34	36	28
Finance	9	9	9	15	11
Municipal Court*	7	7	6		
Library	8	15	15	15	12
Human Resources	4	5	4	3	3
Information Technology	3	4	3	2	2
Water & Sewer	30	31	31	30	28
Drainage	5	5	5	5	1
Sanitation	5	5	5	5	5
<b>Total</b>	<b>352</b>	<b>345</b>	<b>333</b>	<b>334</b>	<b>322</b>
Population	52,586	51,934	51,483	51,102	49,047
Staff per 1,000 population	6.69	6.64	6.47	6.54	6.57

\* Formerly categorized with Financial Services.

Source: City of DeSoto Human Resource Department

*Table 15*

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
10	10	10	10	10
200	199	197	196	197
25	24	24	24	26
28	27	26	26	27
10	10	11	11	12
12	7	7	7	7
3	3	3	3	3
2	2	2	2	2
26	26	26	26	27
1	1	1	1	1
<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>322</u>	<u>314</u>	<u>312</u>	<u>311</u>	<u>317</u>
49,047	48,322	48,700	48,391	47,600
6.57	6.50	6.41	6.43	6.66

**CITY OF DESOTO, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*(UNAUDITED)*  
*Last Ten Fiscal Years*

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General government</b>				
Number of public information requests processed	503	386	392	267
<b>Public safety</b>				
Number of youth outreach programs held	5	5	2	1
Number of senior citizen symposiums held	1	1	1	13
Number of citizen police academics per year	1	1	1	1
Fire code inspections completed	1,433	389	235	463
<b>Development services</b>				
Traffic signal inspections	68	68	34	204
<b>Parks and leisure services</b>				
Total fitness facility memberships	4,017	1,139	4,433	4,519
Total swimming pool attendance	16,699	17,723	15,817	16,461
<b>Library</b>				
Total children's' story time programs	69	63	61	51
<b>Human resources</b>				
Number of salary surveys completed	40	25	21	28
<b>Finance</b>				
Municipal court cases filed	10,101	10,077	12,371	9,157
<b>Information technology</b>				
Number of City computers replaced annually	61	24	58	52
<b>Water and sewer</b>				
Number of touch read meters changed out	1,740	1,580	4,224	457
Number of meters read monthly	17,387	17,254	17,484	16,903
<b>Drainage</b>				
Number of easements acquired for project construction	7	-	-	-
<b>Sanitation</b>				
Number of existing intersection landscapes renovated annually	18	4	17	2

Source: Information provided by the head of each department

*Table 16*

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
2,320	2,023	86	2,018	75	75
9	10	11	10	21	40
1	1	1	1	7	10
2	1	2	1	2	2
756	835	978	423	432	450
68	68	85	204	192	168
6,347	4,861	5,780	6,405	6,025	5,493
16,474	17,148	15,648	16,887	17,830	
57	53	32	98	33	35
24	4	5	5	14	8
9,105	10,499	12,106	11,342	14,117	14,271
82	65	8	63	64	77
1,002	1,338	1,189	629	354	1,500
15,480	16,008	15,879	15,748	15,489	15,250
3	-	1	5		4
6	4	3	2	1	1

**CITY OF DESOTO, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**(UNAUDITED)**  
*Last Ten Fiscal Years*

<b>Function/Program</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Public safety</b>					
Police stations	1	1	1	1	1
Fire stations	3	3	3	3	3
<b>Development services</b>					
Lane Miles of streets	495	495	493	482	478
Miles of alleys	90	90	90	90	77
Traffic signals	17	17	17	17	17
<b>Parks and recreation</b>					
Number of parks	19	19	19	19	19
Civic centers	1	1	1	1	1
Swimming pools	1	1	1	1	1
Theater playhouses	1	1	1	1	1
<b>Library</b>					
Number of libraries	1	1	1	1	1
<b>Water and sewer</b>					
Water pumping capacity	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
Elevated water storage	5mg.	5mg.	5mg.	5mg.	5mg.
Ground storage	13mg.	13mg.	13mg.	13mg.	13mg.

*Table 17*

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
1	1	1	1	1
3	3	3	3	3
491	391	484	473	466
91	94	96	96	90
17	17	17	16	15
19	19	19	19	19
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	35mg/day
5mg.	5mg.	5mg.	5mg.	5mg.
13mg.	13mg.	13mg.	13mg.	13mg.



*[Intentionally Left Blank]*