



**CITY OF DESOTO**

**SOARING FOR EXCELLENCE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
CITY OF DESOTO, TEXAS**



**For the Year Ended  
September 30, 2009**

**DESOTO**

**CITY OF  
DESOTO  
TEXAS**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2009**

**DESOTO**

[THIS PAGE LEFT BLANK INTENTIONALLY]

**CITY OF DESOTO, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2009**

Prepared by the  
CITY OF DESOTO  
FINANCE DEPARTMENT  
Camelia Browder, Director

CITY COUNCIL  
Bobby Waddle, Mayor

Carl O. Sherman, Mayor Pro-Tem

Denise Valentine, Council Member

Sandy Respass, Council Member

Deshaundra Lockhart, Council Member

Patricia Ledbetter, Council Member

Carl Williams, Council Member

CITY MANAGER  
James Baugh

**CITY OF DESOTO, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

**Letter of Transmittal.....i**  
**GFOA Certificate of Achievement..... v**  
**Organizational Chart .....vi**  
**List of Officials..... vii**

**FINANCIAL SECTION**

**Independent Auditor’s Report .....3**  
**Management’s Discussion and Analysis .....7**  
**Basic Financial Statements - Government-wide Financial Statements:**  
    Statement of Net Assets .....21  
    Statement of Activities .....22  
  
**Governmental Fund Financial Statements:**  
    Balance Sheet .....23  
    Reconciliation of the Governmental Funds Balance Sheet to  
        Statement of Net Assets .....24  
    Statement of Revenues, Expenditures and Changes in Fund Balances .....25  
    Reconciliation of the Statement of Revenues, Expenditures and Changes  
        In Fund Balances to the Statement of Activities .....26  
    Statement of Revenue, Expenditures, and Changes in General  
        Fund Balance – Budget and Actual .....27  
  
**Proprietary Funds:**  
    Statement of Net Assets .....28  
    Statement of Revenues, Expenses and Changes in Fund Net Assets .....29  
    Statement of Cash Flows.....30  
  
**Fiduiary Funds:**  
    Statement of Net Assets-SWRCC ..... 31  
  
**Notes to Basic Financial Statements .....32**  
  
**Required Supplementary Information:**  
    Schedule of Funding Progress for Participation in Texas Municipal  
        Retirement System.....68

# CITY OF DESOTO, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

### TABLE OF CONTENTS

#### NON MAJOR GOVERNMENTAL FUNDS

##### Combining Statements - Non-major Governmental Funds:

Combining Balance Sheet .....	70
Combining Statement of Revenues, Expenditures and Changes In Fund Balances .....	74

#### DEBT SERVICE

Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual - Debt Service Fund .....	78
----------------------------------------------------------------------------------------------------------------	----

#### STREET IMPROVEMENT FUND

Schedule of Revenue, Expenditures and Changes in Fund Balance- Budget and Actual – Street Improvement Fund .....	80
---------------------------------------------------------------------------------------------------------------------	----

#### SPECIAL REVENUE FUNDS

##### Schedules of Revenue, Expenditures and Changes in Fund Balance:

Regional Jail Fund.....	83
Community Service Fund .....	84
Municipal Court Fund .....	85
Police –Seized Fund .....	86
Police Grants Fund .....	87
Hotel Occupancy Tax Fund .....	88
Youth Sports Fund .....	89
Recreation Revolving Fund.....	90
Fire Training Fund .....	91
Energy Management Fund .....	92
Lone Star Library Grant .....	93
Health Facilities Development Corporation.....	94
Housing Finance Corporation .....	95
Industrial Development Authority, Inc. ....	96
Fire Grant Funds .....	97
Library Fund.....	98

(continued)

# CITY OF DESOTO, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

### TABLE OF CONTENTS

#### CAPITAL PROJECT FUNDS

Replacement and Maintenance Fund.....	100
Parks Capital Improvement Fund .....	101
Public Facilities Capital Improvement Fund .....	102
Clock Tower Fund .....	103

#### AGENCY FUND

Statement of Changes in Fiduciary Assets and Liabilities .....	106
----------------------------------------------------------------	-----

#### COMPONENT UNIT FUND

Balance Sheet – DPDC.....	108
Reconciliation of the Balance Sheet to Statement of Net Assets .....	109
Statement of Revenues, Expenditures and Changes in Fund Balances – DPDC .....	110
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	111

#### STATISTICAL SECTION (UNAUDITED)

Net Assets by Component-Last Five Fiscal Years .....	114
Changes in Net Assets-Last Five Fiscal Years .....	115
Government Activities Tax Revenues by Source-Last Five Fiscal Years.....	116
Fund Balances of Governmental Funds-Last Ten Fiscal Years .....	117
Changes in Fund Balances of Governmental Funds-Last Ten Fiscal Years .....	118
General Governmental Tax Revenues by Source-Last Ten Fiscal Years .....	120
Assessed and Estimated Actual Value of Taxable Property-Last Ten Fiscal Years .....	121
Property Tax Rates-Direct and Overlapping Governments-Last Ten Fiscal Years .....	122
Principal Taxpayers-Current and Nine Years Ago .....	124
Property Tax Levies and Collections-Last Ten Fiscal Years .....	125
Ratio of Outstanding Debt by Type-Last Six Fiscal Years .....	126
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita-Last Ten Fiscal Years .....	127
Computation of Direct and Overlapping Debt.....	128
Computation of Legal Debt Margin .....	129
Demographic Statistics-Last Ten Fiscal Years.....	130
Principal Employers.....	131
Full-Time City Government Employees by Function-Last Five Fiscal Years .....	132
Operating Indicators by Function-Last Five Fiscal Years .....	133
Capital Asset Statistics by Function-Last Five Fiscal Years .....	134

(continued)

# **INTRODUCTORY SECTION**

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**



## City of DeSoto

August 6, 2010

To the Citizens of the  
City of DeSoto, Texas

State law requires that every municipality publish within six months of the close of each fiscal year a complete set of audited financial statements, to include the auditor's opinion on the statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2009.

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

Pattillo, Brown & Hill, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of DeSoto's financial statements for the year ended September 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

### *Profile*

Located in the Best Southwest portion of Dallas County, the City of DeSoto is situated just minutes from downtown Dallas. Bordering I-35 on its eastern border and Highway 67 on its northern boundary, the City covers approximately 21 square miles. The City serves an estimated 2009 population of 48,391. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, and is a home rule city operating under a Council/Manager form of government. The Council is comprised of the Mayor and six Council members, who enact local legislation, adopt budgets, determine policies, and appoint the city secretary, city attorney and judge of the municipal court. The City Manager, appointed by City Council, is the chief administrative officer for the City and is responsible for the daily management of the City. Major services provided under general government and enterprise functions are: public safety (police and fire protection), emergency ambulance services, construction and maintenance of streets, water and sewer services, parks and recreation, library services and general administrative services.

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

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

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

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

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

**Cash Management** – Cash temporarily idle during the year was invested in demand deposits and public fund investment pools. Yields during the year ranged from .34% to 1.79%. The City earned interest of \$367,250 on all investments for the year ended September 30, 2009.

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

**Risk Management** – Third party coverage is currently maintained for workers' compensation, liability and property losses.

## ***Local Economy***

Major industries located in the city of DeSoto include manufacturers of solar turbines, a publishing company, as well as a distributor of retail items and several retail grocery chains. These industries employ over 2,500 employees.

The city's unemployment rate for 2009 is an average of 8.9% which is slightly above the unemployment rate for Dallas County of 8.2%. The city of DeSoto benefits from its proximity to the Dallas-Fort Worth metroplex and major transportation corridors with its location 12 miles south of Dallas. The close proximity to job opportunities in Dallas, Fort Worth and the Mid-Cities continues to contribute to growth in the City. Its estimated population of almost 49,000 has grown a notable 28% since 2000, with an increase of 24% in the number of households during the same time. There is room for further development within the city's 21 square miles, since the city is only 60—65% built out.

Despite the modest decline in fiscal year 2009, taxable assessed valuation has risen by an annual average of slightly less than 3% since fiscal year 2005 due mostly to new residential construction. Not unlike other cities in the Dallas-Fort Worth area, the city experienced a sharp decline in residential building permits beginning in fiscal 2007 from prior year's levels, which was somewhat mitigated by an increase in commercial development.

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

The city has historically maintained solid general fund balances. Fiscal 2009 fund balance results are higher than the prior fiscal year, closing the year with a total fund balance at \$7.6 million or roughly 33% of spending. Sales tax receipts, decreased by 13% from the 2008 fiscal year due to the anticipated downturn in the economy. The City responded proactively to the downturn in the economy by implementing budget cuts sufficient to offset the revenue loss and does not expect to utilize reserves for recurring operating expenditures. The City is also utilizing extensive planning and maintaining tight budgetary measures to balance its operations. The sales tax receipts are expected to increase moderately in the upcoming fiscal years.

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

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

### ***Major Initiatives***

The 2008-2009 fiscal year included initiatives such as:

- To provide an upgrade to the library's software;
- Address the Unfunded Actuarial Accrued Liability (UAAL) in the City's Texas Municipal Retirement System (TMRS) account.;
- Maintain the operating and maintenance (O&M) portion of the tax rate at the current level of \$0.48592.

## *Awards and Acknowledgements*

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the fiscal year ended September 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of DeSoto has received a Certificate of Achievement for the last 20 consecutive fiscal years ended September 30. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City's staff. Appreciation is extended to Edena Atmore and city staff who assisted and contributed to its preparation. The Mayor and the City Council is also commended for their leadership and guidance in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Tarron Richardson, Ph.D.  
Assistant City Manager



Camelia Browder  
Managing Director of Financial Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeSoto  
Texas

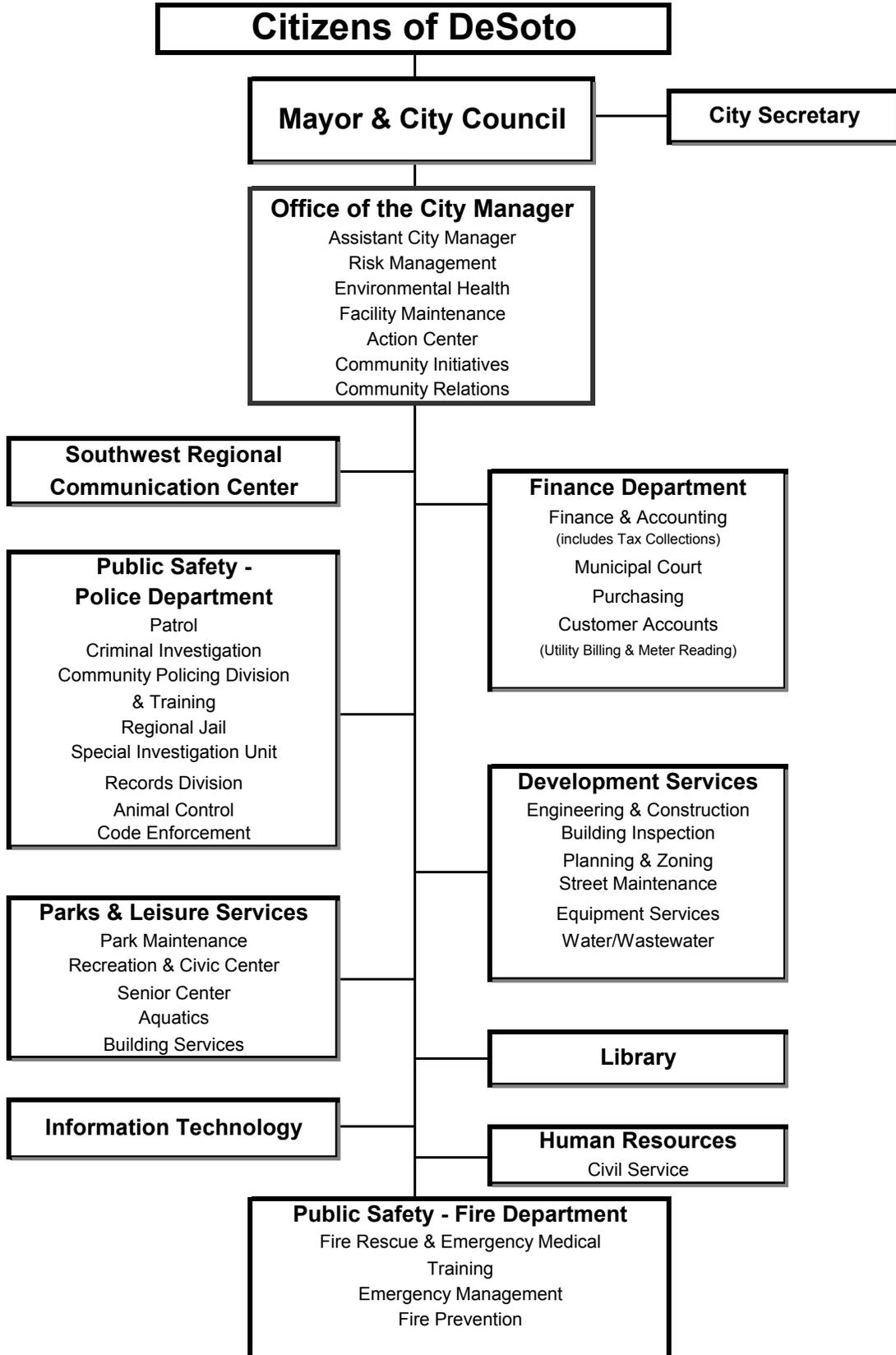
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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



President

Executive Director



**CITY OF DESOTO, TEXAS**  
**LIST OF PRINCIPAL OFFICIALS**  
**SEPTEMBER 30, 2009**

Bobby Waddle  
Mayor  
Place 1

Sandy Respass  
Place 5

Patricia Ledbetter  
Place 2

Carl O. Sherman  
Mayor Pro Tem  
Place 6

Denise Valentine  
Place 3

Carl Williams  
Place 7

Deshaundra Lockhart  
Place 4

James Baugh  
City Manager

Tarron Richardson, Ph.D.  
Assistant City Manager

William Broadnax  
Police Chief

Camelia Browder  
Managing Director of Financial Services

Tom Johnson  
Managing Director of  
Development Services

Fred Hart  
Fire Chief

Renee Johnson  
Managing Director of Parks  
and Leisure Services

Andre Houser  
Managing Director  
Human Resources

Laura Hallmark  
City Secretary

Lucile Dade  
Managing Director  
Library

Joe Gorfida  
City Attorney

**DESOTO**

[THIS PAGE LEFT BLANK INTENTIONALLY]

# **FINANCIAL SECTION**

## **DESOTO**

[THIS PAGE LEFT BLANK INTENTIONALLY]

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeSoto, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas, as of September 30, 2009, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2010, on our consideration of the City of DeSoto, Texas' 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 of financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 11 and the Schedule of Funding Progress for Participation in Texas Municipal Retirement System on page 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeSoto, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pattillo, Brown & Hill, L.L.P.*

August 6, 2010

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **CITY OF DESOTO, TEXAS**

### **Management's Discussion and Analysis For the Year Ended September 30, 2009**

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, 2009. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report, and the financial statements which follow this section.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the 2009 fiscal year by \$165,447,090 (net assets). Of this amount, \$19,735,650 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2009, the City's governmental funds reported combined ending fund balances of \$28,597,313, a decrease of \$66,576 from the prior year. Approximately 23% of this total amount is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,157,520 or 32% of total general fund expenditures.
- The City's total capital assets net of accumulated depreciation increased by \$1,949,235. The increase is primarily due to additions to infrastructure, drainage, and water and sewer improvements.
- The City's long-term liabilities increased \$5,872,408 due to an increase in general obligation debt of \$4,885,000, and an increase in certificates of obligation of \$805,000. The general obligation bond issuance in the amount of \$4,885,000 was sold to fund projects identified in the five year capital improvement plan. The certificates of obligation increase of \$805,000 are to pay contractual obligations that will be incurred for constructing a municipal garage and professional services.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 26 general governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Street Improvement Fund, which are considered to be major funds. Data from the other 23 governmental funds are combined into a single aggregate presentation.

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

**Proprietary funds:** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, drainage and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer, drainage and sanitation, all of which are considered to be major funds.

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

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 32 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in

funding its obligation. Required supplementary information immediately follows the notes to the financial statements. Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2009, the City's assets exceeded liabilities by \$165,447,090.

The largest portion of the City's net assets (86%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$19,735,650, may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2009, the City is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

### CITY OF DESOTO NET ASSETS (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 36,375	\$ 38,423	\$ 14,746	\$ 8,673	\$ 51,121	\$ 47,096
Capital Assets	157,943	154,586	63,458	64,866	221,401	219,452
<b>Total Assets</b>	<b>194,318</b>	<b>193,009</b>	<b>78,204</b>	<b>73,539</b>	<b>272,522</b>	<b>266,548</b>
Long-term liabilities	86,812	90,028	9,766	5,107	96,578	95,135
Other liabilities	7,861	6,032	2,636	1,889	10,497	7,921
<b>Total Liabilities</b>	<b>94,673</b>	<b>96,060</b>	<b>12,402</b>	<b>6,996</b>	<b>107,075</b>	<b>103,056</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	88,779	83,438	53,525	59,932	142,304	143,370
Restricted	3,407	2,912	-	-	3,407	2,912
Unrestricted	7,459	10,599	12,277	6,611	19,736	17,210
<b>Total Net Assets</b>	<b>\$ 99,645</b>	<b>\$ 96,949</b>	<b>\$ 65,802</b>	<b>\$ 66,543</b>	<b>\$ 165,447</b>	<b>\$ 163,492</b>

**General government activities:** There is an increase of approximately \$3.3 million dollars in general government capital assets from 2008 to 2009. This increase is due to completion of facility improvements and street infrastructure. The increase in general government restricted

net assets from 2008 to 2009 is due to activity in capital projects and the city's capital improvement program. The increase in net assets for governmental activities is primarily due to an increase in capital assets.

**Business-type activities:** There is a decrease of \$1.4 million dollars in capital assets from 2008 to 2009. This reflects a decline in construction activity for capital projects. The increase in unrestricted net assets in business type activities is due to less rainfall totals, leading to greater than anticipated water sales.

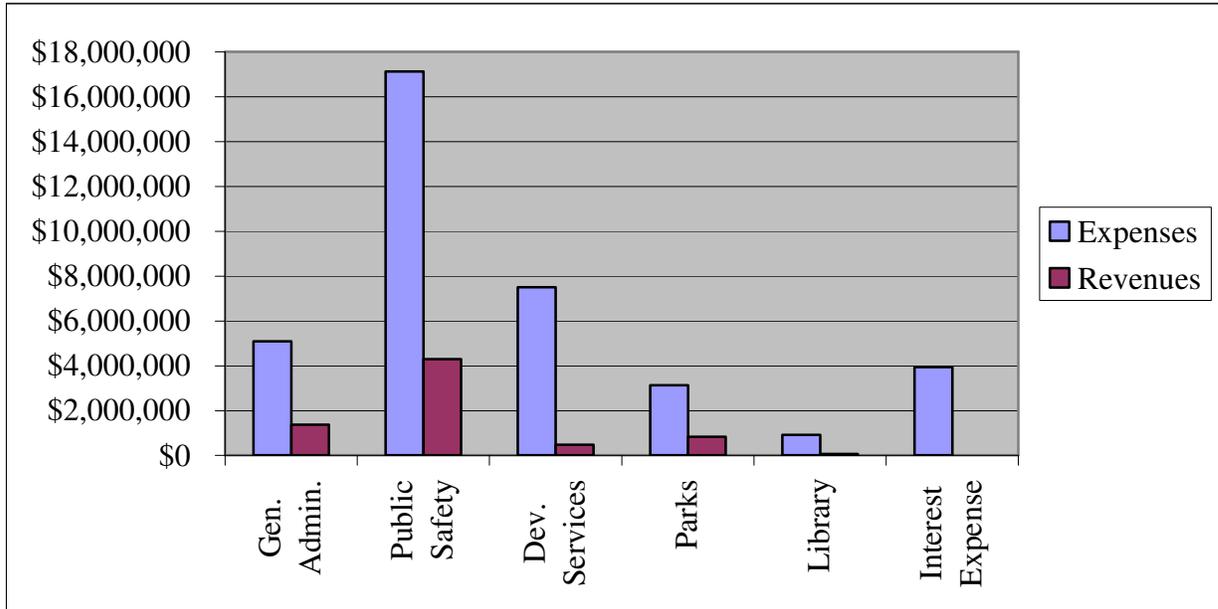
**Analysis of the City's Operations:** The following table provides a summary of the City's operations for the year ended September 30, 2009. Overall, the City had an increase in net assets of \$2.0 million dollars. This is due in part to completion of capital projects and an increase in service charges offsetting increases in wages and fringe benefits for city staff.

**CITY OF DESOTO CHANGES IN NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	<b>Total</b>
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,918,385	\$ 5,961,266	\$ 18,364,452	\$ 18,603,481	\$ 24,282,837	\$ 24,564,747
Operating grants and contributions	1,088,561	842,032	-	-	1,088,561	842,032
Capital grants and contributions	23,696	1,765,753	104,877	1,512,223	128,573	3,277,976
<b>General revenues:</b>						
Property taxes	21,562,536	22,051,523	-	-	21,562,536	22,051,523
Other local taxes	8,628,339	9,535,661	-	-	8,628,339	9,535,661
Interest income	314,323	1,434,605	55,674	148,239	369,997	1,582,844
Miscellaneous revenue	-	-	30,208	-	30,208	-
<b>Total Revenues</b>	<b>37,535,840</b>	<b>41,590,840</b>	<b>18,555,211</b>	<b>20,263,943</b>	<b>56,091,051</b>	<b>61,854,783</b>
<b>Expenses:</b>						
General government	3,827,242	5,770,984	-	-	3,827,242	5,770,984
Public safety	17,402,007	15,173,881	-	-	17,402,007	15,173,881
Development services	7,523,025	7,927,578	-	-	7,523,025	7,927,578
Parks and leisure services	3,162,068	3,532,927	-	-	3,162,068	3,532,927
Library	933,378	876,249	-	-	933,378	876,249
Human Resources	213,452	369,265	-	-	213,452	369,265
Financial Services	777,635	1,258,242	-	-	777,635	1,258,242
Information Technology	328,417	600,339	-	-	328,417	600,339
Interest on long-term debt	3,939,305	3,970,451	-	-	3,939,305	3,970,451
Miscellaneous expense	-	-	-	-	-	-
Water & sewer	-	-	12,611,568	12,656,844	12,611,568	12,656,844
Storm drainage	-	-	1,187,708	1,042,256	1,187,708	1,042,256
Sanitation	-	-	2,889,531	3,064,111	2,889,531	3,064,111
<b>Total Expenses</b>	<b>38,106,529</b>	<b>39,479,916</b>	<b>16,688,807</b>	<b>16,763,211</b>	<b>54,795,336</b>	<b>56,243,127</b>
Increase (decrease) in net assets						
before transfers	(570,689)	2,110,924	1,866,404	3,500,732	1,295,715	5,611,656
Transfers	1,278,553	693,399	(1,278,553)	(693,399)	-	-
Change in net assets	707,864	2,804,323	587,851	2,807,333	1,295,715	5,611,656
Net assets - beginning	96,948,980	94,144,657	66,543,403	63,736,070	163,492,383	157,880,727
Prior period adjustment	1,988,263	-	(1,329,271)	-	658,992	-
Net assets - ending	\$ 99,645,107	\$ 96,948,980	\$ 65,801,983	\$ 66,543,403	\$ 165,447,090	\$ 163,492,383

## Expenses and Program Revenues - Governmental Activities

(Gen. Admin. Includes Human Resources, Financial Services, and Information Technology)



### Financial Analysis and Budgetary Highlights of City Funds

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

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

At the end of the 2009 fiscal year, the City’s governmental funds reported combined ending fund balances of \$28,597,313, a decrease of \$66,576 from the prior year. Approximately 23% of this total amount is available for spending at the City’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed **1)** to complete capital projects (\$17,010,640), **2)** to pay debt service (\$1,831,987), and **3)** for inventory, **4)** and for a variety of other purposes.

The fund balance of the City’s general fund increased by \$711,322 during the current fiscal year; due primarily to increases in charges for services, and an accounting adjustment from the prior fiscal year.

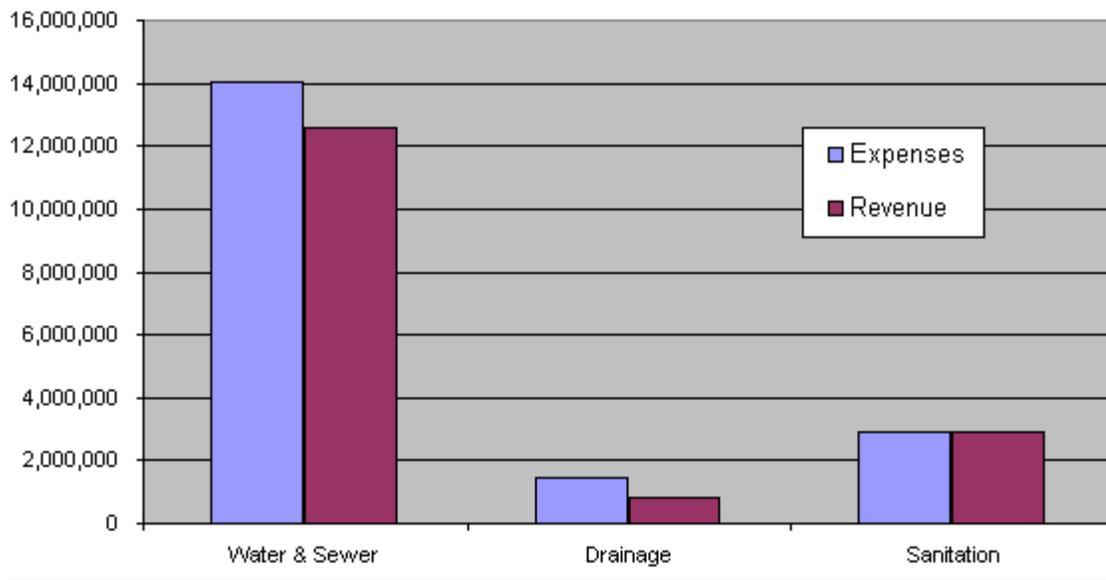
Debt service fund balance decreased by \$422,229 due to declining market interest rates and a decrease in property tax collections.

The fund balance of the Street Improvement fund increased by \$3,295,278 due to the issuance of the 2009 series bonds issued for capital project expenditures identified in the five year capital improvement plan. This issuance provided funds to finance constructing and improving streets within the City, constructing, improving, remodeling and equipping the City’s Town Center, and funding the City’s beautification projects and other capital improvements in the City.

**General Fund Budgetary Highlights**

The actual revenues of \$27,019,497 exceeded the budgeted revenues by \$98,216 because of increases in property tax revenue, electric, natural gas and cable television franchise taxes, charges for services, and licenses and permits expenditures. The actual expenditures of \$23,392,646 were \$3,239,096 less than the budgeted expenditures of \$26,631,742. In anticipation of the economic downturn, staff decreased expenditures for 2009 in order to offset any possible revenue shortfall.

**Expenses and Revenues for Business-type Activities**



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

Unrestricted net assets of the respective proprietary funds are Water and Sewer - \$8,042,948, Storm Drainage - \$3,012,975 and Sanitation – \$1,220,800. The net assets for Water and Sewer increased \$70,725; Storm Drainage decreased \$817,222 and Sanitation increased \$5,077. Customer late payment and penalty fees increased the net asset position of the Water & Sewer fund along with low rainfall and warm temperatures during the summer season. In addition,

contributions of capital assets from Dallas County also improved the net asset position of the Storm drainage fund.

## Capital Assets

At the end of fiscal year 2009, the City had over \$221 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 increase of approximately \$1.9 million over the amounts for the prior fiscal year.

**CITY OF DESOTO CAPITAL ASSETS (Net of Depreciation, in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
Land	\$ 3,703	\$ 3,703	\$ 945	\$ 945	\$ 4,648	\$ 4,648
Street / Alley ROW	14,073	14,073	-	-	14,073	14,073
Drainage System	-	-	9,547	-	9,547	-
Construction in Progress	13,992	18,536	710	4,337	14,702	22,873
Waterline Replacements	-	-	8,014	-	8,014	-
Buildings	27,500	20,893	-	-	27,500	20,893
Infrastructure (Water & Sewer)	96,744	95,163	43,841	59,052	140,585	154,215
Equipment & Furniture	1,579	1,712	389	483	1,968	2,195
Capital Leases	352	506	12	49	364	555
<b>Total Capital Assets</b>	<b>\$ 157,943</b>	<b>\$ 154,586</b>	<b>\$ 63,458</b>	<b>\$ 64,866</b>	<b>\$ 221,401</b>	<b>\$ 219,452</b>

Major capital asset events during the 2009 fiscal year include the following:

- Completion of the fiscal year 2005 Centralized Traffic Signal Project, the City developed a closed loop radio communications system and coordinated signal timing plans. The cost of the project is \$114,407 and is capitalized as infrastructure of governmental activities.
- Completion of the fiscal year 2008 Hampton Road Median Widening and Street Lighting project. This project was to reduce the negative impact on traffic caused by the opening of the Town center will cause on Hampton Road traffic. The lighting named as a Vision Project within Proposition IV. It was capitalized at a cost of \$679,197.27 and as infrastructure of governmental activities.
- Completion of fiscal year 2009 Capital Improvement Program in the annual reconstruction of residential and collector streets. The scope of work consists of pulverization of the existing asphalt, cement stabilization of the base material of 6", and the construction of a new 6" asphalt roadway. It is capitalized at a cost of \$677,191 and as part of infrastructure of governmental activities.
- The completion of the Town Center Project included the construction of a new parking garage in the amount of \$5,900,000. The parking garage is a four-story structure that has 352 parking spaces. The garage serves all City facilities at the Town Center, retail and residential properties that are included in the Town Center development.
- The Town Center Project had several funding sources. The Vision Project from the 2003 Bond Referendum identified \$2.0 million for improvements at the Town Center. In addition, \$750,000 was allocated from the general fund for the project. The Town Center Project was completed in 2009 within budget.

- Development Services completed renovations in their office at Town Center in the amount of \$75,000. This work included reducing the number of entrances to the department to one location to provide better service to our customers.
- Included in the 2003 Bond Referendum was the desire to construct a city entry feature at the corner of Pleasant Run Road and I-35E. The City constructed a landmark entry tower (70 feet in height) at the southwest corner of the referenced intersection. The cost of the tower was \$310,000.
- Included in the 2003 Bond Referendum was additional parking on the east side of the Town Center. A concrete parking lot with 140 spaces was constructed in 2008 at a cost of \$410,000.
- With the construction of the Town Center Project on the west side of the City facilities, the City Council wanted to improve access, building aesthetics and landscaping on the east side of Town Center. The City allocated \$1,000,000 for these improvements. Improvement included lighting the parking lot, providing a masonry veneer on the retaining walls, a trellis system along the south wall and at the rear entrance to Town Hall, and landscaping and drainage improvements.
- Two electronic signs were constructed, completed, and capitalized at a cost of \$76,006.
- The City added a new computer room to the library in order to extend accessibility and number of citizens served. This was completed in Fiscal Year 2009 at a cost of \$251,194.

Additional information on the City's capital assets can be found in Note 5 beginning on page 44 of this report.

## Debt Administration

**CITY OF DESOTO OUTSTANDING DEBT  
GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS AND NOTES PAYABLE  
(in Thousands)**

	Governmental Activities		Business-type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
General obligation	\$ 61,402	\$ 63,703	\$ 1,377	\$ -	\$ 62,779	\$ 63,703
Certificates of obligation	22,478	19,923	8,500	4,920	30,978	24,843
Notes payable	1,292	1,483	-	-	1,292	1,483
<b>Total Bonds &amp; Notes payable</b>	<b>\$ 85,172</b>	<b>\$ 85,109</b>	<b>\$ 9,877</b>	<b>\$ 4,920</b>	<b>\$ 95,049</b>	<b>\$ 90,029</b>

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

In fiscal year 2009 the City used the proceeds from the sale the 2008 series of tax exempt certificates of obligation and the taxable certificates of obligation to complete the construction a municipal parking garage, including equipment; constructing and improving streets within the city, including: landscaping, improving and extending the city's waterworks and sewer system; and acquiring, constructing and installing a public safety radio system for the Southwest Regional Communication Center (SWRCC). The City also used the proceeds from general obligation bonds to fund improvements to streets within the city including related traffic

signalization, signage, sidewalks, landscaping and drainage improvements. The 2008 series general obligation and certificates of obligation bonds are recorded as general government debt.

Additional information on the City's long-term debt can be found in Note 6 beginning on page 51 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. The yield from Property Tax is projected to decrease by \$434,829 over the fiscal year (FY) 2009 budget. The drop in revenue is due to the reduction in residential property values. This impact would have been much more severe had there not been significant growth in value in the business, personal property and commercial property categories. Growth in new non-residential construction was helpful in adding new value to the tax roll and was a positive element in the growth we did experience. This decline in growth in our assessed valuation continues to be a concern. The FY 2010 budget was adopted with an O&M tax rate of \$0.49592, a \$.01000 increase from FY 2009.

Sales Tax is the second largest revenue source. After years of flat Sales Tax, we have experienced modest increases in the last several years and this was reflected in our FY 2009 sales tax projection. However, as the economy began its tail spin, retail sales slowed and we fell short of our initial projection for FY 2009 by \$650,000. The projected revenue from sales in FY 2010 is \$5,318,009 and is \$373,180 less than the estimate upon which the FY 2009 budget was based, but \$479,819 above our FY 2009 year-end projection. While bleak, our FY 2010 estimate holds some optimism that retail sales will begin to pick up in 2010.

The estimates for Franchise Fees for the Water and Sewer utilities and payment in lieu of taxes was increased over FY 2009, reflecting a budgeted increase of 423,997 for FY 2010 were budgeted higher in fiscal year 2009 from fiscal year 2008, reflecting an increase of \$668,957 from budgeted 2009 revenues. Overall, revenue in the General Fund grew by \$98,216 which represents a less than 1% increase over the amount budgeted in fiscal year 2009.

The fiscal year 2010 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at a current market rate requires that new resources be allocated annually. The market review of compensation was conducted and salaries for fiscal year 2010 have been adjusted accordingly.

The total cost associated with salary adjustments in fiscal year 2010 is \$55,007. As in past years, this amount is split 58% to the protective services (Fire and Police) and 42% for the balance of the workforce. In addition to salary adjustment we have experienced an increase in the Texas Municipal Retirement System ("TMRS") contribution. It is important to note that in fiscal year 2010 we will continue participation in TMRS by exercising the option to pay out the Unfunded Actuarial Accrual Liability ("UAAL") over an eight year period. The impact of this decision for fiscal year 2010 is a rate increase from 13.98% in fiscal year 2009 to a rate of 15.47% in fiscal

year 2010. This allows us to continue in TMRS and develop a plan to meet, over time, the UAAL obligation. The budget reflects a change in the City's match from 2:1 to 1.5:1. All other personnel related benefit programs remain at the level reflected in the fiscal year 2009 budget. The total increase in salaries and benefits over fiscal year 2009 is \$264,110 or 1.32%. This spending plan meets the objective of maintaining market compatibility with employee compensation.

### **Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Assistant Director of Finance, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email *eatmore@ci.desoto.tx.us*.

# **BASIC FINANCIAL STATEMENTS**

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**City of DeSoto, Texas**  
**Statement of Net Assets**  
**September 30, 2009**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>DeSoto Park Development Corporation</b>	<b>DeSoto Economic Development Corporation</b>
<b>ASSETS</b>					
Cash and Equivalents	\$ 28,351,940	12,087,814	\$ 40,439,754	\$ 302,189	\$ 2,348,406
Receivables	3,720,994	2,433,384	6,154,378	77,669	233,007
Due from other governmental agencies	101,255	-	101,255	-	-
Inventories	31,046	4,792	35,838	-	-
Restricted assets:					
Note from Component Unit	370,173	-	370,173	-	-
Investment in Joint Ventures	2,109,309	-	2,109,309	-	-
Deferred charges	1,689,750	219,890	1,909,640	-	-
Capital Assets, net of accumulated depreciation:					
Non-depreciable	31,767,979	1,655,499	33,423,478	11,250	-
Depreciable (net)	126,175,186	61,803,043	187,978,229	3,204,619	-
Total assets	<u>194,317,632</u>	<u>78,204,422</u>	<u>272,522,054</u>	<u>3,595,727</u>	<u>2,581,413</u>
<b>LIABILITIES</b>					
Accounts and contracts payable	2,162,253	960,456	3,122,709	-	42,086
Accrued expenses and liabilities	1,259,007	116,503	1,375,510	13,480	12,543
Unearned revenues	83,540	3,321	86,861	-	-
Customer deposits	-	1,151,888	1,151,888	-	-
Noncurrent liabilities due within one year:					
Notes payable	196,748	-	196,748	-	10,682
Bonds payable	3,841,338	403,662	4,245,000	110,000	140,000
Compensated absences	214,840	-	214,840	-	-
Capital lease obligations	102,055	-	102,055	-	-
Noncurrent liabilities due in more than one year:					
Arbitrage liability	110,094	-	110,094	-	-
Notes payable	1,095,104	-	1,095,104	-	359,490
Bonds payable	80,692,389	9,528,338	90,220,727	1,955,000	2,810,000
Accreted interest	377,984	-	377,984	-	-
Compensated absences	3,939,109	202,441	4,141,550	-	-
Capital lease obligations	188,241	-	188,241	-	-
TMRS obligation	409,823	35,830	445,653	-	-
Total liabilities	<u>94,672,525</u>	<u>12,402,439</u>	<u>107,074,964</u>	<u>2,078,480</u>	<u>3,374,801</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	88,778,833	53,525,260	142,304,093	1,150,869	-
Restricted for:					
Debt service	1,295,225	-	1,295,225	83,223	-
Recreation and tourism	1,158,602	-	1,158,602	-	-
Community development	134,354	-	134,354	-	-
Public safety	819,166	-	819,166	-	-
Unrestricted (Deficit)	7,458,927	12,276,723	19,735,650	283,155	(793,388)
Total net assets	<u>\$ 99,645,107</u>	<u>\$ 65,801,983</u>	<u>\$ 165,447,090</u>	<u>\$ 1,517,247</u>	<u>\$ (793,388)</u>

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

**City of DeSoto, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2009**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	DeSoto Park Development Corporation	DeSoto Economic Development Corporation
<b>Primary government</b>									
Governmental Activities:									
General Government	\$ 3,827,242	\$ 989,675	\$ 379,523	\$ -	\$ (2,458,044)	\$ -	\$ (2,458,044)	\$ -	\$ -
Public Safety	17,402,007	3,593,925	699,024	-	(13,109,058)	-	(13,109,058)	-	-
Development Services	7,523,025	448,877	-	23,696	(7,050,452)	-	(7,050,452)	-	-
Financial Services	777,635	518	-	-	(777,117)	-	(777,117)	-	-
Information Technology	328,417	-	-	-	(328,417)	-	(328,417)	-	-
Human Resources	213,452	-	-	-	(213,452)	-	(213,452)	-	-
Parks and Leisure Services	3,162,068	834,057	-	-	(2,328,011)	-	(2,328,011)	-	-
Library Services	933,378	51,333	10,014	-	(872,031)	-	(872,031)	-	-
Interest on Long-term debt	3,939,305	-	-	-	(3,939,305)	-	(3,939,305)	-	-
<b>Total governmental activities</b>	<b>38,106,529</b>	<b>5,918,385</b>	<b>1,088,561</b>	<b>23,696</b>	<b>(31,075,887)</b>	<b>-</b>	<b>(31,075,887)</b>	<b>-</b>	<b>-</b>
Business-type activities:									
Water and Sewer	12,611,568	14,036,444	-	-	-	1,424,876	1,424,876		
Storm Drainage	1,187,708	1,447,012	-	104,877	-	364,181	364,181		
Sanitation	2,889,531	2,880,996	-	-	-	(8,535)	(8,535)		
<b>Total business-type activities</b>	<b>16,688,807</b>	<b>18,364,452</b>	<b>-</b>	<b>104,877</b>	<b>-</b>	<b>1,780,522</b>	<b>1,780,522</b>		
<b>Total primary government</b>	<b>54,795,336</b>	<b>24,282,837</b>	<b>1,088,561</b>	<b>128,573</b>	<b>(31,075,887)</b>	<b>1,780,522</b>	<b>(29,295,365)</b>		
<b>Component Units</b>									
DPDC	468,591	-	-	-	-	-	-	(468,591)	-
DEDC	1,385,968	-	-	-	-	-	-	-	(1,385,968)
<b>Total component units</b>	<b>\$ 1,854,559</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (468,591)</b>	<b>\$ (1,385,968)</b>
<b>General revenues:</b>									
Taxes:									
Property taxes, levied for general purposes					21,562,536	-	21,562,536	-	-
Franchise tax					3,129,287	-	3,129,287	-	-
Sales tax					5,028,838	-	5,028,838	419,070	1257119
Hotel occupancy tax					443,011	-	443,011	-	-
Mixed beverage tax					27,203	-	27,203	-	-
Investment earnings					314,323	55,674	369,997	2,431	18794
Miscellaneous					-	30,208	30,208	-	-
Transfers					1,278,553	(1,278,553)	-	-	-
<b>Total general revenues and transfers</b>					<b>31,783,751</b>	<b>(1,192,671)</b>	<b>30,591,080</b>	<b>421,501</b>	<b>1,275,913</b>
Change in net assets					707,864	587,851	1,295,715	(47,090)	(110,055)
Net assets - beginning					96,948,980	66,543,403	163,492,383	1,564,337	(683,333)
Prior Period Adjustment					1,988,263	(1,329,271)	658,992	-	-
Net assets - ending					<b>\$ 99,645,107</b>	<b>\$ 65,801,983</b>	<b>\$ 165,447,090</b>	<b>\$ 1,517,247</b>	<b>\$ (793,388)</b>

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

**City of DeSoto, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2009**

	General Fund	Debt Service Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,081,886	\$ 1,823,680	\$ 5,923,528	\$ 5,845,690	\$ 19,674,784
Investments	12,573	-	8,664,583	-	8,677,156
Receivables, net					
Taxes	747,331	335,599	-	-	1,082,930
Grants and other governments	42,073	-	-	59,182	101,255
Accounts and other	2,517,249	7,396	-	113,419	2,638,064
Due from other funds	180,000	-	-	-	180,000
Advances to other funds	177,543	-	-	-	177,543
Inventories	31,046	-	-	-	31,046
Note receivable-component unit	-	-	370,173	-	370,173
Total assets	<u>9,789,701</u>	<u>2,166,675</u>	<u>14,958,284</u>	<u>6,018,291</u>	<u>32,932,951</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and contracts payable	646,721	25,105	932,013	454,470	2,058,309
Accrued expenses and liabilities	715,260	23,195	-	36,448	774,903
Due to other funds	-	-	-	180,000	180,000
Advances from other funds	-	-	-	177,543	177,543
Deferred revenue	815,926	286,388	-	42,569	1,144,883
Total liabilities	<u>2,177,907</u>	<u>334,688</u>	<u>932,013</u>	<u>891,030</u>	<u>4,335,638</u>
Fund balances:					
Reserved for inventories	31,046	-	-	-	31,046
Reserved for capital projects	-	-	13,656,098	3,354,542	17,010,640
Reserved for recreation and tourism	-	-	-	1,119,077	1,119,077
Reserved for community development	-	-	-	134,354	134,354
Reserved for public safety	-	-	-	816,122	816,122
Reserved for debt service	-	1,831,987	-	-	1,831,987
Reserved for advances	177,543	-	-	-	177,543
Reserved for note receivable	-	-	370,173	-	370,173
Reserved for other purposes	245,685	-	-	-	245,685
Unreserved, reported in:					
Special revenue funds	-	-	-	(296,834)	(296,834)
General fund	7,157,520	-	-	-	7,157,520
Total fund balances	<u>7,611,794</u>	<u>1,831,987</u>	<u>14,026,271</u>	<u>5,127,261</u>	<u>28,597,313</u>
Total liabilities and fund balances	<u>\$ 9,789,701</u>	<u>\$ 2,166,675</u>	<u>\$ 14,958,284</u>	<u>\$ 6,018,291</u>	<u>\$ 32,932,951</u>

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

**City of DeSoto, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**September 30, 2009**

**Total fund balance, governmental funds** **\$ 28,597,313**

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. These assets consist of the following:

Land	\$	3,703,301	
Street and Alley ROW		14,072,949	
Construction in Progress		13,991,729	
Buildings		35,091,246	
Infrastructure		145,635,116	
Equipment and Furniture		6,332,803	
Capitalized Leases		2,200,669	
Accumulated depreciation		<u>(63,084,648)</u>	
Total Capital Assets		<u>\$ 157,943,165</u>	157,943,165

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 1,689,750

The investment in joint ventures is not considered a financial asset. Therefore, this is not reported in the governmental funds balance sheet. 2,109,309

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 1,061,343

Interest on long-term debt is recognized when paid at the fund level, but is accrued when incurred in the government wide financials. (484,104)

Some liabilities (such as Notes payable, Capital lease obligations, Long-term Compensated absences, and Bonds payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide financials.

Contracts payable	\$	103,944	
Notes payable		1,291,852	
Bonds payable		83,880,020	
Compensated absences		4,153,949	
Capital lease obligations		290,296	
Bond premium		1,763,903	
Accreted interest		377,984	
Loss on bond refunding		(1,110,196)	
Arbitrage liability		110,094	
TMRS obligation		<u>409,823</u>	
Total long-term liabilities		<u>\$ 91,271,669</u>	(91,271,669)

**Net Assets of Governmental Activities in the Statement of Net Assets** **\$ 99,645,107**

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

**City of DeSoto, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2009**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 15,136,606	\$ 6,638,199	\$ -	\$ -	\$ 21,774,805
Franchise Fees	3,129,287	-	-	-	3,129,287
Sales taxes	5,028,838	-	-	-	5,028,838
Hotel occupancy tax	-	-	-	405,064	405,064
Mixed beverage tax	27,203	-	-	-	27,203
Fines and forfeitures	909,576	-	-	74,741	984,317
Licenses and permits	644,884	-	-	-	644,884
Intergovernmental	384,931	257,126	23,696	446,504	1,112,257
Charges for services	986,363	-	-	648,367	1,634,730
Investment earnings	70,062	21,580	124,757	97,924	314,323
Recreation revenue	181,673	-	-	528,681	710,354
Miscellaneous	520,074	48,839	12,000	279,099	860,012
Total revenues	<u>27,019,497</u>	<u>6,965,744</u>	<u>160,453</u>	<u>2,480,380</u>	<u>36,626,074</u>
<b>EXPENDITURES</b>					
Current:					
General government	396,273	-	-	883,617	1,279,890
Public Safety					
Police	8,715,052	-	-	935,681	9,650,733
Fire	6,118,063	-	-	349,056	6,467,119
Development Services	2,545,870	-	5,292	969,898	3,521,060
Financial Services	612,980	-	-	100,589	713,569
Information Technology	312,204	-	-	-	312,204
Human Resources	195,881	-	-	-	195,881
Parks and Leisure Services	2,200,715	-	-	713,108	2,913,823
Library Services	873,638	-	-	16,153	889,791
Non-Departmental	1,269,748	-	-	88,718	1,358,466
Debt Service:					
Principal	-	4,202,318	-	329,595	4,531,913
Interest and other charges	-	3,717,752	134,202	70,950	3,922,904
Capital Outlay	152,222	-	4,067,259	4,983,905	9,203,386
Total Expenditures	<u>23,392,646</u>	<u>7,920,070</u>	<u>4,206,753</u>	<u>9,441,270</u>	<u>44,960,739</u>
Excess (deficiency) of revenues over expenditures	<u>3,626,851</u>	<u>(954,326)</u>	<u>(4,046,300)</u>	<u>(6,960,890)</u>	<u>(8,334,665)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term debt	-	8,025,000	6,080,000	-	14,105,000
Proceeds from capital leases	-	-	-	43,983	43,983
Proceeds from sale of capital assets	110,377	-	-	-	110,377
Bond premium	-	266,381	89,611	-	355,992
Payment to escrow agent	-	(8,281,298)	-	-	(8,281,298)
Transfers in	829,800	479,676	647,415	3,738,518	5,695,409
Transfers out	(3,937,701)	-	(6,597)	(472,558)	(4,416,856)
Total other financing sources and uses	<u>(2,997,524)</u>	<u>489,759</u>	<u>6,810,429</u>	<u>3,309,943</u>	<u>7,612,607</u>
Net change in fund balances	629,327	(464,567)	2,764,129	(3,650,947)	(722,058)
Fund balances - beginning	<u>6,900,472</u>	<u>2,254,216</u>	<u>10,730,993</u>	<u>8,778,208</u>	<u>28,663,889</u>
Prior period adjustment	81,995	42,338	531,149	-	655,482
Fund balances - ending	<u>\$ 7,611,794</u>	<u>\$ 1,831,987</u>	<u>\$ 14,026,271</u>	<u>\$ 5,127,261</u>	<u>\$ 28,597,313</u>

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

**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, 2009**

**Net change in fund balances - total governmental funds:** **\$ (722,058)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets estimated useful lives as depreciation expense. This is the amount of capital asset recorded in the current period. 9,203,386

Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds. (6,020,125)

The net effect of various transactions involving capital assets, such as sales and disposals, is to decrease net assets. (168,940)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Change in deferred revenue	(73,120)
Change in equity interest of joint ventures	982,886

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Assets shows this as a reduction of long-term liabilities.

Issuance of debt	(14,148,983)
Repayment of principal of long-term debt and capital leases	4,531,913

Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payment to refunding escrow agent	8,281,298
Premium on debt	(355,992)
Bond issuance costs	275,283

Bond discounts, premiums and issue costs are recognized upon issuance of bonds in governmental funds. Such items are deferred and amortized over future periods in the Statement of Activities.

Amortization of:

Bond issue costs	(134,158)
Bond premium	107,909
Bond refunding loss	(81,884)
Accreted interest on bonds payable	(52,658)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds	(20,799)
Accrued compensated absences	(376,177)
Arbitrage liability	(110,094)
TMRS liability	(409,823)

**Change in net assets of governmental activities** **\$ 707,864**

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

**City of DeSoto, Texas**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**General Fund**  
**For the year ended September 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 14,908,307	\$ 14,908,307	\$ 15,136,606	\$ 228,299
Franchise fees	2,460,330	2,460,330	3,129,287	668,957
Sales taxes	5,659,189	5,659,189	5,028,838	(630,351)
Mixed beverage tax	32,000	32,000	27,203	(4,797)
Fines and forfeitures	1,140,000	1,140,000	909,576	(230,424)
Licenses and permits	599,865	599,865	644,884	45,019
Intergovernmental	324,200	324,200	384,931	60,731
Charges for services	734,000	734,000	986,363	252,363
Investment earnings	300,000	300,000	70,062	(229,938)
Recreation services	286,390	286,390	181,673	(104,717)
Miscellaneous	477,000	477,000	520,074	43,074
Total revenues	26,921,281	26,921,281	27,019,497	98,216
<b>EXPENDITURES</b>				
Current:				
General government	1,154,410	1,154,410	396,273	758,137
Public Safety				
Police	8,967,403	8,967,403	8,715,052	252,351
Fire	6,754,750	6,754,750	6,118,063	636,687
Development Services	3,329,965	3,329,965	2,545,870	784,095
Financial Services	603,204	603,204	612,980	(9,776)
Information Technology	355,486	355,486	312,204	43,282
Human Resources	498,024	346,562	195,881	150,681
Parks & Leisure Services	2,661,506	2,661,506	2,200,715	460,791
Public Library	879,896	879,896	873,638	6,258
Non-Departmental	1,259,860	1,259,860	1,269,748	(9,888)
Capital Outlay	318,700	318,700	152,222	166,478
Total Expenditures	26,783,204	26,631,742	23,392,646	3,239,096
Excess (deficiency) of revenues over expenditures	138,077	289,539	3,626,851	3,337,312
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale capital assets	40,000	40,000	110,377	70,377
Transfers in	877,242	877,242	829,800	(47,442)
Transfers out	(1,598,717)	(1,598,717)	(3,937,701)	(2,338,984)
Total other financing sources and uses	(681,475)	(681,475)	(2,997,524)	(2,316,049)
Net change in fund balances	(543,398)	(391,936)	629,327	1,021,263
Fund balances - beginning	6,101,907	6,101,907	6,900,472	798,565
Prior period adjustment	-	-	81,995	81,995
Fund balances - ending	\$ 5,558,509	\$ 5,709,971	\$ 7,611,794	\$ 1,901,823

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

**City of DeSoto, Texas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2009**

	<b>Business-type Activities-Enterprise Fund:</b>			
	<b>Water and Sewer</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	8,125,220	2,787,250	1,175,344	12,087,814
Accounts receivable, net	2,001,056	171,931	260,397	2,433,384
Deferred charges	70,544	149,346	-	219,890
Inventories	4,792	-	-	4,792
Total current assets	10,201,612	3,108,527	1,435,741	14,745,880
Non-current assets:				
Capital Assets:				
Land	283,902	341,197	320,087	945,186
Construction in progress	450,118	235,140	25,055	710,313
Improvements	8,735,552	5,044,947	8,950	13,789,449
Water and sewer systems	73,938,978	-	-	73,938,978
Drainage systems	-	10,500,334	-	10,500,334
Equipment and furniture	1,008,362	70,944	22,674	1,101,980
Equipment acquired under capital lease	-	-	111,425	111,425
Less Accumulated depreciation	(34,716,377)	(2,794,793)	(127,953)	(37,639,123)
Total non-current assets	49,700,535	13,397,769	360,238	63,458,542
Total assets	59,902,147	16,506,296	1,795,979	78,204,422
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts and contracts payable	750,937	38,910	170,609	960,456
Accrued expenses and liabilities	78,700	27,520	10,283	116,503
Deferred revenue	3,321	-	-	3,321
Customer deposits	1,151,888	-	-	1,151,888
Bonds payable, current	44,715	358,947	-	403,662
Total current liabilities	2,029,561	425,377	180,892	2,635,830
Non-current liabilities:				
Compensated absences	144,954	28,741	28,746	202,441
Bonds payable	3,889,344	5,638,994	-	9,528,338
TMRS obligation	28,834	1,693	5,303	35,830
Total non-current liabilities	4,063,132	5,669,428	34,049	9,766,609
Total liabilities	6,092,693	6,094,805	214,941	12,402,439
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	45,766,506	7,398,516	360,238	53,525,260
Unrestricted	8,042,948	3,012,975	1,220,800	12,276,723
Total net assets	\$ 53,809,454	\$ 10,411,491	\$ 1,581,038	\$ 65,801,983

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

**City of DeSoto, Texas**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2009**

	<u>Business-type Activities-Enterprise Funds</u>			
	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Sanitation</u>	<u>Total</u>
<b>REVENUES</b>				
Charges for services	\$ 13,704,524	\$ 1,446,462	\$ 2,880,996	\$ 18,031,982
Miscellaneous	331,920	550	-	332,470
Total operating revenues	<u>14,036,444</u>	<u>1,447,012</u>	<u>2,880,996</u>	<u>18,364,452</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,492,498	83,930	270,284	1,846,712
Water supply	3,522,320	-	-	3,522,320
Wastewater treatment	2,849,550	-	-	2,849,550
Refuse collection expenses	-	-	1,886,991	1,886,991
Administrative charges	1,444,272	102,673	500,000	2,046,945
Contractual services	161,151	13,506	37,584	212,241
Utilities	16,524	-	273	16,797
Repairs and maintenance	568,054	39,625	114,248	721,927
Other supplies and expenses	192,497	11,457	36,539	240,493
Insurance claims and expenses	12,503	-	-	12,503
Depreciation	2,272,400	585,579	38,037	2,896,016
Total Operating Expenses	<u>12,531,769</u>	<u>836,770</u>	<u>2,883,956</u>	<u>16,252,495</u>
Operating income (loss)	<u>1,504,675</u>	<u>610,242</u>	<u>(2,960)</u>	<u>2,111,957</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	24,915	17,147	13,612	55,674
Miscellaneous revenue	30,208	-	-	30,208
Interest expense	(55,402)	(350,938)	(5,575)	(411,915)
Miscellaneous expenses	(24,397)	-	-	(24,397)
Total non-operating revenue (expenses)	<u>(24,676)</u>	<u>(333,791)</u>	<u>8,037</u>	<u>(350,430)</u>
Income (loss) before contributions and transfers	1,479,999	276,451	5,077	1,761,527
Capital contributions	-	104,877	-	104,877
Transfers out	(1,277,550)	(1,003)	-	(1,278,553)
Change in net assets	202,449	380,325	5,077	587,851
Total net assets - beginning	53,738,729	11,228,713	1,575,961	66,543,403
Prior period adjustment	(131,724)	(1,197,547)	-	(1,329,271)
Total net assets - ending	<u>\$ 53,809,454</u>	<u>\$ 10,411,491</u>	<u>\$ 1,581,038</u>	<u>\$ 65,801,983</u>

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

**City of DeSoto**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2009**

	<b>Business-type Activities-- Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Drainage</b>	<b>Sanitation</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 14,110,134	\$ 1,437,002	\$ 2,953,377	\$ 18,500,513
Payments to Suppliers	(8,413,890)	(261,635)	(2,571,788)	(11,247,313)
Payments to Employees	(1,470,333)	(79,708)	(265,529)	(1,815,570)
<b>Net Cash Provided by Operating Activities</b>	<b>4,225,911</b>	<b>1,095,659</b>	<b>116,060</b>	<b>5,437,630</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Cash received for miscellaneous items	30,208	-	-	30,208
Cash paid for nonoperating activities	(24,397)	-	-	(24,397)
Transfers Out to Other Funds	(1,277,550)	(1,003)	-	(1,278,553)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,271,739)</b>	<b>(1,003)</b>	<b>-</b>	<b>(1,272,742)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Property, Plant and Equipment	(1,105,365)	(317,352)	(21,016)	(1,443,733)
Proceeds from Bond Sales, Net of Issuance Costs	3,866,833	118,822	-	3,985,655
Principal Paid on Long-Term Debt	(64,498)	(253,184)	-	(317,682)
Interest Paid on Long-Term Obligations	(36,788)	(351,123)	(5,575)	(393,486)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>2,660,182</b>	<b>(802,837)</b>	<b>(26,591)</b>	<b>1,830,754</b>
<b>Cash Flows from Investing Activities:</b>				
Interest Income Received	24,915	17,147	13,612	55,674
<b>Net Cash Provided by Investing Activities</b>	<b>24,915</b>	<b>17,147</b>	<b>13,612</b>	<b>55,674</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>5,639,269</b>	<b>308,966</b>	<b>103,081</b>	<b>6,051,316</b>
Cash and Cash Equivalents, Beginning of Year	2,485,951	2,478,284	1,072,263	6,036,498
Cash and Cash Equivalents, End of Year	<u>\$ 8,125,220</u>	<u>\$ 2,787,250</u>	<u>\$ 1,175,344</u>	<u>\$ 12,087,814</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
<b>Operating Income</b>	<b>\$ 1,504,675</b>	<b>\$ 610,242</b>	<b>\$ (2,960)</b>	<b>\$ 2,111,957</b>
<b>Adjustments Not Affecting Cash:</b>				
Depreciation	2,272,400	585,579	38,037	2,896,016
<b>Change in Assets and Liabilities:</b>				
Decrease (Increase) in Grants, Accounts and Other Receivables	12,075	(10,010)	72,381	74,446
Decrease (Increase) in Inventory	(2,251)	-	-	(2,251)
Increase (Decrease) in Accounts and Contracts Payable	322,176	(96,208)	31,286	257,254
Increase in Water Meter Deposits	61,615	-	-	61,615
Increase (Decrease) in Accrued Liabilities	33,920	1,870	(27,247)	8,543
Increase in Compensated Absences	21,301	4,186	4,563	30,050
<b>Total Adjustments</b>	<b>2,721,236</b>	<b>485,417</b>	<b>119,020</b>	<b>3,325,673</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,225,911</b>	<b>\$ 1,095,659</b>	<b>\$ 116,060</b>	<b>\$ 5,437,630</b>

During the year, various developers made non-cash contributions of water, sewer and drainage infrastructure to the City of \$104,877.

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

**City of DeSoto, Texas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**September 30, 2009**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 959,258
Total assets	959,258
 <b>LIABILITIES</b>	
Due to Southwest Regional Communications Center	959,258
Total liabilities	\$ 959,258

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

# CITY OF DESOTO, TEXAS

## NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### Reporting Entity

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

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

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. 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. 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.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Reporting Entity (continued)

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. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

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

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

### Government-wide and fund financial statements

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

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

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

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government-wide and fund financial statements (continued)

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

The statement of activities reports the change in the City's net assets from October 01, 2008 to September 30, 2009. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function of City government. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues* in the statement of activities.

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

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

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

The City reports the following major governmental funds at September 30, 2009:

**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.

**Street Improvement Funds:** These funds account for the financing and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government-wide and fund financial statements (continued)

The City reports the following major proprietary funds at September 30, 2009:

**Water and Sewer 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 Water and Sewer 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 City 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.

### Measurement Focus/Basis of Accounting

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

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

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

Property taxes, sales tax revenue, franchise taxes, grants and interest income are considered to be susceptible to accrual. Licenses and permits, charges for services, and fines and forfeitures are recorded as revenue when received in cash, because they are generally not measurable and available until actually received. The deferred revenues account is utilized in governmental funds to record earned amounts which are unavailable to liquidate liabilities of the current period (i.e., not collectible within 60 days). When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus/Basis of Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operations are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

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

### Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1, and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2009, the City had a tax rate of \$.69973 per \$100, of which \$.48592 was allocated for general government, and \$.21381 was allocated for payment of principal and interest on general long-term debt.

### Investment Accounting Policy

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

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

(continued)

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## **Public Funds Investment Pools**

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

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

## **Receivables**

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2009.

## **Inventory**

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

## **Capital Assets**

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

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

Infrastructure, water and sewer system and water line replacements	10-50 years
Buildings	32 years
Equipment and furniture	3-10 years
Capital lease equipment	Shorter of 5 years or lease term

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Compensated Absences**

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

### **Long-Term Debt**

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

### **Transactions Between Funds**

Inter-fund 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 inter-fund transactions, except inter-fund services provided and used, are recorded as transfers.

### **Fund Balance Reserves**

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

(continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Reserves (continued)**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Street Improvement Fund</u>	<u>Non-major Governmental Funds</u>
Reserved for inventories	\$ 31,046	\$ -	\$ -	\$ -
Reserved for capital projects	-	-	13,656,098	3,354,542
Reserved for recreation and tourism	-	-	-	1,119,077
Reserved for community development	-	-	-	134,354
Reserved for public safety	-	-	-	816,122
Reserved for debt service	-	1,831,987	-	-
Reserved for advances	177,543	-	-	-
Reserved for note receivable- component unit	-	-	370,173	-
Reserved for other purposes	245,685	-	-	-
	<u>\$ 454,274</u>	<u>\$ 1,831,987</u>	<u>\$ 14,026,271</u>	<u>\$ 5,424,095</u>

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

The City follows these procedures in establishing its annual budget:

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

(continued)

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

### Budgetary Information (continued)

- 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 the fiscal year 2009.
- 8) The City Manager is authorized to adjust budget amounts; however, such revisions may not result in total budgeted expenditures (appropriations) in excess of budgeted revenues at the fund level without the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

### Deficit Fund Equity

The Energy Management special revenue fund had a deficit fund balance of \$296,834. This occurred because electricity and water utility expenditures were greater than anticipated due to the high cost of energy. Over time this fund will generate new cost savings and no longer run a deficit. The City anticipates transferring resources from other funds to eliminate the deficit.

## 3. CASH AND INVESTMENTS

**Deposits:** 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, 2009. At year-end, the carrying amount of the City's deposits was a balance of \$(71,160), primarily consisting of outstanding checks. The respective bank balances totaled \$361,340, of which \$273,380 was covered by the FDIC. The remainder was covered by collateral with a value of \$87,960. The collateral is held by Amegy Bank of Texas in the name of First National Bank in Edinburg pledged to the City of DeSoto.

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

(continued)

### 3. CASH AND INVESTMENTS (Continued)

**Investments:** The City's investments at September 30, 2009 are:

Description	Carrying Amount	Fair Value	Less than 1 Year	Weighted Average Maturity (Days)
MBIA (AAAm, 2a-7 like pool)	26,986,574	26,986,574	26,986,574	41
Texpool (AAAm, 2a-7 like pool)	14,760,581	14,760,581	14,760,581	44
Total	\$ 41,747,155	\$ 41,747,155	\$ 41,747,155	

**Component Units:** As of September 30, 2009, \$1,632,048 of the DEDC's \$2,384,636 deposit balance was collateralized with securities held by the pledging financial institution in the DEDC's name and \$750,000 was covered by FDIC insurance. The remaining balance, \$2,588 was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

**Investments:** The DPDC's investments at September 30, 2009 are:

	Fair Value	Less Than 1 Year	Weighted Average Maturity (Days)
Texpool (AAAm, 2a-7 like pool)	\$302,189	\$302,189	44

All the DPDC's investments at September 30, 2009 are maturing in less than one year and therefore there is no difference between the carrying amount and fair value.

**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 three years.

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

(continued)

### 3. CASH AND INVESTMENTS (Continued)

#### Interest Rate Risk (continued)

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

**Credit Risk:** In compliance with the City’s Investment Policy as of September 30, 2009, 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.

### 4. RECEIVABLES

Receivables at September 30, 2009 for the City’s individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	<u>General</u>	<u>Debt Service</u>	<u>Non-major Funds</u>	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Sanitation</u>	<u>Total</u>
Taxes	\$ 830,368	\$ 372,888	\$ -	\$ 2,070,890	\$ 178,085	\$ 274,229	<b>\$ 3,726,460</b>
Grants and Other Governments	42,073	-	59,182	-	-	-	<b>101,255</b>
Interest	-	-	-	-	-	-	<b>-</b>
Accounts and Other	4,622,310	7,397	113,419	-	-	-	<b>4,743,126</b>
Gross receivables	<u>5,494,751</u>	<u>380,285</u>	<u>172,601</u>	<u>2,070,890</u>	<u>178,085</u>	<u>274,229</u>	<b><u>8,570,841</u></b>
<i>Less allowance for uncollectibles</i>	<u>(2,188,098)</u>	<u>(37,290)</u>	<u>-</u>	<u>(69,834)</u>	<u>(6,154)</u>	<u>(13,832)</u>	<b><u>(2,315,208)</u></b>
Net Total Receivables	<u>\$ 3,306,653</u>	<u>\$ 342,995</u>	<u>\$ 172,601</u>	<u>\$ 2,001,056</u>	<u>\$ 171,931</u>	<u>\$ 260,397</u>	<b><u>\$ 6,255,633</u></b>

(continued)

#### 4. RECEIVABLES (Continued)

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

General fund-ad valorem tax receivable	\$ 635,805
General fund-capias warrants receivables	101,203
General fund-library	947
Debt service fund-ad valorem tax receivables	286,388
Nonmajor government fund-Hotel Occupancy tax	<u>37,000</u>
Deferred revenues - unavailable	<u>1,061,343</u>
General fund-Civic Center deposits	9,615
General fund-Pavillion deposits	150
General fund-Recreation deposits	33,050
General fund-Fire Dept. contributions	35,156
Non-major government fund-Corner Theater deposits	2,525
Non-major government fund-Police Dept.-Seized funds	<u>3,044</u>
Deferred revenues - unearned	<u>83,540</u>
Total Deferred Revenues	<u><u>\$ 1,144,883</u></u>

(continued)

## 5. CAPITAL ASSETS

A summary of the changes in capital assets for governmental activities for the fiscal year ended September 30, 2009 is as follows:

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
<b><u>Governmental Activities:</u></b>				
<b>Capital assets-not being depreciated:</b>				
Land	\$ 3,703,301	\$ -	\$ -	\$ 3,703,301
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	<u>18,535,946</u>	<u>3,451,117</u>	<u>(7,995,334)</u>	<u>13,991,729</u>
Total capital assets-not being depreciated	<u>36,312,196</u>	<u>3,451,117</u>	<u>(7,995,334)</u>	<u>31,767,979</u>
<b>Capital assets-being depreciated</b>				
Buildings	27,701,925	7,389,321	-	35,091,246
Infrastructure	139,636,327	6,544,729	(545,940)	145,635,116
Equipment and furniture	6,248,933	663,662	(579,792)	6,332,803
Capitalized leases	<u>2,299,244</u>	<u>43,983</u>	<u>(142,558)</u>	<u>2,200,669</u>
Total capital assets-being depreciated	<u>175,886,429</u>	<u>14,641,695</u>	<u>(1,268,290)</u>	<u>189,259,834</u>
<b>Less accumulated depreciation:</b>				
Buildings	6,808,557	782,884	(4)	7,591,437
Infrastructure	44,472,912	4,418,307	-	48,891,219
Equipment and furniture	4,537,660	651,248	(435,454)	4,753,454
Capitalized leases	<u>1,793,445</u>	<u>167,686</u>	<u>(112,593)</u>	<u>1,848,538</u>
Total accumulated depreciation	<u>57,612,574</u>	<u>6,020,125</u>	<u>(548,051)</u>	<u>63,084,648</u>
Total capital assets-being depreciated-net	<u>118,273,855</u>	<u>8,621,570</u>	<u>(720,239)</u>	<u>126,175,186</u>
<b>Governmental activities capital assets- net</b>	<b><u>\$ 154,586,051</u></b>	<b><u>\$ 12,072,687</u></b>	<b><u>\$ (8,715,573)</u></b>	<b><u>\$ 157,943,165</u></b>

(continued)

## 5. CAPITAL ASSETS (Continued)

<u>Total Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
<b>Capital assets-not being depreciated:</b>				
Land	\$ 945,186	\$ -	\$ -	\$ 945,186
Construction in progress	<u>4,336,816</u>	<u>342,407</u>	<u>3,968,910</u>	<u>710,313</u>
Total capital assets-not being depreciated	<u>5,282,002</u>	<u>342,407</u>	<u>3,968,910</u>	<u>1,655,499</u>
<b>Capital assets-being depreciated</b>				
Water line replacements	13,560,752	219,747	-	13,780,499
Drainage system	8,490,435	2,009,899	-	10,500,334
Water and sewer system	71,099,349	2,839,629	-	73,938,978
Improvements	8,950	-	-	8,950
Equipment acquired under capital lease	111,425	-	-	111,425
Equipment and furniture	<u>1,164,598</u>	<u>45,442</u>	<u>108,060</u>	<u>1,101,980</u>
Total capital assets-being depreciated	<u>94,435,509</u>	<u>5,114,717</u>	<u>108,060</u>	<u>99,442,166</u>
<b>Less accumulated depreciation:</b>				
Water line replacements	5,211,512	470,333	-	5,681,845
Drainage system	623,311	402,729	-	1,026,040
Water and sewer system	28,267,361	1,845,819	-	30,113,180
Improvements	5,374	895	-	6,269
Equipment acquired under capital lease	61,869	37,142	-	99,011
Equipment and furniture	<u>681,663</u>	<u>139,098</u>	<u>107,983</u>	<u>712,778</u>
Total accumulated depreciation	<u>34,851,090</u>	<u>2,896,016</u>	<u>107,983</u>	<u>37,639,123</u>
Total capital assets-being depreciated-net	<u>59,584,419</u>	<u>2,218,701</u>	<u>77</u>	<u>61,803,043</u>
<b>Total Business-type activities capital assets-net</b>	<u><b>\$ 64,866,421</b></u>	<u><b>\$ 2,561,108</b></u>	<u><b>\$ 3,968,987</b></u>	<u><b>\$ 63,458,542</b></u>

(continued)

## 5. CAPITAL ASSETS (Continued)

<b><u>Business-type Activities:</u></b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
<i>Water and Sewer Fund</i>				
<b>Capital assets-not being depreciated:</b>				
Land	\$ 283,902	\$ -	\$ -	\$ 283,902
Construction in progress	<u>2,300,289</u>	<u>98,443</u>	<u>1,948,614</u>	<u>450,118</u>
Total capital assets-not being depreciated	<u>2,584,191</u>	<u>98,443</u>	<u>1,948,614</u>	<u>734,020</u>
<b>Capital assets-being depreciated</b>				
Water line replacements	8,735,552	-	-	8,735,552
Water and sewer system	71,099,349	2,839,629	-	73,938,978
Equipment and furniture	<u>1,070,980</u>	<u>45,442</u>	<u>108,060</u>	<u>1,008,362</u>
Total capital assets-being depreciated	<u>80,905,881</u>	<u>2,885,071</u>	<u>108,060</u>	<u>83,682,892</u>
<b>Less accumulated depreciation:</b>				
Water line replacements	3,690,026	290,101	-	3,980,127
Water and sewer system	28,267,361	1,845,819	-	30,113,180
Equipment and furniture	<u>594,573</u>	<u>136,480</u>	<u>107,983</u>	<u>623,070</u>
Total accumulated depreciation	<u>32,551,960</u>	<u>2,272,400</u>	<u>107,983</u>	<u>34,716,377</u>
Total capital assets-being depreciated-net	<u>48,353,921</u>	<u>612,671</u>	<u>77</u>	<u>48,966,515</u>
<b>Water and sewer capital assets-net</b>	<b><u>\$ 50,938,112</u></b>	<b><u>\$ 711,114</u></b>	<b><u>\$ 1,948,691</u></b>	<b><u>\$ 49,700,535</u></b>

(continued)

## 5. CAPITAL ASSETS (Continued)

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
<i>Drainage</i>				
<b>Capital assets-not being depreciated:</b>				
Land	\$ 341,197	\$ -	\$ -	\$ 341,197
Construction in progress	<u>2,032,492</u>	<u>218,909</u>	<u>2,016,261</u>	<u>235,140</u>
Total capital assets-not being depreciated	<u>2,373,689</u>	<u>218,909</u>	<u>2,016,261</u>	<u>576,337</u>
<b>Capital assets-being depreciated</b>				
Water line replacements	4,825,200	219,747	-	5,044,947
Drainage systems	8,490,435	2,009,899	-	10,500,334
Equipment and furniture	<u>70,944</u>	<u>-</u>	<u>-</u>	<u>70,944</u>
Total capital assets-being depreciated	<u>13,386,579</u>	<u>2,229,646</u>	<u>-</u>	<u>15,616,225</u>
<b>Less accumulated depreciation:</b>				
Water line replacements	1,521,486	180,232	-	1,701,718
Drainage systems	623,311	402,729	-	1,026,040
Equipment and furniture	<u>64,417</u>	<u>2,618</u>	<u>-</u>	<u>67,035</u>
Total accumulated depreciation	<u>2,209,214</u>	<u>585,579</u>	<u>-</u>	<u>2,794,793</u>
Total capital assets-being depreciated-net	<u>11,177,365</u>	<u>1,644,067</u>	<u>-</u>	<u>12,821,432</u>
<b>Drainage capital assets-net</b>	<b><u>\$ 13,551,054</u></b>	<b><u>\$ 1,862,976</u></b>	<b><u>\$ 2,016,261</u></b>	<b><u>\$ 13,397,769</u></b>

(continued)

**5. CAPITAL ASSETS (Continued)**

<b><u>Business-type Activities:</u></b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
<i>Sanitation Fund</i>				
<b>Capital assets-not being depreciated:</b>				
Land	\$ 320,087	\$ -	\$ -	\$ 320,087
Construction in progress	<u>4,035</u>	<u>25,055</u>	<u>4,035</u>	<u>25,055</u>
Total capital assets-not being depreciated	<u>324,122</u>	<u>25,055</u>	<u>4,035</u>	<u>345,142</u>
<b>Capital assets-being depreciated</b>				
Equipment acquired under capital lease	111,425	-	-	111,425
Improvements	8,950	-	-	8,950
Equipment and furniture	<u>22,674</u>	<u>-</u>	<u>-</u>	<u>22,674</u>
Total capital assets-being depreciated	<u>143,049</u>	<u>-</u>	<u>-</u>	<u>143,049</u>
<b>Less accumulated depreciation:</b>				
Equipment acquired under capital lease	61,869	37,142	-	99,011
Improvements	5,374	895	-	6,269
Equipment and furniture	<u>22,673</u>	<u>-</u>	<u>-</u>	<u>22,673</u>
Total accumulated depreciation	<u>89,916</u>	<u>38,037</u>	<u>-</u>	<u>127,953</u>
Total capital assets-being depreciated-net	<u>53,133</u>	<u>(38,037)</u>	<u>-</u>	<u>15,096</u>
<b>Sanitation Fund capital assets-net</b>	<b><u>\$ 377,255</u></b>	<b><u>\$ (12,982)</u></b>	<b><u>\$ 4,035</u></b>	<b><u>\$ 360,238</u></b>

(continued)

## 5. CAPITAL ASSETS (Continued)

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

<u>Governmental activities:</u>		<u>Business-type activities</u>	
General government	\$ 701,265	Water and sewer	\$ 2,272,400
Public safety	791,089	Drainage	585,579
Development services	4,067,295	Sanitation	38,037
Parks and leisure services	367,510	Total business-type	<u>\$ 2,896,016</u>
Library Services	3,941		
Finance	83,364		
Information Technology	5,661		
Total governmental	<u>\$ 6,020,125</u>		

Future expenditures for capital projects will be funded from unexpended and undrawn bond proceeds. In 2003, \$32,275,000 of various General Obligation Bonds were authorized and \$28,625,000 have been issued as of September 30, 2009.

### Discretely Presented Component Units

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Capital assets-not being depreciated:</u></b>				
Land	\$ 11,250	\$ -	\$ -	\$ 11,250
Total capital assets-not being depreciated	<u>11,250</u>	<u>-</u>	<u>-</u>	<u>11,250</u>
<b><u>Capital assets-being depreciated</u></b>				
Improvements	5,324,529	-	-	5,324,529
Total capital assets-being depreciated	<u>5,324,529</u>	<u>-</u>	<u>-</u>	<u>5,324,529</u>
<b><u>Less accumulated depreciation:</u></b>				
Improvements	1,969,203	150,707	-	2,119,910
Total accumulated depreciation	<u>1,969,203</u>	<u>150,707</u>	<u>-</u>	<u>2,119,910</u>
Total capital assets-being depreciated-net	<u>3,355,326</u>	<u>(150,707)</u>	<u>-</u>	<u>3,204,619</u>
<b>Capital assets-net</b>	<b><u>\$ 3,366,576</u></b>	<b><u>\$ (150,707)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,215,869</u></b>

Depreciation expense was \$150,707.

(continued)

**5. CAPITAL ASSETS (Continued)**

**Discretely Presented Component Units (continued)**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Capital assets-being depreciated</u></b>				
Furniture, Fixture and Equipment	\$ 69,879	\$ -	\$ -	\$ 69,879
Total capital assets-being depreciated	69,879	-	-	69,879
<b><u>Less accumulated depreciation:</u></b>				
Furniture, Fixture and Equipment	69,879	-	-	69,879
Total accumulated depreciation	69,879	-	-	69,879
<b>Total capital assets-being depreciated- net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Construction Commitments**

The City has active construction projects as of September 30, 2009. At year-end the government's commitments with contractors for specific projects are as follows:

Street Improvements	\$3,757,899
Drainage	120,467
Water & Sewer	517,229
Sidewalks	34,175
<b>Total Commitments</b>	<b><u>\$4,429,770</u></b>

(continued)

## 6. LONG-TERM LIABILITIES

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2009:

Governmental Activities	Balance	Increases	Decreases	Balance	Due Within One Year
	October 01, 2008			September 30, 2009	
General obligation bonds	\$ 63,703,255	\$ 9,035,000	\$ 11,336,694	\$ 61,401,561	\$ 3,036,338
Certificates of obligation	19,923,459	5,070,000	2,515,000	22,478,459	805,000
Accreted interest	325,326	52,658	-	377,984	-
Note payable	1,482,689	-	190,837	1,291,852	196,748
Loss on bond refunding	(1,085,782)	(106,298)	81,884	(1,110,196)	
Bond premium	1,515,820	355,992	107,909	1,763,903	-
Capital leases	385,071	43,983	138,758	290,296	102,055
Compensated absences	3,777,772	390,984	14,807	4,153,949	214,840
Arbitrage liability	-	110,094	-	110,094	
TMRS obligation	-	409,823	-	409,823	
<b>Total</b>	<b>\$ 90,027,610</b>	<b>\$ 15,362,236</b>	<b>\$ 14,385,889</b>	<b>\$ 91,167,725</b>	<b>\$ 4,354,981</b>

Business Type Activities	Balance	Increases	Decreases	Balance	Due Within One Year
	October 01, 2008			September 30, 2009	
Certificates of obligation	\$ 4,920,000	\$ 3,800,000	\$ 220,000	\$ 8,500,000	\$ 240,000
2003 GO Refunding Bonds	-	157,180	64,498	92,682	44,715
2005 GO Refunding Bonds	-	1,241,451	26,974	1,214,477	115,790
2009 GO Refunding Bonds	-	75,746	6,210	69,536	3,157
Bond premium	14,756	42,154	1,605	55,305	-
Compensated absences	172,384	30,057	-	202,441	-
TMRS obligation	-	35,830	-	35,830	-
<b>Total</b>	<b>\$ 5,107,140</b>	<b>\$ 5,382,418</b>	<b>\$ 319,287</b>	<b>\$ 10,170,271</b>	<b>\$ 403,662</b>

For governmental activities, the TMRS obligation and compensated absences are generally liquidated by the general fund.

(continued)

## 6. LONG-TERM LIABILITIES (Continued)

	Balance			Balance	
	October 01, 2008	Increases	Decreases	September 30, 2009	Due Within One Year
<b><u>Water and Sewer Fund</u></b>					
2009 CO Tax and Revenue	\$ -	\$ 3,800,000	\$ -	\$ 3,800,000	\$ -
2003 GO Refunding Bonds	-	157,180	64,498	92,682	44,715
Bond premium	-	42,154	777	41,377	-
Compensated absences	123,651	21,303	-	144,954	-
TMRS obligation	-	28,834	-	28,834	-
Total	\$ 123,651	\$ 4,049,471	\$ 65,275	\$ 4,107,847	\$ 44,715

	Balance			Balance	
	October 01, 2008	Increases	Decreases	September 30, 2009	Due Within One Year
<b><u>Drainage Fund</u></b>					
Certificates of obligation	\$ 4,920,000	\$ -	\$ 220,000	\$ 4,700,000	\$ 240,000
2005 GO Refunding Bonds	-	1,241,451	26,974	1,214,477	115,790
2009 GO Refunding Bonds	-	75,746	6,210	69,536	3,157
Bond premium	14,756	-	828	13,928	-
Compensated absences	24,555	4,186	-	28,741	-
TMRS obligation	-	1,693	-	1,693	-
Total	\$ 4,959,311	\$ 1,323,076	\$ 254,012	\$ 6,026,682	\$ 358,947

	Balance			Balance	
	October 01, 2008	Increases	Decreases	September 30, 2009	Due Within One Year
<b><u>Sanitation Fund</u></b>					
Compensated absences	\$ 24,178	\$ 4,568	\$ -	\$ 28,746	\$ -
TMRS obligation	-	5,303	-	5,303	-
Total	\$ 24,178	\$ 9,871	\$ -	\$ 34,049	\$ -

(continued)

## 6. LONG-TERM LIABILITIES (Continued)

Component Units	Balance			Balance September 30, 2009	Due Within One Year
	October 01, 2008	Increases	Decreases		
<b><u>DPDC</u></b>					
Sales Tax Revenue Bonds	2,170,000	-	105,000	2,065,000	110,000
Total	\$ 2,170,000	\$ -	\$ 105,000	\$ 2,065,000	\$ 110,000
<b><u>DEDC</u></b>					
Sales tax revenue bonds	\$ 3,085,000	\$ -	\$ 135,000	\$ 2,950,000	\$ 140,000
Note to City of DeSoto	380,444	-	10,271	370,173	10,682
Total	\$ 3,465,444	\$ -	\$ 145,271	\$ 3,320,173	\$ 150,682

General obligation bonds, revenue bonds, certificates of obligation, and notes payable outstanding at September 30, 2009, consist of the following individual issues:

<b>Governmental Activities:</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Outstanding</b>	<b>Due Within One Year</b>
<b><u>General Obligation Bonds</u></b>				
2000 General Obligation	4.375%-6.07%	2/15/2020	\$ 168,256	\$ -
2001 General Obligation	5.125%-6.375%	2/15/2021	2,965,000	-
2002 General Obligation	4.25%-6.25%	2/15/2022	1,715,000	110,000
2003 Refunding	3.0%-3.625%	2/15/2011	1,617,318	780,285
2004 General Obligation	3.0%-4.50%	2/15/2024	3,195,000	175,000
2005 Refunding and Improvement	3.0%-5.0%	2/15/2025	25,640,523	919,210
2006 General Obligation	3.750%-4.25%	2/15/2026	6,685,000	295,000
2007 General Obligation	4.0%-4.375%	2/15/2027	5,735,000	220,000
2008 General Obligation	3.25%-4.0%	2/15/2028	4,715,000	180,000
2009 General Obligation and Refunding	3.0%-4.5%	2/15/2029	8,965,464	356,843
Total General Obligation Bonds			61,401,561	3,036,338

(continued)

## 6. LONG-TERM LIABILITIES (Continued)

<b>Governmental Activities:</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Outstanding</b>	<b>Due Within One Year</b>
<b><u>Certificate of Obligation</u></b>				
2000 Tax and Revenue	4.375%-6.07%	2/15/2020	\$ 423,459	\$ -
2001 Tax and Revenue	4.55-5.50%	2/15/2022	2,690,000	175,000
2002 Tax and Revenue	4.25%-5.25%	2/15/2022	3,280,000	205,000
2003 Tax and Revenue	3.0%-4.75%	2/15/2023	520,000	30,000
2005 Tax and Revenue	3.0%-4.5%	2/15/2025	430,000	20,000
2006 Tax and Revenue	3.750%-4.25%	2/15/2027	470,000	20,000
2007 Tax and Revenue	4.0%-4.375%	2/15/2027	2,025,000	80,000
2007A Tax and Revenue (Tax Exempt)	4.0%-4.25%	2/15/2027	3,870,000	150,000
2007A Tax and Revenue (Taxable)	4.0%-4.5%	2/15/2027	2,925,000	95,000
2008 Tax and Revenue	2.8%-4.0%	2/15/2028	775,000	30,000
2009 Tax and Revenue	3.0%-4.5%	2/15/2029	5,070,000	-
Total Certificates of Obligation			22,478,459	805,000
<b>Total Bonds and Certificates</b>			83,880,020	3,841,338
Notes Payable	3.00%	8/31/2015	1,291,852	196,748
<b>Total Governmental Activities</b>			<b>\$ 85,171,872</b>	<b>\$ 4,038,086</b>

<b>Business-type Activities:</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Outstanding</b>	<b>Due Within One Year</b>
<b><i>Drainage</i></b>				
<b><u>Certificates of Obligation</u></b>				
2002 Tax and Revenue	4.25%-5.25%	2/15/2022	\$ 780,000	\$ 45,000
2003 Tax and Revenue	3.0%-4.75%	2/15/2023	815,000	45,000
2004 Tax and Revenue	3.0%-4.50%	2/15/2024	850,000	45,000
2005 Tax and Revenue	3.0%-4.50%	2/15/2025	435,000	20,000
2005 Meadows Bridge	3.0%-4.50%	2/15/2025	875,000	40,000
2006 Tax and Revenue	3.750%-4.25%	2/15/2027	945,000	45,000
2005 Refunding Bonds	3.0%-5.0%	2/15/2029	1,214,477	115,790
2009 Refunding Bonds	3.0%-4.5%	2/15/2029	69,536	3,157
<i>Drainage Total</i>			5,984,013	358,947
<b><i>Water and Sewer</i></b>				
<b><u>Certificates of Obligation</u></b>				
2009 Tax and Revenue	3.0%-4.5%	2/15/2029	3,800,000	-
2003 Refunding Bonds	3.0-3.625%	2/15/2011	92,682	44,715
<i>Water and Sewer Total</i>			3,892,682	44,715
<b>Total Business-type Activities</b>			<b>\$ 9,876,695</b>	<b>\$ 403,662</b>

(continued)

**6. LONG-TERM LIABILITIES (Continued)**

The annual requirements to amortize the long-term debt as of September 30, 2009, are as follows:

Fiscal Year	<u>Governmental Activities</u>				<u>Business Type Activities</u>	
	<i>Bonds</i>		<i>Notes Payable</i>		<i>Bonds</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 3,841,338	\$ 3,509,255	\$ 196,748	\$ 40,744	\$ 403,662	\$ 482,715
2011	4,523,599	3,379,872	203,064	33,754	486,409	466,223
2012	4,746,642	3,339,248	213,114	24,379	551,499	445,590
2013	5,004,807	3,154,270	219,579	17,913	640,489	420,872
2014	5,240,060	2,952,614	226,241	11,251	678,208	393,749
2015-2019	28,934,802	10,444,084	233,106	1,387	2,805,198	1,282,180
2020-2024	22,961,838	4,112,998	-	-	2,703,162	637,343
2025-2029	8,626,934	668,649	-	-	1,608,068	163,721
<b>Total</b>	<b>\$ 83,880,020</b>	<b>\$ 31,560,990</b>	<b>\$ 1,291,852</b>	<b>\$ 129,428</b>	<b>\$ 9,876,695</b>	<b>\$ 4,292,393</b>

The annual requirements to amortize the long-term debt for component units as of September 30, 2009 are as follows:

Fiscal Year	<u>DPDC</u>		<u>DEDC</u>	
	<i>Bonds</i>		<i>Bonds</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 110,000	\$ 105,148	\$ 150,682	\$ 151,266
2011	115,000	99,578	177,938	144,177
2012	120,000	93,703	226,076	135,063
2013	130,000	87,388	235,596	124,370
2014	140,000	80,468	250,115	112,988
2015-2019	825,000	281,515	1,064,766	404,591
2020-2024	625,000	51,493	1,215,000	150,174
<b>Total</b>	<b>\$ 2,065,000</b>	<b>\$ 799,293</b>	<b>\$ 3,320,173</b>	<b>\$ 1,222,629</b>

(continued)

## 6. LONG-TERM LIABILITIES (Continued)

DEDC grant commitments are scheduled as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2010	909,646
2011	604,646
2012	206,600
2013	206,600
2014-2018	<u>739,600</u>
Total	<u>\$ 2,667,092</u>

In 2009 the City issued \$8,870,000 in tax exempt certificates of obligation (series 2009), with interest rates ranging from 3.0% to 4.5%. These bonds are recorded as general government debt. The proceeds from the sale of the tax exempt certificates of obligation will be used for the purpose of constructing and improving streets within the City, improving and extending the City's waterworks and sewer system, and professional services. The City also issued \$9,035,000 in tax exempt general obligation bonds (series 2009), with interest rates ranging from 3.0% to 4.5%. These bonds are recorded as general government debt. The proceeds from the sale of the tax exempt general obligation bonds will be used to improve and reconstruct streets within the City, including related storm drainage improvements, traffic signalization and lighting, sidewalk improvements, and refunding a portion of the City's outstanding debt. The 2009 series general obligation and certificates of obligation bonds are both recorded as general government debt.

### **Bond Refunding**

On April 21, 2009, the City issued \$9,035,000 of General Obligation Refunding and Improvement Bonds, Series 2009. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments.

For the general obligation, a deposit of \$8,281,298 was made to the escrow account to provide for the current refunding of \$1,135,000 of the Series 1998 Combination Tax and Revenue Certificates of Obligation, and \$6,560,000 of the Series 1999 General Obligation Refunding and Improvement Bonds. These funds were placed in escrow until the call date of May 28, 2009, as stipulated in the old debt agreements. The current refunded bonds are considered legally defeased and the liability for these bonds has been removed. The reacquisition price exceeded the net carrying amount of the old debt by \$106,298. The City refunded the bonds to reduce its total debt service payments by \$603,699 and to obtain an economic gain of \$576,859 (present value). The book loss on this refunding was \$106,298.

### **Prior Year Bond Refundings**

In prior years, the City legally defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the City's financial statements. At September 30, 2009, \$11,923,658 of general obligation bonds originally defeased remain outstanding.

Payments on the Series 1984 bonds are subordinated payments to the Trinity River Authority (see Note 12).

### **Authorized, but Unissued**

At September 30, 2009, the City had authorized, but unissued \$2,650,000 of general obligation bonds.

(continued)

## 7. CAPITAL LEASES

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

### Governmental Activities

The cost of equipment is \$2,343,227, accumulated depreciation is \$1,848,538 and carrying value is \$494,689 as of September 30, 2009.

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, 2009:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2010	115,640
2011	72,573
2012	72,573
2013	60,448
Minimum lease payments	321,234
Less amount representing interest	30,438
Total Principal	<u>\$ 290,796</u>

(continued)

**8. INTERFUND PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2009, is as follows:

**Advance to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Fire Training Fund (Non-major governmental fund)	70,701
General	Replacement & Maintenance (Non-major governmental fund)	106,842
	Total	<u>\$ 177,543</u>

- The receivable from the Fire Training Fund was for funding the construction of a Fire training facility.
- The receivable from the Fire Replacement and Maintenance fund is for the replacement of equipment.
- The receivables to the General Fund from the FEMA Firefighters grant is for a temporary cash overdraft.

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Fire Grants (Non-major governmental fund)	10,000
General	Energy Management (Non-major governmental fund)	170,000
	Total	<u>\$ 180,000</u>

- The receivables to the General Fund from the FEMA Firefighters grant is for a temporary cash overdraft.
- The receivables to the General Fund from the Energy Management fund is for a temporary cash overdraft.

(continued)

**8. INTERFUND PAYABLES AND TRANSFERS (Continued)**

**Interfund transfers:**

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
General Fund	\$ 3,937,701	\$ 829,800
Debt Service Fund	-	479,676
Street Improvement Funds	6,597	647,415
Non-major governmental funds	472,558	3,738,518
Water and Sewer Fund	1,277,550	-
Drainage Fund	1,003	-
<b>Total</b>	<b>\$ 5,695,409</b>	<b>\$ 5,695,409</b>

The transfers were for the following purposes:

<u>Transfer from Fund/Purpose</u>	<u>Transfer to Fund</u>	<u>Amount</u>
<u>General fund:</u>		
To fund utility expenditures	Energy Management	\$ 1,534,461
To fund street improvements	Street Improvement Funds	647,415
To fund capital improvements	Capital Improvement Funds	59,481
Funding for maintenance and equipment replacement	Replacement and Maintenance	1,481,611
To fund 1/3 of regional jail expenditures	Regional Jail	214,733
		<u>3,937,701</u>
 <u>Street Improvement funds:</u>		
To close funds to debt service	Debt Service Fund	<u>6,597</u>
 <u>Non-major governmental funds:</u>		
Hotel Occupancy fund-for debt service expenditures	Debt Service Fund	135,083
Fire Training Fund- for debt service expenditures	Debt Service Fund	38,094
Recycling Fund-to transfer funds to general fund	General Fund	482
Park Improvement funds- to close funds to debt service	Debt Service Fund	2,290
Facility Improvement funds- to close funds debt service	Debt Service Fund	296,609
		<u>472,558</u>
 <u>Water &amp; Sewer Utility fund:</u>		
PILOT and Franchise fees to General fund	General Fund	829,317
For replacement & maintenance of equipment	Electronic Equipment Fund	58,629
To acquire replacement vehicles and equipment	Replacement and Maintenance Fund	58,200
To fund utility expenditures	Energy Management Fund	331,404
		<u>1,277,550</u>
 <u>Storm Drainage fund:</u>		
Funding for debt service expenditures	Debt Service Fund	<u>1,003</u>
<b>Total</b>		<b>\$ 5,695,409</b>

(continued)

## 9. RETIREMENT PLAN

### Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

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

### Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

(continued)

## 9. RETIREMENT PLAN (Continued)

### Contributions (continued)

	Fiscal Year		
	2009	2008	2007
Annual Required Contribution (ARC)	\$ 2,843,372	\$ 3,587,259	\$ 3,337,259
Interest on Net Pension Obligation	-	-	-
Adjustment to the ARC	-	-	-
Annual Pension Cost	2,843,372	3,587,259	3,337,259
Contributions Made	( 2,397,719)	( 3,587,259)	( 3,337,259)
Increase (Decrease) in Net Pension Obligation	445,653	-	-
Net Pension Obligation/(Asset), beginning of year	-	-	-
Net Pension Obligation/(Asset), ending of year	\$ <u>445,653</u>	\$ <u>-</u>	\$ <u>-</u>
Percentage of ARC Contributed	84.33%	100.00%	100.00%

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/08	12/31/07	12/31/06
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization	29 Years - Closed Period	30 Years - Closed Period	25 Years - Open Period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.1%	2.1%	N/A

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 43,573,138	\$ 64,922,111	\$ 21,348,973	67.12%	\$ 16,972,795	125.78%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

(continued)

## 10. POSTRETIREMENT BENEFITS

### Supplemental Death Benefits

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

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

### Contributions

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

#### Schedule of Contribution Rates

(Retiree-only portion of the rate)

<u>Plan/ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2007	0.03%	0.03%	100%
2008	0.03%	0.03%	100%
2009	0.02%	0.02%	100%

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

## 11. DEFERRED COMPENSATION PLAN

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

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

(continued)

## 12. COMMITMENTS AND CONTINGENCIES

### **Trinity River Authority of Texas**

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

Total payments made by the City under the contract amounted to \$3,396,892 for 2009. The payments are reflected in the accompanying statement of revenues, expenses and changes in fund net assets of the Water and Sewer Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Water and Sewer Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

### **State and Federal Programs**

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

### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2009, 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.

(continued)

## 12. COMMITMENTS AND CONTINGENCIES (Continued)

### Conduit Debt Obligations

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

A summary of outstanding conduit bonds by component unit at September 30, 2009, follows:

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

### DEDC

The DEDC signed an agreement with the City in fiscal year 1995 to pay semi-annual service installments to the City over a 20-year period when the City issues certain certificates of obligation (the "Certificates"). The City issued the Certificates in fiscal year 1996. The DEDC's portion of the Certificates is \$448,111 (\$370,172 principal and \$77,939 interest). The DEDC paid principal and interest totaling \$30,695 to the City in fiscal year 2009.

As of September 30, 2009, the DEDC had approved several grants totaling approximately \$909,646 payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City. Total long-term grant commitments as of September 30, 2009 are \$1,757,446.

### Other Contingencies

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

(continued)

### **13. JOINT VENTURES**

The Regional Dispatch Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During fiscal year 2009, the City contributed \$931,834 to the operations of the Center. The City has a one-third share in the equity of the Center, accounted for in the government wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2009 is \$1,073,457. The Center issues separate financial statements available from the City's Financial Department.

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2009, the City contributed \$99,627 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide statement of net assets. The value of the City's share in the equity of the facility as of September 30, 2009 is \$1,035,852.

The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P. O. Box 96, Cedar Hill, TX 75106-0096.

### **14. OTHER POST EMPLOYMENT BENEFITS**

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

### **15. PRIOR PERIOD ADJUSTMENTS**

The City did not record the tax accruals for 2008 in the General and Debt Service Funds. This resulted in an understatement of fund balances in these funds. The effect of the adjustment was to increase beginning fund balance by \$81,995 in the General Fund and \$42,338 in the Debt Service Fund.

In the Street Improvement Fund, the City recorded a note receivable as deferred revenue and had not accrued grant revenue for 2008. This resulted in an understatement of fund balances in these funds. The effect of the adjustment was to increase beginning fund balance by \$531,149.

The total debt that the Water and Sewer Fund, and the Drainage Fund support was not recorded in the respective funds and this resulted in an overstatement of net assets. The effect of the restatement was to decrease beginning net assets by \$131,724 and \$1,197,547 respectively.

Adjustments were made to the governmental statement of activities to properly classify debt paid by business-type activities, receivables not realized in 2008 and a restatement of capital assets. The net effect of these adjustments is an increase to beginning net assets of \$1,988,263.

(continued)

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **REQUIRED SUPPLEMENTARY INFORMATION**

**City of DeSoto**  
**Required Supplementary Information**  
**Schedule of Funding Progress for Participation in Texas Municipal Retirement System**  
**Year Ended September 30, 2009**  
**(Unaudited)**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/06	\$ 40,551,377	\$ 49,984,693	81.13%	\$ 9,433,316	\$ 14,885,217	63.37%
12/31/07	\$ 43,359,866	\$ 62,125,723	69.79%	\$ 18,765,857	\$ 16,332,537	114.90%
12/31/08	\$ 43,573,138	\$ 64,922,111	67.12%	\$ 21,348,973	\$ 16,972,795	125.78%

**NON-MAJOR GOVERNMENTAL FUNDS**

**City of DeSoto, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2009**

**Special Revenue Funds**

	<b>Regional Jail</b>	<b>Community Services Fund</b>	<b>Municipal Court Fund</b>	<b>Police - Seized Fund</b>	<b>Police-Grant Fund</b>	<b>Hotel Occupancy Fund</b>	<b>Nance Farm Fund</b>	<b>Youth Sports Fund</b>	<b>Recreation Revolving Fund</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 388,396	\$ 39,252	\$ 295,411	\$ 85,643	\$ 6,051	\$ 241,609	\$ 378,498	\$ 60,786	\$ 414,116
Receivables:									
Grants and other governments	-	-	-	-	41,791	-	-	-	-
Accounts and other	17,893	-	-	9,421	-	82,041	-	3,770	-
Total assets	<u>406,289</u>	<u>39,252</u>	<u>295,411</u>	<u>95,064</u>	<u>47,842</u>	<u>323,650</u>	<u>378,498</u>	<u>64,556</u>	<u>414,116</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	28,832	654	-	16,100	9,408	2,944	-	3,687	7,962
Accrued expenses and liabilities	17,318	-	998	-	-	305	-	457	6,863
Due to other funds	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	3,044	-	39,525	-	-	-
Total liabilities	<u>46,150</u>	<u>654</u>	<u>998</u>	<u>19,144</u>	<u>9,408</u>	<u>42,774</u>	<u>-</u>	<u>4,144</u>	<u>14,825</u>
Fund balances:									
Reserved for recreation and tourism	-	-	-	-	-	280,876	378,498	60,412	399,291
Reserved for community development		38,598							
Reserved for public safety	360,139	-	294,413	75,920	38,434	-	-	-	-
Unreserved									
Total fund balances (deficit)	<u>360,139</u>	<u>38,598</u>	<u>294,413</u>	<u>75,920</u>	<u>38,434</u>	<u>280,876</u>	<u>378,498</u>	<u>60,412</u>	<u>399,291</u>
Total liabilities and fund balances (deficit)	<u>\$ 406,289</u>	<u>\$ 39,252</u>	<u>\$ 295,411</u>	<u>\$ 95,064</u>	<u>\$ 47,842</u>	<u>\$ 323,650</u>	<u>\$ 378,498</u>	<u>\$ 64,556</u>	<u>\$ 414,116</u>

**City of DeSoto, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2009**

**Special Revenue Funds**

	<b>Fire Training Fund</b>	<b>Energy Management Fund</b>	<b>Lone Star Library Grant Fund</b>	<b>Health Facilities Development Corp.</b>	<b>Housing Finance Corp.</b>	<b>Industrial Development Authority</b>	<b>Fire Grant Fund</b>	<b>Library Fund</b>	<b>Total Special Revenue Funds</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 121,957	\$ 2,476	\$ 897	18,211	\$ 2,660	28,801	\$ 429	\$ 45,236	\$ 2,130,429
Receivables:									
Grants and other governments	-	-	-	-	-	-	17,391	-	59,182
Accounts and other	197	-	-	-	-	-	-	-	113,322
Total assets	<u>122,154</u>	<u>2,476</u>	<u>897</u>	<u>18,211</u>	<u>2,660</u>	<u>28,801</u>	<u>17,820</u>	<u>45,236</u>	<u>2,302,933</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	1,434	129,310	-	-	-	-	116	49	200,496
Accrued expenses and liabilities	10,507	-	-	-	-	-	-	-	36,448
Due to other funds	-	170,000	-	-	-	-	10,000	-	180,000
Advances from other funds	70,701	-	-	-	-	-	-	-	70,701
Deferred revenue	-	-	-	-	-	-	-	-	42,569
Total liabilities	<u>82,642</u>	<u>299,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,116</u>	<u>49</u>	<u>530,214</u>
Fund balances:									
Reserved for recreation and tourism	-	-	-	-	-	-	-	-	1,119,077
Reserved for community development			897	18,211	2,660	28,801		45,187	134,354
Reserved for public safety	39,512	-	-	-	-	-	7,704	-	816,122
Unreserved		(296,834)							(296,834)
Total fund balances (deficit)	<u>39,512</u>	<u>(296,834)</u>	<u>897</u>	<u>18,211</u>	<u>2,660</u>	<u>28,801</u>	<u>7,704</u>	<u>45,187</u>	<u>1,772,719</u>
Total liabilities and fund balances (deficit)	<u>\$ 122,154</u>	<u>\$ 2,476</u>	<u>\$ 897</u>	<u>\$ 18,211</u>	<u>\$ 2,660</u>	<u>\$ 28,801</u>	<u>\$ 17,820</u>	<u>\$ 45,236</u>	<u>\$ 2,302,933</u>

City of DeSoto, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2009

Capital Projects

	Replacement & Maintenance Fund	Parks Capital Improvement Fund	Public Facilities Capital Improvement Fund	Command Vehicle - Fire	Capital Deposit & Recycling Fund	Clock Tower Fund	Total Capital Projects Funds	Total Nonmajor Other Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,066,317	\$ 557,931	\$ 1,038,597	\$ 52,416	\$ -	\$ -	\$ 3,715,261	\$ 5,845,690
Receivables:								
Grants and other governments	-	-	-	-	-	-	-	59,182
Accounts and other	97	-	-	-	-	-	97	113,419
Total assets	<u>2,066,414</u>	<u>557,931</u>	<u>1,038,597</u>	<u>52,416</u>	<u>-</u>	<u>-</u>	<u>3,715,358</u>	<u>6,018,291</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	18,035	-	235,939	-	-	-	253,974	454,470
Accrued expenses and liabilities	-	-	-	-	-	-	-	36,448
Due to other funds	-	-	-	-	-	-	-	180,000
Advances from other funds	106,842	-	-	-	-	-	106,842	177,543
Deferred revenue	-	-	-	-	-	-	-	42,569
Total liabilities	<u>124,877</u>	<u>-</u>	<u>235,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,816</u>	<u>891,030</u>
Fund balances:								
Reserved for capital projects	1,941,537	557,931	802,658	52,416	-	-	3,354,542	3,354,542
Reserved for recreation and tourism	-	-	-	-	-	-	-	1,119,077
Reserved for community development	-	-	-	-	-	-	-	134,354
Reserved for public safety	-	-	-	-	-	-	-	816,122
Unreserved	-	-	-	-	-	-	-	(296,834)
Total fund balances	<u>1,941,537</u>	<u>557,931</u>	<u>802,658</u>	<u>52,416</u>	<u>-</u>	<u>-</u>	<u>3,354,542</u>	<u>5,127,261</u>
Total liabilities and fund balances	<u>\$ 2,066,414</u>	<u>\$ 557,931</u>	<u>\$ 1,038,597</u>	<u>\$ 52,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,715,358</u>	<u>\$ 6,018,291</u>

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

City of DeSoto, Texas

Combining Statement of Revenues,  
Expenditures and Changes in Fund  
Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2009

Special Revenue Funds

	Regional Jail	Community Services Fund	Municipal Court Fund	Police - Seized Fund	Police-Grant Fund	Hotel Occupancy Fund	Nance Farm Fund	Youth Sports Fund	Recreation Revolving Fund
<b>REVENUES</b>									
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,064	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	74,741	-	-	-	-	-	-
Intergovernmental	-	-	-	-	124,766	-	122,397	-	-
Charges for services	435,290	-	-	-	-	-	-	-	-
Investment earnings	2,679	206	2,453	501	298	1,405	1,045	-	2,714
Recreation revenue	-	9,518	-	-	-	-	-	195,102	324,061
Miscellaneous	28,562	8,760	-	33,373	-	30,241	-	-	293
Total revenues	466,531	18,484	77,194	33,874	125,064	436,710	123,442	195,102	327,068
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	224,334	-	-	-
Public Safety									
Police	561,735	6,087	-	13,011	247,079	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Development Services	-	-	-	-	-	-	-	-	-
Financial Services	-	-	37,141	-	-	-	-	-	-
Parks & Leisure Services	-	8,349	-	-	-	-	-	142,425	240,226
Public Library	-	-	-	-	-	-	-	-	-
Non-Departmental	14,776	1	-	-	-	-	-	-	-
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-
Capital Outlay	44,501	-	58,407	-	-	26,300	53,030	-	17,584
Total Expenditures	621,012	14,437	95,548	13,011	247,079	250,634	53,030	142,425	257,810
Excess (deficiency) of revenues over expenditures	(154,481)	4,047	(18,354)	20,863	(122,015)	186,076	70,412	52,677	69,258
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from capital leases	-	-	-	-	-	-	-	-	-
Transfers in	214,733	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(135,083)	-	-	-
Total other financing sources and uses	214,733	-	-	-	-	(135,083)	-	-	-
Net change in fund balances	60,252	4,047	(18,354)	20,863	(122,015)	50,993	70,412	52,677	69,258
Fund balances - beginning	299,887	34,551	312,767	55,057	160,449	229,883	308,086	7,735	330,033
Fund balances - ending	\$ 360,139	\$ 38,598	\$ 294,413	\$ 75,920	\$ 38,434	\$ 280,876	\$ 378,498	\$ 60,412	\$ 399,291

City of DeSoto, Texas

Combining Statement of Revenues,  
Expenditures and Changes in Fund  
Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2009

	Special Revenue Funds								
	Fire Training Fund	Energy Management Fund	Lone Star Library Grant Fund	Health Facilities Development Corp.	Housing Finance Corp.	Industrial Development Authority	Fire Grant Fund	Library Fund	Total Special Revenue Funds
<b>REVENUES</b>									
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,064
Fines and forfeitures	-	-	-	-	-	-	-	-	74,741
Intergovernmental	-	-	10,014	-	-	-	185,398	-	442,575
Charges for services	213,077	-	-	-	-	-	-	-	648,367
Investment earnings	455	8,612	33	151	144	237	-	343	21,276
Recreation revenue	-	-	-	-	-	-	-	-	528,681
Miscellaneous	-	-	-	-	518	2,051	-	6,301	110,099
Total revenues	213,532	8,612	10,047	151	662	2,288	185,398	6,644	2,230,803
<b>EXPENDITURES</b>									
Current:									
General government	-	340,283	-	-	27,525	51	-	-	592,193
Public Safety									
Police	-	-	-	-	-	-	-	-	827,912
Fire	143,406	-	-	-	-	-	143,841	-	287,247
Development Services	-	969,157	-	-	-	-	-	-	969,157
Financial Services	-	-	-	-	-	-	-	-	37,141
Parks & Leisure Services	-	303,785	-	-	-	-	-	-	694,785
Public Library	-	-	10,255	-	-	-	-	5,898	16,153
Non-Departmental	-	42,416	-	-	-	-	-	-	57,193
Debt Service									
Principal	-	190,837	-	-	-	-	-	-	190,837
Interest and other charges	3,307	46,656	-	-	-	-	-	-	49,963
Capital Outlay	-	-	-	-	-	-	-	-	199,822
Total Expenditures	146,713	1,893,134	10,255	-	27,525	51	143,841	5,898	3,922,403
Excess (deficiency) of revenues over expenditures	66,819	(1,884,522)	(208)	151	(26,863)	2,237	41,557	746	(1,691,600)
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from capital leases	-	-	-	-	-	-	-	-	-
Transfers in	-	1,865,864	-	-	-	-	-	-	2,080,597
Transfers out	(38,094)	-	-	-	-	-	-	-	(173,177)
Total other financing sources and uses	(38,094)	1,865,864	-	-	-	-	-	-	1,907,420
Net change in fund balances	28,725	(18,658)	(208)	151	(26,863)	2,237	41,557	746	215,820
Fund balances - beginning	10,787	(278,176)	1,105	18,060	29,523	26,564	(33,853)	44,441	1,556,899
Fund balances - ending	\$ 39,512	\$ (296,834)	\$ 897	\$ 18,211	\$ 2,660	\$ 28,801	\$ 7,704	\$ 45,187	\$ 1,772,719

**City of DeSoto, Texas**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund**  
**Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2009**

<b>Capital Project Funds</b>								
	<b>Replacement &amp; Maintenance Fund</b>	<b>Parks Capital Improvement Fund</b>	<b>Public Facilities Capital Improvement Fund</b>	<b>Command Vehicle - Fire</b>	<b>Capital Deposit &amp; Recycling Fund</b>	<b>Clock Tower Fund</b>	<b>Total-Capital Project Funds</b>	<b>Total Other Nonmajor Governmental Funds</b>
<b>REVENUES</b>								
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 405,064
Fines and forfeitures	-	-	-	-	-	-	-	74,741
Intergovernmental	-	-	-	3,929	-	-	\$ 3,929	446,504
Charges for services	-	-	-	-	-	-	-	648,367
Investment earnings	28,353	5,796	42,331	19	1	148	76,648	97,924
Recreation revenue	-	-	-	-	-	-	-	528,681
Miscellaneous	-	120,000	-	49,000	-	-	169,000	279,099
Total revenues	<u>28,353</u>	<u>125,796</u>	<u>42,331</u>	<u>52,948</u>	<u>1</u>	<u>148</u>	<u>249,577</u>	<u>2,480,380</u>
<b>EXPENDITURES</b>								
Current:								
General government	291,424	-	-	-	-	-	291,424	883,617
Public Safety								
Police	107,769	-	-	-	-	-	107,769	935,681
Fire	61,277	-	-	532	-	-	61,809	349,056
Development Services	-	-	741	-	-	-	741	969,898
Financial Services	63,448	-	-	-	-	-	63,448	100,589
Parks & Leisure Services	18,323	-	-	-	-	-	18,323	713,108
Non-Departmental	31,525	-	-	-	-	-	31,525	88,718
Debt Service								
Principal	138,758	-	-	-	-	-	138,758	329,595
Interest and other charges	20,987	-	-	-	-	-	20,987	70,950
Capital Outlay	495,533	127,653	4,137,426	-	-	23,471	4,784,083	4,983,905
Total Expenditures	<u>1,229,044</u>	<u>127,653</u>	<u>4,138,167</u>	<u>532</u>	<u>-</u>	<u>23,471</u>	<u>5,518,867</u>	<u>9,425,117</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200,691)</u>	<u>(1,857)</u>	<u>(4,095,836)</u>	<u>52,416</u>	<u>1</u>	<u>(23,323)</u>	<u>(5,269,290)</u>	<u>(6,944,737)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from capital leases	43,983	-	-	-	-	-	43,983	43,983
Transfers in	1,598,441	-	59,480	-	-	-	1,657,921	3,738,518
Transfers out	-	(2,290)	(296,609)	-	(482)	-	(299,381)	(472,558)
Total other financing sources and uses	<u>1,642,424</u>	<u>(2,290)</u>	<u>(237,129)</u>	<u>-</u>	<u>(482)</u>	<u>-</u>	<u>1,402,523</u>	<u>3,309,943</u>
Net change in fund balances	441,733	(4,147)	(4,332,965)	52,416	(481)	(23,323)	(3,866,767)	(3,634,794)
Fund balances - beginning	<u>1,499,804</u>	<u>562,078</u>	<u>5,135,623</u>	<u>-</u>	<u>481</u>	<u>23,323</u>	<u>7,221,309</u>	<u>8,762,055</u>
Fund balances - ending	<u>\$ 1,941,537</u>	<u>\$ 557,931</u>	<u>\$ 802,658</u>	<u>\$ 52,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,354,542</u>	<u>\$ 5,127,261</u>

# **DEBT SERVICE**

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Debt Service Fund**

**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 6,559,814	\$ 6,559,814	\$ 6,638,199	\$ 78,385
Intergovernmental	257,126	257,126	257,126	-
Investment earnings	100,000	100,000	21,580	(78,420)
Miscellaneous	22,531	22,531	48,839	26,308
Total revenues	<u>6,939,471</u>	<u>6,939,471</u>	<u>6,965,744</u>	<u>26,273</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	4,520,000	4,520,000	4,202,318	317,682
Interest and other charges	3,903,191	3,903,191	3,717,752	185,439
Total Expenditures	<u>8,423,191</u>	<u>8,423,191</u>	<u>7,920,070</u>	<u>503,121</u>
Excess (deficiency) of revenues over expenditures	<u>(1,483,720)</u>	<u>(1,483,720)</u>	<u>(954,326)</u>	<u>529,394</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt, net	-	-	8,025,000	8,025,000
Bond Premium	-	-	266,381	266,381
Payment to escrow agent	-	-	(8,281,298)	8,281,298
Transfers in	838,046	838,046	479,676	(358,370)
Total other financing sources and uses	<u>838,046</u>	<u>838,046</u>	<u>489,759</u>	<u>8,189,309</u>
Net change in fund balances	(645,674)	(645,674)	(464,567)	181,107
Fund balances - beginning	<u>1,463,290</u>	<u>1,463,290</u>	<u>2,254,216</u>	<u>790,926</u>
Prior period adjustment	-	-	42,338	42,338
Fund balances - ending	<u>\$ 817,616</u>	<u>\$ 817,616</u>	<u>\$ 1,831,987</u>	<u>\$ 1,014,371</u>

# **STREET IMPROVEMENT FUNDS**

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Street Improvement Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 23,696	\$ 23,696
Investment earnings	241,450	241,450	124,757	(116,693)
Miscellaneous	-	-	12,000	12,000
Total revenues	<u>241,450</u>	<u>241,450</u>	<u>160,453</u>	<u>(80,997)</u>
<b>EXPENDITURES</b>				
Current:				
Development Services	-	-	5,292	(5,292)
Debt Service:				
Principal	-	-	134,202	(134,202)
Capital Outlay	8,468,000	8,468,000	4,067,259	4,400,741
Total Expenditures	<u>8,468,000</u>	<u>8,468,000</u>	<u>4,206,753</u>	<u>4,261,247</u>
Excess (deficiency) of revenues over expenditures	<u>(8,226,550)</u>	<u>(8,226,550)</u>	<u>(4,046,300)</u>	<u>4,180,250</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt, net	-	-	6,080,000	6,080,000
Bond Premium	-	-	89,611	89,611
Transfers in	647,415	647,415	647,415	-
Transfers out	-	-	(6,597)	(6,597)
Total other financing sources and uses	<u>647,415</u>	<u>647,415</u>	<u>6,810,429</u>	<u>83,014</u>
Net change in fund balances	(7,579,135)	(7,579,135)	2,764,129	10,343,264
Fund balances - beginning	<u>6,101,907</u>	<u>6,101,907</u>	<u>2,764,129</u>	<u>(3,337,778)</u>
Prior period adjustment	-	-	531,149	531,149
Fund balances - ending	<u>\$ (1,477,228)</u>	<u>\$ (1,477,228)</u>	<u>\$ 6,059,407</u>	<u>\$ 7,536,635</u>

# SPECIAL REVENUE FUNDS

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

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

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

**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 Funds** – 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 Funds** – To account for grants from the federal government to pay for police related expenses.

**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.

**Nance Farm** – To account for revenues and expenditures for the restoration of the Historic Nance Farm.

**Youth Sports Funds** – To account for the revenues and expenditures associated with the activities of the City's youth sports associations.

**Recreation Revolving Fund** – To account for recreation revenue that will provide for specific programs to be funded and expanded as funds become available.

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

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

**Lone Star Library Grant** – To account for grant funding and related expenditures to support general library purposes.

**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.

**Fire Grant Funds** – To account for grant funding and related expenditures to support fire operations.

**Library Fund** – To account for donations and fund raisers utilized for general operating purposes of the City's library.

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Regional Jail**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 429,466	\$ 429,466	\$ 435,290	\$ 5,824
Investment earnings	7,000	7,000	2,679	(4,321)
Miscellaneous	25,000	25,000	28,562	3,562
Total revenues	<u>461,466</u>	<u>461,466</u>	<u>466,531</u>	<u>5,065</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Non-Departmental	1	1	14,776	(14,775)
Capital Outlay	-	-	44,501	(44,501)
Total Expenditures	<u>1</u>	<u>1</u>	<u>59,277</u>	<u>(59,276)</u>
Excess (deficiency) of revenues over expenditures	<u>461,465</u>	<u>461,465</u>	<u>407,254</u>	<u>(54,211)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	214,733	214,733	214,733	-
Total other financing sources and uses	<u>214,733</u>	<u>214,733</u>	<u>214,733</u>	<u>-</u>
Net change in fund balances	676,198	676,198	621,987	(54,211)
Fund balances - beginning	<u>299,887</u>	<u>299,887</u>	<u>299,887</u>	<u>-</u>
Fund balances - ending	<u>\$ 976,085</u>	<u>\$ 976,085</u>	<u>\$ 921,874</u>	<u>\$ (54,211)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Community Services Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 400	\$ 400	\$ 206	\$ (194)
Recreation services	4,998	4,998	9,518	4,520
Miscellaneous	34,977	34,977	8,760	(26,217)
Total revenues	<u>40,375</u>	<u>40,375</u>	<u>18,484</u>	<u>(21,891)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	5,000	5,000	6,087	(1,087)
Parks & Leisure Services	27,810	27,810	8,349	19,461
Non-Departmental	-	-	1	(1)
Total Expenditures	<u>32,810</u>	<u>32,810</u>	<u>14,437</u>	<u>18,373</u>
Excess (deficiency) of revenues over expenditures	7,565	7,565	4,047	(3,518)
Fund balances - beginning	<u>34,164</u>	<u>34,164</u>	<u>34,551</u>	<u>387</u>
Fund balances - ending	<u>\$ 41,729</u>	<u>\$ 41,729</u>	<u>\$ 38,598</u>	<u>\$ (3,131)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Municipal Court Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>REVENUES</b>				
Fees and fines	\$ 70,600	\$ 70,600	\$ 74,741	\$ 4,141
Investment earnings	11,000	11,000	2,453	(8,547)
Total revenues	<u>81,600</u>	<u>81,600</u>	<u>77,194</u>	<u>(4,406)</u>
<b>EXPENDITURES</b>				
Current:				
Financial Services	35,823	35,823	37,141	(1,318)
Capital Outlay	-	-	58,407	(58,407)
Total Expenditures	<u>35,823</u>	<u>35,823</u>	<u>95,548</u>	<u>(59,725)</u>
Excess (deficiency) of revenues over expenditures	45,777	45,777	(18,354)	(64,131)
 Fund balances - beginning	 <u>281,168</u>	 <u>281,168</u>	 <u>312,767</u>	 <u>31,599</u>
 Fund balances - ending	 <u>\$ 326,945</u>	 <u>\$ 326,945</u>	 <u>\$ 294,413</u>	 <u>\$ (32,532)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Police - Seized Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 2,100	\$ 2,100	\$ 501	\$ (1,599)
Miscellaneous	34,000	34,000	33,373	(627)
Total revenues	<u>36,100</u>	<u>36,100</u>	<u>33,874</u>	<u>(2,226)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	25,000	25,000	13,011	11,989
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>13,011</u>	<u>11,989</u>
Excess (deficiency) of revenues over expenditures	11,100	11,100	20,863	9,763
Fund balances - beginning	<u>36,222</u>	<u>36,222</u>	<u>55,057</u>	<u>18,835</u>
Fund balances - ending	<u>\$ 47,322</u>	<u>\$ 47,322</u>	<u>\$ 75,920</u>	<u>\$ 28,598</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Police-Grant Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 40,114	\$ 40,114	\$ 124,766	\$ 84,652
Investment earnings	1,000	1,000	298	(702)
Total revenues	<u>41,114</u>	<u>41,114</u>	<u>125,064</u>	<u>83,950</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	167,648	167,648	247,079	(79,431)
Total Expenditures	<u>167,648</u>	<u>167,648</u>	<u>247,079</u>	<u>(79,431)</u>
Excess (deficiency) of revenues over expenditures	(126,534)	(126,534)	(122,015)	4,519
Fund balances - beginning	<u>163,487</u>	<u>163,487</u>	<u>160,449</u>	<u>(3,038)</u>
Fund balances - ending	<u><u>\$ 36,953</u></u>	<u><u>\$ 36,953</u></u>	<u><u>\$ 38,434</u></u>	<u><u>\$ 1,481</u></u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Hotel Occupancy Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Mixed beverage tax	\$ 305,000	\$ 305,000	\$ 405,064	\$ 100,064
Investment earnings	3,000	3,000	1,405	(1,595)
Miscellaneous	34,206	34,206	30,241	(3,965)
Total revenues	<u>342,206</u>	<u>342,206</u>	<u>436,710</u>	<u>94,504</u>
<b>EXPENDITURES</b>				
Current:				
General government	249,750	249,750	224,334	25,416
Capital Outlay	-	-	26,300	(26,300)
Total Expenditures	<u>249,750</u>	<u>249,750</u>	<u>250,634</u>	<u>(884)</u>
Excess (deficiency) of revenues over expenditures	<u>92,456</u>	<u>92,456</u>	<u>186,076</u>	<u>93,620</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(135,083)	(135,083)	(135,083)	-
Total other financing sources and uses	<u>(135,083)</u>	<u>(135,083)</u>	<u>(135,083)</u>	<u>-</u>
Net change in fund balances	(42,627)	(42,627)	50,993	93,620
Fund balances - beginning	<u>63,590</u>	<u>63,590</u>	<u>229,883</u>	<u>166,293</u>
Fund balances - ending	<u>\$ 20,963</u>	<u>\$ 20,963</u>	<u>\$ 280,876</u>	<u>\$ 259,913</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Youth Sports Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Recreation services	\$ 152,393	\$ 152,393	\$ 195,102	\$ 42,709
Total revenues	<u>152,393</u>	<u>152,393</u>	<u>195,102</u>	<u>42,709</u>
<b>EXPENDITURES</b>				
Current:				
Parks & Leisure Services	138,037	138,037	142,425	(4,388)
Total Expenditures	<u>138,037</u>	<u>138,037</u>	<u>142,425</u>	<u>(4,388)</u>
Excess (deficiency) of revenues over expenditures	<u>14,356</u>	<u>14,356</u>	<u>52,677</u>	<u>38,321</u>
 Fund balances - beginning	 <u>12,240</u>	 <u>12,240</u>	 <u>-</u>	 <u>(12,240)</u>
Fund balances - ending	<u>\$ 26,596</u>	<u>\$ 26,596</u>	<u>\$ 52,677</u>	<u>\$ (50,561)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Recreation Revolving Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 10,000	\$ 10,000	\$ 2,714	\$ (7,286)
Recreation services	267,000	267,000	324,061	57,061
Miscellaneous	-	-	293	293
Total revenues	<u>277,000</u>	<u>277,000</u>	<u>327,068</u>	<u>50,068</u>
<b>EXPENDITURES</b>				
Current:				
Parks & Leisure Services	233,078	233,078	240,226	(7,148)
Capital Outlay	-	-	17,584	(17,584)
Total Expenditures	<u>233,078</u>	<u>233,078</u>	<u>257,810</u>	<u>(24,732)</u>
Excess (deficiency) of revenues over expenditures	<u>43,922</u>	<u>43,922</u>	<u>69,258</u>	<u>25,336</u>
 Fund balances - beginning	 <u>326,082</u>	 <u>326,082</u>	 <u>330,033</u>	 <u>3,951</u>
Fund balances - ending	<u>\$ 370,004</u>	<u>\$ 370,004</u>	<u>\$ 399,291</u>	<u>\$ 29,287</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Fire Training Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 172,800	\$ 172,800	\$ 213,077	\$ 40,277
Investment earnings	2,500	2,500	455	(2,045)
Miscellaneous	2,000	2,000	-	(2,000)
Total revenues	<u>177,300</u>	<u>177,300</u>	<u>213,532</u>	<u>36,232</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	142,775	142,775	143,406	(631)
Interest and other charges	-	-	3,307	(3,307)
Total Expenditures	<u>142,775</u>	<u>142,775</u>	<u>146,713</u>	<u>(3,938)</u>
Excess (deficiency) of revenues over expenditures	<u>34,525</u>	<u>34,525</u>	<u>66,819</u>	<u>32,294</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(48,699)	(48,699)	(38,094)	(10,605)
Total other financing sources and uses	<u>(48,699)</u>	<u>(48,699)</u>	<u>(38,094)</u>	<u>(10,605)</u>
Net change in fund balances	(14,174)	(14,174)	28,725	42,899
Fund balances - beginning	<u>84,081</u>	<u>84,081</u>	<u>10,787</u>	<u>(73,294)</u>
Fund balances - ending	<u>\$ 69,907</u>	<u>\$ 69,907</u>	<u>\$ 39,512</u>	<u>\$ (30,395)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Energy Management Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 29,000	\$ 29,000	\$ 8,612	\$ (20,388)
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>8,612</u>	<u>(20,388)</u>
<b>EXPENDITURES</b>				
Current:				
General government	418,000	418,000	340,283	77,717
Development Services	958,000	958,000	969,157	(11,157)
Parks & Leisure Services	257,000	257,000	303,785	(46,785)
Non-Departmental	29,357	29,357	42,416	(13,059)
Debt Service:				
Principal	176,800	176,800	190,837	(14,037)
Interest and other charges	57,168	57,168	46,656	10,512
Total Expenditures	<u>1,896,325</u>	<u>1,896,325</u>	<u>1,893,134</u>	<u>3,191</u>
Excess (deficiency) of revenues over expenditures	<u>(1,867,325)</u>	<u>(1,867,325)</u>	<u>(1,884,522)</u>	<u>(17,197)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,865,864</u>	<u>1,865,864</u>	<u>1,865,864</u>	<u>-</u>
Total other financing sources and uses	<u>1,865,864</u>	<u>1,865,864</u>	<u>1,865,864</u>	<u>-</u>
Net change in fund balances	(1,461)	(1,461)	(18,658)	(17,197)
Fund balances - beginning	<u>(251,754)</u>	<u>(251,754)</u>	<u>-</u>	<u>251,754</u>
Fund balances - ending	<u>\$ (253,215)</u>	<u>\$ (253,215)</u>	<u>\$ (18,658)</u>	<u>\$ 234,557</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Lone Star Library Grant Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 9,818	\$ 9,818	\$ 10,014	\$ 196
Investment earnings	200	200	33	(167)
Total revenues	<u>10,018</u>	<u>10,018</u>	<u>10,047</u>	<u>29</u>
<b>EXPENDITURES</b>				
Current:				
Public Library	9,818	9,818	10,255	(437)
Total Expenditures	<u>9,818</u>	<u>9,818</u>	<u>10,255</u>	<u>(437)</u>
Excess (deficiency) of revenues over expenditures	<u>200</u>	<u>200</u>	<u>(208)</u>	<u>(408)</u>
Fund balances - beginning	<u>1,816</u>	<u>1,816</u>	<u>1,105</u>	<u>(711)</u>
Fund balances - ending	<u>\$ 2,016</u>	<u>\$ 2,016</u>	<u>\$ 897</u>	<u>\$ (1,119)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Health Facilities Development Corp.**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 300	\$ 300	\$ 151	\$ (149)
Total revenues	<u>300</u>	<u>300</u>	<u>151</u>	<u>(149)</u>
<b>EXPENDITURES</b>				
Current:				
General government	100	100	-	100
Total Expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>200</u>	<u>200</u>	<u>151</u>	<u>(49)</u>
 Fund balances - beginning	 <u>17,997</u>	 <u>17,997</u>	 <u>-</u>	 <u>(17,997)</u>
Fund balances - ending	<u>\$ 18,197</u>	<u>\$ 18,197</u>	<u>\$ 151</u>	<u>\$ (18,046)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Housing Finance Corp.**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 600	\$ 600	\$ 144	\$ (456)
Miscellaneous	-	-	518	518
Total revenues	<u>600</u>	<u>600</u>	<u>662</u>	<u>62</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>27,500</u>	<u>27,500</u>	<u>27,525</u>	<u>(25)</u>
Total Expenditures	<u>27,500</u>	<u>27,500</u>	<u>27,525</u>	<u>(25)</u>
Excess (deficiency) of revenues over expenditures	<u>(26,900)</u>	<u>(26,900)</u>	<u>(26,863)</u>	<u>37</u>
 Fund balances - beginning	 <u>28,555</u>	 <u>28,555</u>	 <u>-</u>	 <u>(28,555)</u>
Fund balances - ending	<u>\$ 1,655</u>	<u>\$ 1,655</u>	<u>\$ (26,863)</u>	<u>\$ (28,592)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Industrial Development Authority**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 950	\$ 950	\$ 237	\$ (713)
Miscellaneous	-	-	2,051	2,051
Total revenues	<u>950</u>	<u>950</u>	<u>2,288</u>	<u>1,338</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>250</u>	<u>250</u>	<u>51</u>	<u>199</u>
Total Expenditures	<u>250</u>	<u>250</u>	<u>51</u>	<u>199</u>
Excess (deficiency) of revenues over expenditures	<u>700</u>	<u>700</u>	<u>2,237</u>	<u>1,537</u>
 Fund balances - beginning	 <u>25,255</u>	 <u>25,255</u>	 <u>-</u>	 <u>(25,255)</u>
 Fund balances - ending	 <u>\$ 25,955</u>	 <u>\$ 25,955</u>	 <u>\$ 2,237</u>	 <u>\$ (23,718)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Fire Grant Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 130,394	\$ 130,394	\$ 185,398	\$ 55,004
Total revenues	<u>130,394</u>	<u>130,394</u>	<u>185,398</u>	<u>55,004</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	130,394	130,394	143,841	(13,447)
Total Expenditures	<u>130,394</u>	<u>130,394</u>	<u>143,841</u>	<u>(13,447)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>41,557</u>	<u>41,557</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,557</u>	<u>\$ 41,557</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Library Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 343	\$ (1,157)
Miscellaneous	8,700	8,700	6,301	(2,399)
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>6,644</u>	<u>(3,556)</u>
<b>EXPENDITURES</b>				
Current:				
Public Library	7,000	7,000	5,898	1,102
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>5,898</u>	<u>1,102</u>
Excess (deficiency) of revenues over expenditures	<u>3,200</u>	<u>3,200</u>	<u>746</u>	<u>(2,454)</u>
Fund balances - beginning	<u>44,287</u>	<u>44,287</u>	<u>-</u>	<u>(44,287)</u>
Fund balances - ending	<u>\$ 47,487</u>	<u>\$ 47,487</u>	<u>\$ 746</u>	<u>\$ (46,741)</u>

# CAPITAL PROJECT FUNDS

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

*Replacement and Maintenance Funds* – To account for the acquisition and replacement of equipment for various City departments; as well as major facility maintenance for City facilities.

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

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

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

*Capital Deposit & Recycling Fund* – To account for the financing and construction costs of various projects within the City. Financing is provided by contributions.

*Clock Tower* – To account for donations received relating to the purchase or construction of a clock tower.

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Replacement & Maintenance Fund**  
**For the year ended September 30, 2009**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 64,800	\$ 64,800	\$ 28,353	\$ (36,447)
Total revenues	<u>64,800</u>	<u>64,800</u>	<u>28,353</u>	<u>(36,447)</u>
<b>EXPENDITURES</b>				
Current:				
General government	261,666	261,666	291,424	(29,758)
Public Safety	-	-	-	-
Financial Services	222,000	222,000	63,448	158,552
Parks & Leisure Services	20,000	20,000	18,323	1,677
Non-Departmental	-	-	31,525	(31,525)
Debt Service:				
Principal	326,000	326,000	138,758	187,242
Interest and other charges	-	-	20,987	(20,987)
Capital Outlay	613,900	613,900	495,533	118,367
Total Expenditures	<u>1,443,566</u>	<u>1,443,566</u>	<u>1,059,998</u>	<u>383,568</u>
Excess (deficiency) of revenues over expenditures	<u>(1,378,766)</u>	<u>(1,378,766)</u>	<u>(1,031,645)</u>	<u>347,121</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital leases	-	-	43,983	43,983
Transfers in	1,609,764	1,609,764	1,598,441	(11,323)
Transfers out	(37,320)	(37,320)	-	37,320
Total other financing sources and uses	<u>1,572,444</u>	<u>1,572,444</u>	<u>1,642,424</u>	<u>69,980</u>
Net change in fund balances	193,678	193,678	610,779	417,101
Fund balances - beginning	<u>1,542,930</u>	<u>1,542,930</u>	<u>1,499,804</u>	<u>(43,126)</u>
Fund balances - ending	<u>\$ 1,736,608</u>	<u>\$ 1,736,608</u>	<u>\$ 2,110,583</u>	<u>\$ 373,975</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Parks Capital Improvement Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 3,500	\$ 3,500	\$ 5,796	\$ 2,296
Miscellaneous	15,000	15,000	120,000	105,000
Total revenues	<u>18,500</u>	<u>18,500</u>	<u>125,796</u>	<u>107,296</u>
<b>EXPENDITURES</b>				
Capital Outlay	270,000	270,000	127,653	142,347
Total Expenditures	<u>270,000</u>	<u>270,000</u>	<u>127,653</u>	<u>142,347</u>
Excess (deficiency) of revenues over expenditures	<u>(251,500)</u>	<u>(251,500)</u>	<u>(1,857)</u>	<u>249,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(2,290)	(2,290)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(2,290)</u>	<u>(2,290)</u>
Net change in fund balances	(251,500)	(251,500)	(4,147)	247,353
Fund balances - beginning	<u>416,187</u>	<u>416,187</u>	<u>-</u>	<u>(416,187)</u>
Fund balances - ending	<u>\$ 164,687</u>	<u>\$ 164,687</u>	<u>\$ (4,147)</u>	<u>\$ (168,834)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Public Facilities Capital Improvement Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 40,500	\$ 40,500	\$ 42,331	\$ 1,831
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>42,331</u>	<u>1,831</u>
<b>EXPENDITURES</b>				
Current:				
Development Services	-	-	741	(741)
Capital Outlay	<u>3,654,738</u>	<u>3,654,738</u>	<u>4,137,426</u>	<u>(482,688)</u>
Total Expenditures	<u>3,654,738</u>	<u>3,654,738</u>	<u>4,138,167</u>	<u>(483,429)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,614,238)</u>	<u>(3,614,238)</u>	<u>(4,095,836)</u>	<u>(481,598)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	59,480	59,480
Transfers out	-	-	(296,609)	(296,609)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(237,129)</u>	<u>(237,129)</u>
Net change in fund balances	(3,614,238)	(3,614,238)	(4,332,965)	(718,727)
Fund balances - beginning	<u>4,182,215</u>	<u>4,182,215</u>	<u>-</u>	<u>(4,182,215)</u>
Fund balances - ending	<u>\$ 567,977</u>	<u>\$ 567,977</u>	<u>\$ (4,332,965)</u>	<u>\$ (4,900,942)</u>

**City of DeSoto, Texas**  
**SCHEDULE OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Clock Tower Fund**  
**For the year ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 650	\$ 650	\$ 148	\$ (502)
Total revenues	<u>650</u>	<u>650</u>	<u>148</u>	<u>(502)</u>
<b>EXPENDITURES</b>				
Capital Outlay	-	-	23,471	(23,471)
Total Expenditures	<u>-</u>	<u>-</u>	<u>23,471</u>	<u>(23,471)</u>
Excess (deficiency) of revenues over expenditures	<u>650</u>	<u>650</u>	<u>(23,323)</u>	<u>(23,973)</u>
Fund balances - beginning	<u>23,184</u>	<u>23,184</u>	<u>23,323</u>	<u>139</u>
Fund balances - ending	<u>\$ 23,834</u>	<u>\$ 23,834</u>	<u>\$ -</u>	<u>\$ (23,834)</u>

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# **AGENCY FUND**

**CITY OF DESOTO, TEXAS**

**STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<b><u>SOUTHWEST REGIONAL</u></b>				
<b><u>COMMUNICATIONS CENTER</u></b>				
Assets:				
Cash and cash equivalents	\$ <u>1,472,345</u>	\$ <u>2,944,498</u>	\$ <u>3,457,585</u>	\$ <u>959,258</u>
Total assets	\$ <u>1,472,345</u>	\$ <u>2,944,498</u>	\$ <u>3,457,585</u>	\$ <u>959,258</u>
Liabilities:				
Due to Southwest Regional Communications Center	\$ <u>1,472,345</u>	\$ <u>2,944,498</u>	\$ <u>3,457,585</u>	\$ <u>959,258</u>
Total liabilities	\$ <u>1,472,345</u>	\$ <u>2,944,498</u>	\$ <u>3,457,585</u>	\$ <u>959,258</u>

**DESOTO PARK DEVELOPMENT  
CORPORATION  
DISCRETELY PRESENTED  
COMPONENT UNIT**

**DeSoto Park Development Corporation**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2009**

**ASSETS**

Cash and cash equivalents	\$	302,189
Receivables, Taxes net		<u>77,669</u>
Total assets		<u><u>379,858</u></u>

**FUND BALANCES**

Fund balances:		
Reserved for:		
Debt service		59,858
Unreserved		<u>320,000</u>
Total fund balances	\$	<u><u>379,858</u></u>

**DeSoto Park Development Corporation**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**September 30, 2009**

Total fund balance, governmental funds \$ 379,858

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement. These consist of :

Land	\$ 11,250	
Improvements other than buildings	5,324,528	
Accumulated depreciation	<u>(2,119,909)</u>	
Total capital assets	<u>\$ 3,215,869</u>	3,215,869

Some liabilities, are not due and payable in the current period and are not included in the fund financial statement. These liabilities consist of:

Accrued interest payable	\$ 13,480	
Long-term debt	<u>2,065,000</u>	
Total long-term liabilities	<u>\$ 2,078,480</u>	(2,078,480)

Net Assets of Governmental Activities \$ 1,517,247

**DeSoto Park Development Corporation**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2009**

**REVENUES**

Sales and miscellaneous taxes	\$ 419,070
Investment earnings	2,431
Total revenues	<u>421,501</u>

**EXPENDITURES**

Current:	
Parks and Leisure Services	204,351
Debt Service:	
Principal	105,000
Interest and other charges	113,163
Total Expenditures	<u>422,514</u>
Excess (deficiency) of revenues over expenditures	(1,013)
Fund balances - beginning	<u>380,871</u>
Fund balances - ending	<u><u>\$ 379,858</u></u>

**DeSoto Park Development Corporation**  
**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, 2009**

Net change in fund balances - total governmental funds:	\$ (1,013)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation in the current period.</p>	(151,707)
<p>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:</p>	
Accrued interest not reflected on Governmental funds	630
Change in net assets of governmental activities	\$ (47,090)

**DESOTO**

**THIS PAGE LEFT BLANK INTENTIONALLY**

# 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.

<b>Contents</b>	<b>Page</b>
Financial Trends.....	114-118
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity .....	120-125
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity.....	126-129
These schedules present information to help the reader assess the affordability of the government’s current levels of ourstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information.....	130-130
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information.....	131-134
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 the activities it performs.	

**CITY OF DESOTO, TEXAS**  
**NET ASSETS BY COMPONENT - LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**  
**SEPTEMBER 30, 2009**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 72,273,595	\$ 72,469,145	\$ 82,336,139	\$ 83,437,503	\$ 88,778,833
Restricted	3,632,028	8,641,086	2,723,392	2,912,353	3,407,347
Unrestricted	<u>5,775,203</u>	<u>8,680,251</u>	<u>9,085,126</u>	<u>10,599,124</u>	<u>7,458,927</u>
Total governmental activities net assets	<u>81,680,826</u>	<u>89,790,482</u>	<u>94,144,657</u>	<u>96,948,980</u>	<u>99,645,107</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	45,250,643	51,541,923	58,520,397	59,931,665	53,525,260
Restricted	-	-	-	-	-
Unrestricted	<u>8,284,326</u>	<u>10,045,425</u>	<u>5,215,673</u>	<u>6,611,738</u>	<u>12,276,723</u>
Total business-type activities net assets	<u>53,534,969</u>	<u>61,587,348</u>	<u>63,736,070</u>	<u>66,543,403</u>	<u>65,801,983</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	117,524,238	124,011,068	140,856,536	143,369,168	142,304,093
Restricted	3,632,028	8,641,086	2,723,392	2,912,353	3,407,347
Unrestricted	<u>14,059,530</u>	<u>18,725,676</u>	<u>14,300,799</u>	<u>17,210,862</u>	<u>19,735,650</u>
Total primary government net assets	<u>\$ 135,215,796</u>	<u>\$ 151,377,830</u>	<u>\$ 157,880,727</u>	<u>\$ 163,492,383</u>	<u>\$ 165,447,090</u>

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

**CITY OF DESOTO, TEXAS**  
**CHANGES IN NET ASSETS - LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

(UNAUDITED)

SEPTEMBER 30, 2009

Expenses	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Governmental activities:</b>					
General Government	\$ 3,015,728	\$ 3,680,576	\$ 5,116,336	\$ 5,770,984	\$ 3,827,242
Public Safety	13,303,331	14,206,475	15,368,212	15,173,881	17,402,007
Development Services	6,237,838	6,657,838	8,389,388	7,927,578	7,523,025
Parks and Leisure Services	3,169,717	4,198,907	3,262,673	3,532,927	3,162,068
Library	709,381	761,034	847,492	876,249	933,378
Human Resources	318,279	310,097	336,085	369,265	213,452
Finance	1,247,847	1,208,137	1,192,832	1,258,242	777,635
Information Technology	535,177	569,664	602,759	600,339	328,417
Interest on long term debt	3,067,496	3,262,049	3,363,716	3,970,451	3,939,305
<b>Total governmental activities expenses</b>	<b>31,604,794</b>	<b>34,854,777</b>	<b>38,479,493</b>	<b>39,479,916</b>	<b>38,106,529</b>
<b>Business-type activities:</b>					
Water and sewer	11,127,247	12,034,001	12,185,402	12,656,844	12,611,568
Drainage	545,047	775,309	803,044	1,042,256	1,187,708
Sanitation	2,566,594	2,641,575	2,916,041	3,064,111	2,889,531
<b>Total business-type activities expenses</b>	<b>14,238,888</b>	<b>15,450,885</b>	<b>15,904,487</b>	<b>16,763,211</b>	<b>16,688,807</b>
<b>Total primary government expenses</b>	<b>45,843,682</b>	<b>50,305,662</b>	<b>54,383,980</b>	<b>56,243,127</b>	<b>54,795,336</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General Government	1,649,883	1,604,188	1,619,187	1,698,725	989,675
Public Safety	2,831,249	2,823,888	3,354,155	2,851,576	3,593,925
Development Services	1,121,560	940,001	1,086,307	645,532	448,877
Parks and Leisure Services	551,543	726,053	709,537	717,569	834,057
Library	40,966	45,753	45,023	47,864	51,333
Finance	3,150	4,749	-	-	518
Operating grants and contributions	1,093,302	1,462,364	896,598	842,032	1,088,561
Capital grants and contributions	3,822,649	5,157,461	2,040,813	1,765,753	23,696
<b>Total governmental activities program revenues</b>	<b>11,114,302</b>	<b>12,764,457</b>	<b>9,751,620</b>	<b>8,569,051</b>	<b>7,030,642</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water and sewer	12,565,490	16,350,648	12,579,614	13,808,696	14,036,444
Drainage	1,284,077	1,235,750	1,389,414	1,497,912	1,447,012
Sanitation	2,811,408	2,772,209	3,029,504	3,296,873	2,880,996
Capital grants and contributions	2,033,231	4,281,581	2,399,780	1,512,223	104,877
<b>Total business-type activities program revenues</b>	<b>18,694,206</b>	<b>24,640,188</b>	<b>19,398,312</b>	<b>20,115,704</b>	<b>18,469,329</b>
<b>Total primary government program revenues</b>	<b>29,808,508</b>	<b>37,404,645</b>	<b>29,149,932</b>	<b>28,684,755</b>	<b>25,499,971</b>
<b>Net (expense)/revenue</b>					
Governmental activities	(20,490,492)	(22,090,320)	(28,727,873)	(30,910,865)	(31,075,887)
Business-type activities	4,455,318	9,189,303	3,493,825	3,352,493	1,780,522
<b>Total primary government net expense</b>	<b>(16,035,174)</b>	<b>(12,901,017)</b>	<b>(25,234,048)</b>	<b>(27,558,372)</b>	<b>(29,295,365)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
<b>Taxes</b>					
General property taxes	16,971,307	18,748,137	20,479,714	22,051,523	21,562,536
Other local taxes	7,994,954	8,944,583	8,968,049	9,535,661	8,628,339
Interest income	523,957	1,259,291	1,857,677	1,434,605	314,323
Gain (loss) on sales of assets	178,272	-	-	-	-
Other	-	-	-	-	-
Transfers	572,183	1,487,965	1,708,085	693,399	1,278,553
<b>Total governmental activities</b>	<b>26,240,673</b>	<b>30,439,976</b>	<b>33,013,525</b>	<b>33,715,188</b>	<b>31,783,751</b>
<b>Business-type activities:</b>					
Interest income	186,284	351,041	362,982	148,239	55,674
Gain (loss) on sales of assets	(37,461)	-	-	-	-
Other	-	-	-	-	30,208
Transfers	(572,183)	(1,487,965)	(1,708,085)	(693,399)	(1,278,553)
<b>Total business-type activities</b>	<b>(423,360)</b>	<b>(1,136,924)</b>	<b>(1,345,103)</b>	<b>(545,160)</b>	<b>(1,192,671)</b>
<b>Total primary government</b>	<b>25,817,313</b>	<b>29,303,052</b>	<b>31,668,422</b>	<b>33,170,028</b>	<b>30,591,080</b>
<b>Change in Net Assets</b>					
Governmental activities	5,750,181	8,349,656	4,285,652	2,804,323	707,864
Business-type activities	4,031,958	8,052,379	2,148,722	2,807,333	587,851
<b>Total primary government net expense</b>	<b>\$ 9,782,139</b>	<b>\$ 16,402,035</b>	<b>\$ 6,434,374</b>	<b>\$ 5,611,656</b>	<b>\$ 1,295,715</b>

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

**CITY OF DESOTO, TEXAS**  
**GOVERNMENT ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST FIVE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

Fiscal Year	General Property Taxes	Sales Tax	Franchise Tax	Other Local Taxes	Total
2003	\$ 15,415,889	\$ 4,449,567	\$ 3,260,547	\$ 244,087	\$ 23,370,090
2004	\$ 15,915,124	\$ 4,479,320	\$ 3,182,732	\$ 226,425	\$ 23,803,601
2005	\$ 16,971,307	\$ 4,499,908	\$ 3,250,555	\$ 244,491	\$ 24,966,261
2006	\$ 18,748,137	\$ 4,680,468	\$ 3,848,098	\$ 416,017	\$ 27,692,720
2007	\$ 20,479,714	\$ 5,314,550	\$ 3,394,651	\$ 258,848	\$ 29,447,763
2008	\$ 22,051,523	\$ 5,802,926	\$ 3,336,906	\$ 395,829	\$ 31,587,184
2009	\$ 21,562,536	\$ 443,011	\$ 5,028,838	\$ 27,203	\$ 27,061,588

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

**CITY OF DESOTO, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**(UNAUDITED)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Fund:</b>										
Reserved	\$ 44,857	\$ 46,997	\$ 50,674	\$ 62,552	\$ 52,164	\$ 268,351	\$ 36,619	\$ 34,432	\$ 46,495	\$ 454,274
Unreserved	<u>3,727,534</u>	<u>4,181,804</u>	<u>4,755,789</u>	<u>4,665,093</u>	<u>5,171,857</u>	<u>6,255,230</u>	<u>7,066,881</u>	<u>6,780,425</u>	<u>6,853,977</u>	<u>7,157,520</u>
Total General Fund	<u>3,772,391</u>	<u>4,228,801</u>	<u>4,806,463</u>	<u>4,727,645</u>	<u>5,224,021</u>	<u>6,523,581</u>	<u>7,103,500</u>	<u>6,814,857</u>	<u>6,900,472</u>	<u>7,611,794</u>
<b>All Other Governmental Funds:</b>										
Reserved	2,468,995	13,649,500	10,559,600	7,817,595	8,664,063	13,633,702	18,715,559	28,452,022	22,030,806	21,282,353
Unreserved, reported in:										
Special revenue funds	-	-	-	(18,891)	-	20,261	(147,372)	(155,816)	(267,389)	(296,834)
Total all other governmental funds	<u>\$ 2,468,995</u>	<u>\$ 13,649,500</u>	<u>\$ 10,559,600</u>	<u>\$ 7,798,704</u>	<u>\$ 8,664,063</u>	<u>\$ 13,653,963</u>	<u>\$ 18,568,187</u>	<u>\$ 28,296,206</u>	<u>\$ 21,763,417</u>	<u>\$ 20,985,519</u>

**CITY OF DESOTO, TEXAS**  
**CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**(UNAUDITED)**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Revenues:</b>					
Taxes (Ad Valorem and Other)	\$ 18,031,209	\$ 19,023,668	\$ 20,589,037	22,391,270	\$ 23,860,427
Assessments	63,099	146,211	174,509	163,200	182,124
Charges for Services	1,030,091	1,069,327	1,255,662	1,019,276	1,107,287
Recreation	270,521	235,486	313,623	208,516	190,640
Licenses and Permits	275,799	355,594	724,190	835,895	1,118,793
Fines and Forfeitures	804,403	872,829	794,057	786,313	917,481
Interest	753,537	1,008,492	439,359	227,095	175,044
Intergovernmental	337,809	1,056,879	518,794	724,580	573,336
Administrative	1,400,580	1,420,044	1,481,187	1,487,826	1,487,825
Other	480,144	445,324	419,546	428,059	886,443
Total Revenue	<u>23,447,192</u>	<u>25,633,854</u>	<u>26,709,964</u>	<u>28,272,030</u>	<u>30,499,400</u>
<b>Expenditures:</b>					
Current:					
General Administration	688,516	712,506	764,600	897,156	1,900,330
Public Safety	9,485,737	9,905,810	10,295,474	11,198,826	11,945,163
Development Services	3,307,001	3,026,020	3,026,773	2,850,195	3,453,256
Parks and Leisure Services	-	-	-	1,818,675	2,239,495
Library	-	-	-	750,468	674,788
Management Services	671,940	933,323	962,545	1,799,522	-
Community Services	2,198,974	2,257,043	2,457,210	-	-
Fiscal and Human Resources	1,515,154	1,576,758	-	-	-
Code Services	747,482	826,006	800,056	-	-
Non-Departmental	-	569,071	655,299	963,022	481,358
Human Resources	-	-	249,465	211,749	260,322
Special Items	690,211	-	-	-	-
Finance	-	-	937,784	957,101	1,183,734
Information Technology	-	-	467,447	497,859	475,104
Capital Outlay	10,797,460	8,791,576	11,230,420	5,307,680	4,939,559
Debt Service:					
Principal Retirement	1,165,000	1,674,422	2,008,520	2,430,000	2,665,000
Interest and Service Charges	2,111,723	2,535,171	2,585,227	2,965,131	2,708,732
Payment to Bond Escrow	-	-	-	-	1,305,298
Total Expenditures	<u>33,379,198</u>	<u>32,807,706</u>	<u>36,440,820</u>	<u>32,647,384</u>	<u>34,232,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,932,006)	(7,173,852)	(9,730,856)	(4,375,354)	(3,732,739)
<b>Other Financing Sources (Uses):</b>					
Issuance of Long-Term Debt	395,574	18,509,795	6,816,550	10,926,910	4,473,429
Other Financial Sources (Uses)	-	-	-	239,740	24,981
Payment to Refunding Escrow Agent	-	-	-	(10,165,000)	-
Transfers In	902,282	973,178	1,502,766	1,734,655	4,814,323
Transfers Out	(444,074)	(672,206)	(1,100,698)	(1,200,665)	(4,218,259)
Total Other Financing Sources (Uses)	<u>853,782</u>	<u>18,810,767</u>	<u>7,218,618</u>	<u>1,535,640</u>	<u>5,094,474</u>
Net Change in Fund Balances	(9,078,224)	11,636,915	(2,512,238)	(2,839,714)	1,361,735
Fund Balances, Beginning of Year	<u>15,319,610</u>	<u>6,241,386</u>	<u>17,878,301</u>	<u>15,366,063</u>	<u>12,526,349</u>
Equity Transfer Out	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balances, End of Year	<u>\$ 6,241,386</u>	<u>\$ 17,878,301</u>	<u>\$ 15,366,063</u>	<u>\$ 12,526,349</u>	<u>\$ 13,888,084</u>
Debt service as percentage of noncapital expenditures	14.5%	17.5%	18.2%	19.7%	19.2%

**CITY OF DESOTO, TEXAS**  
**CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**(UNAUDITED)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Revenues:</b>					
Taxes (Ad Valorem and Other)	\$ 24,817,538	\$ 27,492,407	\$ 29,326,330	\$ 31,567,635	30,365,197
Assessments	144,900	254,725	73,875	23,400	-
Charges for Services	1,487,348	1,766,040	1,819,581	2,095,110	1,634,730
Recreation	239,278	243,027	229,686	227,719	860,012
Licenses and Permits	1,176,461	1,040,754	1,174,424	721,068	644,884
Fines and Forfeitures	1,011,588	1,110,188	1,153,583	1,074,968	984,317
Interest	523,957	1,259,291	1,857,677	1,434,605	314,323
Intergovernmental	991,055	1,338,761	900,669	844,407	1,112,257
Administrative	1,487,825	1,487,825	1,546,945	1,546,945	-
Other	858,620	1,603,733	615,677	662,003	710,354
Total Revenue	<u>32,738,570</u>	<u>37,596,751</u>	<u>38,698,447</u>	<u>40,197,860</u>	<u>36,626,074</u>
<b>Expenditures:</b>					
Current:					
General Administration	2,103,346	2,406,010	3,583,153	2,334,303	1,279,890
Public Safety	12,631,637	13,351,862	14,499,761	14,387,972	16,117,852
Development Services	3,355,538	3,508,849	3,917,629	3,856,422	3,521,060
Parks and Leisure Services	2,508,218	3,555,902	2,951,319	3,166,879	2,913,823
Library	674,453	731,986	814,602	870,217	889,791
Management Services	-	-	-	-	-
Community Services	-	-	-	-	-
Fiscal and Human Resources	-	-	-	-	-
Code Services	-	-	-	-	-
Non-Departmental	867,069	958,652	1,053,341	2,933,840	1,358,466
Human Resources	314,769	309,404	334,416	347,323	195,881
Special Items	-	-	-	-	-
Finance	1,229,697	1,199,965	1,183,605	1,241,631	713,569
Information Technology	490,368	528,544	570,323	582,721	312,204
Capital Outlay	6,113,105	7,687,797	9,380,677	15,089,860	9,203,386
Debt Service:					
Principal Retirement	3,065,000	3,674,198	4,185,487	4,176,776	4,531,913
Interest and Service Charges	2,653,315	3,492,404	3,861,639	4,069,494	3,922,904
Payment to Bond Escrow	-	-	-	-	-
Total Expenditures	<u>36,006,515</u>	<u>41,405,573</u>	<u>46,335,952</u>	<u>53,057,438</u>	<u>44,960,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,267,945)	(3,808,822)	(7,637,505)	(12,859,578)	(8,334,665)
<b>Other Financing Sources (Uses):</b>					
Issuance of Long-Term Debt	29,925,222	7,815,000	15,510,000	5,690,000	14,105,000
Other Financial Sources (Uses)	1,623,874	-	30,273	29,005	510,352
Payment to Refunding Escrow Agent	(22,563,874)	-	-	-	(8,281,298)
Transfers In	3,559,037	5,769,465	6,988,814	5,368,659	5,695,409
Transfers Out	(2,986,854)	(4,281,500)	(5,280,729)	(4,675,260)	(4,416,856)
Total Other Financing Sources (Uses)	<u>9,557,405</u>	<u>9,302,965</u>	<u>17,248,358</u>	<u>6,412,404</u>	<u>7,612,607</u>
Net Change in Fund Balances	6,289,460	5,494,143	9,610,853	(6,447,174)	(722,058)
Fund Balances, Beginning of Year	<u>13,888,084</u>	<u>20,177,544</u>	<u>25,671,687</u>	<u>35,111,063</u>	<u>28,663,889</u>
Equity Transfer Out	-	-	-	-	-
Prior Period Adjustment	-	-	(171,477)	-	655,482
Fund Balances, End of Year	<u>\$ 20,177,544</u>	<u>\$ 25,671,687</u>	<u>\$ 35,111,063</u>	<u>\$ 28,663,889</u>	<u>28,597,313</u>
Debt service as percentage of noncapital expenditures	19.1%	21.3%	21.8%	21.7%	23.6%

**CITY OF DESOTO, TEXAS**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Total</b>
2000	10,819,447	4,606,770	2,294,725	310,267	<b>18,031,210</b>
2001	11,500,186	4,475,371	2,716,183	331,928	<b>19,023,668</b>
2002	13,234,187	4,502,347	2,586,648	265,855	<b>20,589,038</b>
2003	14,437,069	4,449,567	3,260,547	244,087	<b>22,391,270</b>
2004	15,971,951	4,479,320	3,182,732	226,424	<b>23,860,426</b>
2005	16,822,584	4,499,908	3,250,555	244,491	<b>24,817,537</b>
2006	18,715,056	4,680,468	3,848,098	248,785	<b>27,492,408</b>
2007	20,358,281	5,314,550	3,394,651	258,848	<b>29,326,330</b>
2008	22,031,974	5,802,926	3,336,906	395,829	<b>31,567,635</b>
2009	21,774,805	5,056,041	3,129,287	405,064	<b>30,365,197</b>

**CITY OF DESOTO, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**(UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>
2000	1,529,849,397	318,593,423	1,848,442,820	0.611
2001	1,638,691,820	336,097,090	1,974,788,910	0.611
2002	1,811,147,280	352,250,350	2,163,397,630	0.636
2003	1,900,562,860	342,966,010	2,243,528,870	0.659
2004	2,146,953,330	309,732,550	2,456,685,880	0.659
2005	2,357,730,310	308,085,090	2,665,815,400	0.685
2006	2,517,430,840	298,440,930	2,815,871,770	0.698
2007	2,683,144,134	276,411,696	2,959,555,830	0.710
2008	2,667,601,748	396,884,124	3,064,485,872	0.700
2009	2,540,797,154	397,930,090	2,938,727,244	0.700

Assessed values are established by the Dallas Central Appraisal District on the on the basis of 100% of appraised values.

**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</u>	<u>Dallas County Hospital</u>	<u>Dallas County Comm. College</u>
1999	\$ 0.443	\$ 0.168	\$ 0.611	\$ 0.196	\$ 0.196	\$ 0.050
2000	\$ 0.443	\$ 0.168	\$ 0.611	\$ 0.196	\$ 0.154	\$ 0.050
2001	\$ 0.443	\$ 0.168	\$ 0.611	\$ 0.196	\$ 0.254	\$ 0.060
2002	\$ 0.453	\$ 0.183	\$ 0.636	\$ 0.196	\$ 0.254	\$ 0.060
2003	\$ 0.453	\$ 0.206	\$ 0.659	\$ 0.209	\$ 0.254	\$ 0.078
2004	\$ 0.466	\$ 0.193	\$ 0.659	\$ 0.209	\$ 0.254	\$ 0.078
2005	\$ 0.476	\$ 0.209	\$ 0.685	\$ 0.214	\$ 0.254	\$ 0.082
2006	\$ 0.486	\$ 0.212	\$ 0.698	\$ 0.219	\$ 0.254	\$ 0.081
2007	\$ 0.486	\$ 0.224	\$ 0.710	\$ 0.233	\$ 0.254	\$ 0.080
2008	\$ 0.486	\$ 0.214	\$ 0.700	\$ 0.233	\$ 0.254	\$ 0.089
2009	\$ 0.496	\$ 0.204	\$ 0.700	\$ 0.233	\$ 0.274	\$ 0.095

(1) Tax rate is at 100% of market value.

**TABLE 5**

<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>
\$ 1.053	\$ 1.660	\$ 2.713	\$ 1.460	\$ 2.513	\$ 1.640	\$ 2.693
\$ 1.011	\$ 1.660	\$ 2.671	\$ 1.550	\$ 2.561	\$ 1.680	\$ 2.691
\$ 1.121	\$ 1.660	\$ 2.781	\$ 1.550	\$ 2.671	\$ 1.670	\$ 2.791
\$ 1.146	\$ 1.680	\$ 2.826	\$ 1.587	\$ 2.733	\$ 1.750	\$ 2.896
\$ 1.200	\$ 1.710	\$ 2.910	\$ 1.640	\$ 2.840	\$ 1.855	\$ 3.055
\$ 1.200	\$ 1.710	\$ 2.910	\$ 1.640	\$ 2.840	\$ 1.855	\$ 3.055
\$ 1.235	\$ 1.790	\$ 3.025	\$ 1.688	\$ 2.923	\$ 1.866	\$ 3.101
\$ 1.252	\$ 1.760	\$ 3.012	\$ 1.503	\$ 2.755	\$ 1.736	\$ 2.988
\$ 1.277	\$ 1.490	\$ 2.767	\$ 1.200	\$ 2.477	\$ 1.418	\$ 2.695
\$ 1.276	\$ 1.510	\$ 2.786	\$ 1.183	\$ 2.459	\$ 1.418	\$ 2.694
\$ 1.302	\$ 1.490	\$ 2.792	\$ 1.271	\$ 2.573	\$ 1.418	\$ 2.720

**CITY OF DESOTO, TEXAS**  
**PRINCIPAL TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**  
**(UNAUDITED)**  
**YEAR ENDED SEPTEMBER 30, 2009**

Taxpayer	2009					2000				
	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation	Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Top Ten Taxpayers to Assessed Valuation	
Solar Tubines Inc	\$ 158,372,120	Manufacturing	1	5.39%	40.60%	\$ 105,981,460	1	5.37%	38.36%	
McGraw Hill/School	66,386,840	Manufacturing	2	2.26%	17.02%	85,098,680	2	4.31%	30.80%	
WalMart Stores Texas LP	29,692,040	Retail/Warehouse	3	1.01%	7.61%	-				
Cintas Corporation	24,905,410	Retail/Uniforms	4	0.85%	6.38%					
Texas Utilities Elec. Co.	24,370,360	Utility	5	0.83%	6.25%	19,381,410	3	0.98%	7.01%	
WRH Properties/Mt. Vernon Inc	21,048,570	Apartments	6	0.72%	5.40%	9,767,250	6	0.49%	3.54%	
Diab LP	17,027,550	Manufacturing	7	0.58%	4.36%	-				
Tejas Family investments	16,566,140	Investments	8	0.56%	4.25%	-				
DeSoto Apartments LTD	16,500,000	Apartments	9	0.56%	4.23%	-				
DeSoto Ridge Apartments	15,255,280	Apartments	10	0.52%	3.91%					
Albertsons Inc.		Retail				12,652,400	4	0.64%	4.58%	
Southwestern Bell Telephone		Utility				11,783,970	5	0.60%	4.27%	
Stanley, Douglas		Automotive				8,647,570	7	0.44%	3.13%	
Spiegel Enterprises		Manufacturing				8,150,000	8	0.41%	2.95%	
Townsend Square II, Ltd.		Investments				7,667,730	9	0.39%	2.78%	
Colgate Palmolive Company		Manufacturing				7,154,860	10	0.36%	2.59%	
Total	<u>\$ 390,124,310</u>			<u>13.28%</u>	<u>100.0%</u>	<u>\$ 276,285,330</u>		<u>13.99%</u>	<u>100.0%</u>	

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

**CITY OF DESOTO, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**(UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended December 31</i>	<i>Total Tax Levied for Fiscal Year</i>	<i>Collected within the Fiscal Year of the Levy</i>		<i>Collections in Subsequent Years</i>	<i>Total Collections to Date</i>	
		<i>Amount</i>	<i>Percentage of Levy</i>		<i>Amount</i>	<i>Percentage of Levy</i>
1999	9,897,355	9,693,548	97.94%	203,143	9,896,691	99.99%
2000	10,618,632	10,356,327	97.53%	261,529	10,617,856	99.99%
2001	11,267,838	10,840,787	96.21%	262,003	11,102,790	98.54%
2002	12,802,356	12,331,229	96.32%	286,974	12,618,203	98.56%
2003	13,899,107	13,635,024	98.10%	257,292	13,892,316	99.95%
2004	16,698,546	15,705,410	94.05%	607,320	16,312,730	97.69%
2005	16,535,406	15,993,668	96.72%	369,744	16,363,412	98.96%
2006	19,915,679	19,114,409	95.98%	578,349	19,692,758	98.88%
2007	21,395,308	20,702,532	96.76%	400,308	21,102,840	98.63%
2008	21,379,787	20,812,339	97.35%	-	20,812,339	97.35%

Source: City of DeSoto Joint Tax Office

**CITY OF DESOTO, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST SIX FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	<u>Governmental Activities</u>				<u>Business - Type Activities</u>		Total Primary Government	Per Capita
	General Obligation Bonds	Certificates of Obligation	Notes Payable	Capital Leases	General Obligation Bonds	Certificates of Obligation		
2004	44,680,737	17,250,102	-	899,648	1,305,000	3,030,000	67,165,487	1,566
2005	54,617,226	11,408,460	2,045,222	749,921	395,000	4,460,000	73,675,829	1,619
2006	58,923,028	11,243,460	1,855,989	634,262	-	5,350,000	78,006,739	1,656
2007	61,948,256	19,848,460	1,671,789	512,747	-	5,140,000	89,121,252	1,872
2008	63,703,255	19,923,459	1,482,689	385,071	-	4,920,000	90,414,474	1,868
2009	61,401,561	22,478,459	1,291,852	290,796	1,376,694	8,500,000	95,339,362	1,958

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

**CITY OF DESOTO, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND NET BONDED DEBT PER CAPITA**  
**(UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value (1)</u>	<u>Total Bonded Debt (2)</u>	<u>Debt Services Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2000	38,040	1,848,442,820	39,679,397	1,251,516	38,427,882	2.08%	1,010
2001	38,214	1,974,788,910	59,837,993	1,416,195	58,421,798	2.96%	1,529
2002	39,300	2,163,397,630	66,562,217	1,339,373	65,222,844	3.01%	1,660
2003	41,108	2,243,528,870	65,330,039	1,336,617	63,993,422	2.85%	1,557
2004	42,894	2,456,685,880	66,265,839	1,312,086	64,953,753	2.64%	1,514
2005	45,514	2,665,815,400	70,880,686	1,244,114	69,636,572	2.61%	1,530
2006	47,109	2,815,871,770	75,516,488	1,323,212	74,193,276	2.63%	1,575
2007	47,600	2,959,555,830	89,121,252	1,720,235	87,401,017	2.95%	1,836
2008	48,391	3,064,485,872	90,414,474	2,254,215	88,160,259	2.88%	1,822
2009	48,700	2,938,727,244	95,339,362	1,831,987	93,507,375	3.18%	1,920

Notes:

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

**CITY OF DESOTO, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**(UNAUDITED)**  
**September 30, 2009**

Taxing Jurisdiction	Total Tax Supported Debt (1)	Percent Applicable	Overlapping Debt
City of DeSoto	\$ 85,462,668	100.00%	\$ 85,462,668
<i>Overlapping Debt</i>			
DeSoto Independent School District	149,063,091	85.56%	127,538,381
Dallas County	186,401,552	1.80%	3,355,228
Dallas Independent School District	1,783,730,000 *	0.54%	9,632,142
Dallas County Community College District	434,320,000 *	1.80%	7,817,760
Duncanville Independent School District	<u>167,711,457</u> *	7.41%	<u>12,427,419</u>
<b>Subtotal Overlapping Debt</b>	<u>2,721,226,100</u>		<u>160,770,930</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 2,806,688,768</u>		<u>\$ 246,233,598</u>
Ratio of direct and overlapping bonded debt to taxable assessed valuation			<u>8.51%</u>
Per capita direct and overlapping bonded debt			<u>\$ 5,260</u>

\* Source - First Southwest Company

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

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

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

**CITY OF DESOTO, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**(UNAUDITED)**  
**YEAR ENDED SEPTEMBER 30, 2009**

Net Assessed Value		\$ 2,938,727,244
Plus: Exempt Property		<u>222,365,796</u>
Total Assessed Value		<u><u>3,161,093,040</u></u>
Debt limit - (10%) of total assessed value		316,109,304
Less: amount of debt applicable to debt limit:		
Total bonded debt (including special assessment bonds)	\$ 85,462,668	
Less: assets in debt service funds available for payment of principal	<u>1,831,987</u>	<u>83,630,681</u>
<b>Legal Debt Margin</b>		<b><u><u>\$ 232,478,623</u></u></b>

**CITY OF DESOTO, TEXAS**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Estimated Median Family Household Income (1)</u>	<u>Median Age</u>	<u>Education Level in in Years of Formal Schooling</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate(3)</u>
2000	38,040	72,726	31	High School + 2 yrs.	6,956	2.3%
2001	38,214	78,511	34	High School + 2 yrs.	7,161	2.2%
2002	39,300	78,511	34	High School + 2 yrs.	6,806	4.8%
2003	41,108	76,359	37	High School + 2 yrs.	6,806	4.8%
2004	42,894	69,892	36	High School + 2 yrs.	7,299	5.9%
2005	45,514	77,844	36	High School + 2 yrs	7,915	5.7%
2006	47,109	72,726	36	High School + 2 yrs	7,898	5.5%
2007	47,600	62,960	37	High School + 2 yrs	8,700	3.03%
2008	48,391	62,960	37	High School + 2 yrs	8,884	6.2%
2009	48,700	78,020	37	High School + 2 yrs	9,063	6.7%

Note: Unable to determine personal income data for the City of DeSoto.

Sources:

- (1) DeSoto Economic Development Corporation (Claritas) - 2009
- (2) DeSoto Independent School District
- (3) Texas Labor Market Information

**CITY OF DESOTO, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT AND NINE YEARS AGO**  
**(UNAUDITED)**  
**YEAR ENDED SEPTEMBER 30, 2009**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
DeSoto ISD	924	1	3.70%	924	1	3.70%
City of DeSoto	367	2	1.47%	353	2	1.41%
DIAB	325	3	1.30%	325	3	1.30%
Solar Turbines	300	4	1.20%	300	4	1.20%
Wal Mart Distribution	240	5	0.96%	240	5	0.96%
Williamsburg Village	210	6	0.84%	210	6	0.84%
McGraw-Hill	155	7	0.62%	155	7	0.62%
Tom Thumb	150	8	0.60%	150	8	0.60%
Kroger	125	9	0.50%	126	9	0.50%
DW Distribution Inc/Park Manor	124	10	0.50%	125	10	0.50%
Total	<u>2,920</u>		<u>11.69%</u>	<u>2,908</u>		<u>11.63%</u>

Source: Texas Workforce Commission (Tracer2), March 2009

**CITY OF DESOTO, TEXAS**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST FIVE FISCAL YEARS**  
**(UNAUDITED)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	10	10	10	10	10
Public Safety	185	191	197	196	197
Development Services	27	28	26	24	24
Parks and Leisure Services	34	34	27	26	26
Finance	14	14	12	11	11
Library	11	11	7	7	7
Human Resources	3	3	3	3	3
Information Technology	2	2	2	2	2
Water & Sewer	24	24	27	26	26
Drainage	1	1	1	1	1
Sanitation	5	5	5	5	5

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

Source: City of DeSoto Human Resource Department

**CITY OF DESOTO, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST FIVE FISCAL YEARS  
(UNAUDITED)**

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General government</b>					
Number of public information requests processed	55	55	75	75	2,018
<b>Public Safety</b>					
Number of youth outreach programs held	53	40	40	21	10
Number of senior citizen symposiums held	44	8	10	7	1
Number of citizen police academies per year	3	2	2	2	1
Fire code inspections completed	466	445	450	432	423
<b>Development Services</b>					
Traffic signal inspections	194	168	168	192	204
<b>Parks and Leisure Services</b>					
Total fitness facility memberships	4,325	4,342	5,493	6,025	6,405
Total swimming pool attendance	18,873	15,306		17,830	16,887
<b>Library</b>					
Total childrens' story time programs	43	47	35	33	98
<b>Human Resources</b>					
Number of salary surveys completed	8	14	8	14	5
<b>Finance</b>					
Municipal court cases filed	13,399	12,923	14,271	14,117	11,342
<b>Information Technology</b>					
Number of city computers replaced annually	49	67	77	64	63
<b>Water and Sewer</b>					
Number of touch read meters changed out	865	900	1,500	354	629
Number of meters read monthly	14,100	14,700	15,250	15,489	15,748
<b>Drainage</b>					
Number of easements acquired for project construction	4	4	4	-	5
<b>Sanitation</b>					
Number of existing intersection landscapes renovated annually	1	1	1	1	2

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

Source: City of DeSoto City Secretary

**CITY OF DESOTO, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST FIVE FISCAL YEARS**  
**(UNAUDITED)**

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</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	443	452	466	473	484
Miles of Alleys	102	102	90	96	96
Traffic Signals	14	14	15	16	17
<b>Parks and Leisure Services</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	18 mg/day	18 mg/day	35 mg/day	39.5 mg/day	39.5 mg/day
Elevated Water Storage	3 mg.	5mg.	5mg.	5mg.	5mg.
Ground Storage	13 mg.				

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

Source: Information provided by City of DeSoto Executive staff

**DESOTO**