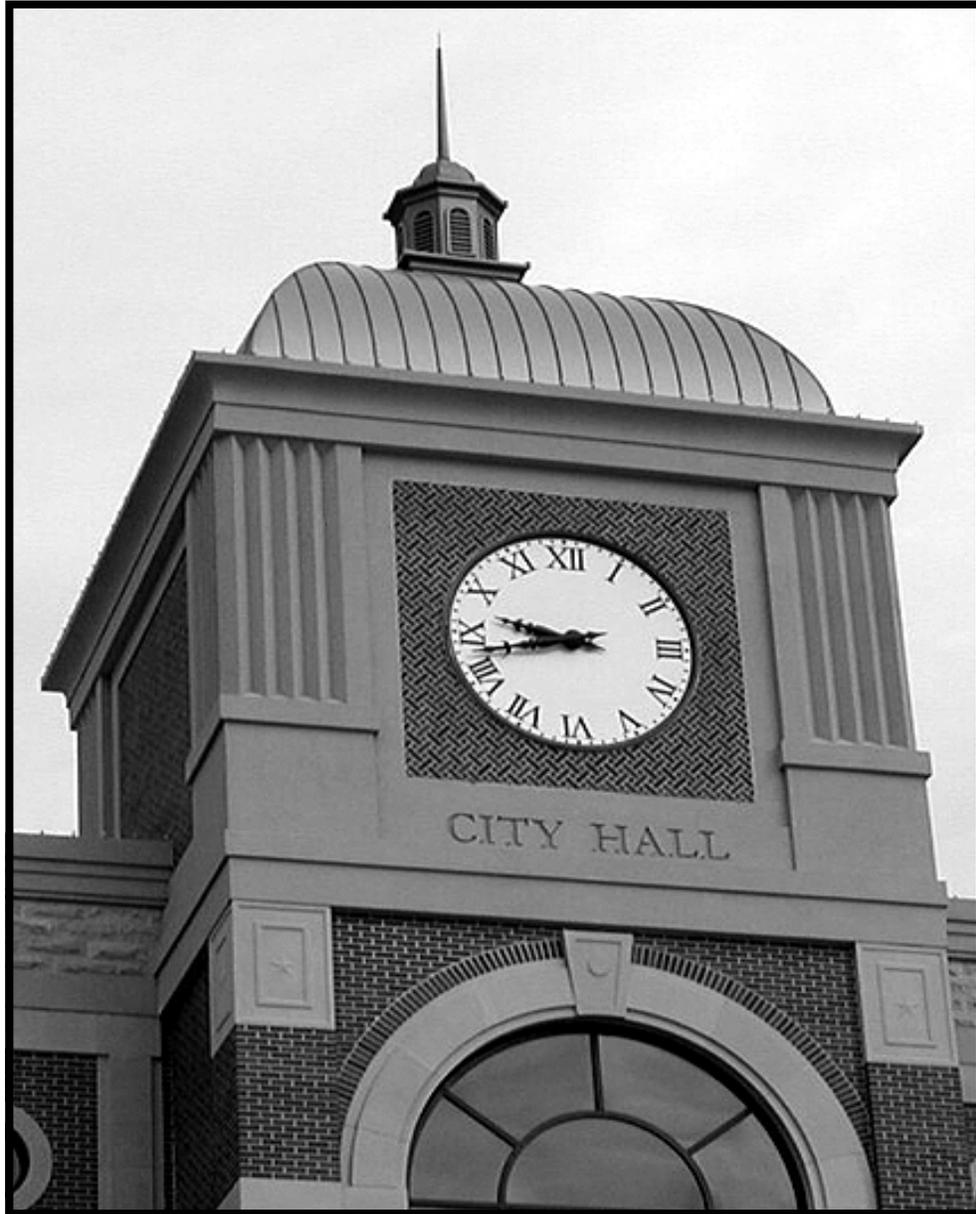

City of Lewisville, Texas



Comprehensive Annual Financial Report

for the fiscal year ended September 30, 2007

CITY OF LEWISVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the fiscal year ended September 30, 2007



Prepared by the
FINANCE DEPARTMENT

TABLE OF CONTENTS

	<u>Exhibit/ Table</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1
GFOA Certificate of Achievement		10
Organizational Chart.....		11
List of Principal Officials.....		12
Area Map		13
FINANCIAL SECTION		
Independent Auditor’s Report.....		15
Management’s Discussion and Analysis		17
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	1	31
Statement of Activities.....	2	32
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6	37
Statement of Net Assets – Proprietary Funds	7	38
Reconciliation of the Enterprise Fund Statement of Net Assets to the Government-wide Statement of Net Assets.....	8	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	9	42
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds to the Statement of Activities.....	10	43
Statement of Cash Flows – Proprietary Funds.....	11	44
Statement of Fiduciary Net Assets – Fiduciary Funds.....	12	46
Discretely Presented Component Units – Statement of Net Assets.....	13	47
Discretely Presented Component Units – Statement of Activities	14	48
Notes to the Financial Statements.....		49

TABLE OF CONTENTS

	<u>Exhibit/ Table</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund		
Balances-Budget (GAAP Basis) and Actual – General Fund.....	A-1.....	79
Notes to the Required Supplementary Information	A-2.....	80
Combining and Individual Fund Statements and Schedules:		
Major Governmental Funds:		
Comparative Balance Sheets – General Fund.....	B-1.....	83
Comparative Statements of Revenues, Expenditures, and		
Changes in Fund Balances – General Fund	B-2.....	84
Comparative Balance Sheets – Debt Service Fund.....	C-1.....	85
Comparative Statements of Revenues, Expenditures, and		
Changes in Fund Balances – Debt Service Fund	C-2.....	86
Schedule of Revenues, Expenditures, and Changes in Fund		
Balances-Budget (GAAP Basis) and Actual – Debt Service Fund.....	C-3.....	87
Comparative Balance Sheets – General Capital Projects Fund	D-1.....	88
Comparative Statements of Revenues, Expenditures, and		
Changes in Fund Balances – General Capital Projects Fund.....	D-2.....	89
Major Proprietary Enterprise Fund:		
Comparative Statements of Net Assets – Water and Sewer Utility		
Enterprise Fund.....	E-1.....	92
Comparative Statements of Revenues, Expenses and Changes		
in Net Assets – Water and Sewer Enterprise Fund.....	E-2.....	94
Comparative Statements of Cash Flows – Water and Sewer		
Enterprise Fund.....	E-3.....	96
Non-Major Governmental Funds:		
Combining Balance Sheet – Non-Major Governmental Funds	F-1.....	102
Combining Statement of Revenues, Expenditures, and Changes		
in Fund Balances – Non-Major Governmental Funds	F-2.....	104
Comparative Balance Sheets – Hotel/Motel Tax Special		
Revenue Fund	F-3.....	106
Comparative Statements of Revenues, Expenditures, and Changes		
in Fund Balances – Hotel/Motel Tax Special Revenue Fund.....	F-4.....	107
Schedule of Revenues, Expenditures, and Changes in Fund		
Balances-Budget (GAAP Basis) and Actual - Hotel/Motel Tax		
Special Revenue Fund.....	F-5.....	108
Comparative Balance Sheets – Recreation Activity Special		
Revenue Fund	F-6.....	109
Comparative Statements of Revenues, Expenditures, and Changes		
in Fund Balances – Recreation Activity Special Revenue Fund	F-7.....	110

TABLE OF CONTENTS

	<u>Exhibit/ Table</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Recreation Activity Special Revenue Fund	F-8.....	111
Comparative Balance Sheets – Grant Special Revenue Fund	F-9.....	112
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Grant Special Revenue Fund.....	F-10.....	113
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Grant Special Revenue Fund	F-11.....	114
Comparative Balance Sheets – Public Improvement District Tax Special Revenue Fund	F-12.....	115
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Public Improvement District Tax Special Revenue Fund	F-13.....	116
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Public Improvement District Tax Special Revenue Fund.....	F-14.....	117
Comparative Balance Sheets –Municipal Court Security Special Revenue Fund.....	F-15.....	118
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Municipal Court Security Special Revenue Fund	F-16.....	119
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Municipal Court Security Special Revenue Fund.....	F-17.....	120
Comparative Balance Sheets – Municipal Court Technology Special Revenue Fund.....	F-18.....	121
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Municipal Court Technology Special Revenue Fund	F-19.....	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Municipal Court Technology Special Revenue Fund.....	F-20.....	123
Comparative Balance Sheets – Police Asset Forfeiture Special Revenue Fund	F-21.....	124
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Police Asset Forfeiture Special Revenue Fund...	F-22.....	125

TABLE OF CONTENTS

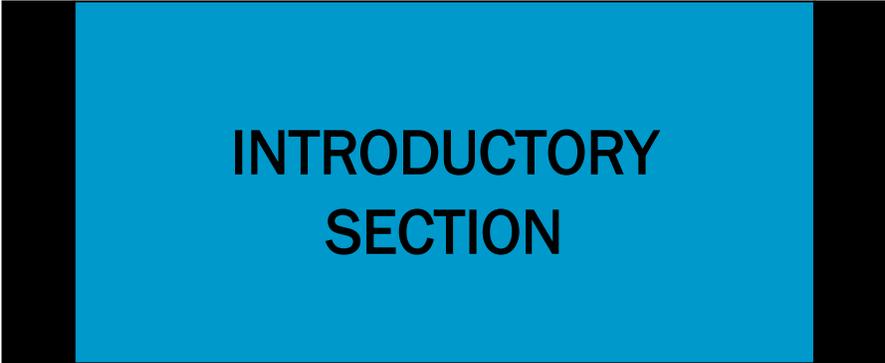
	<u>Exhibit/ Table</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Police Asset Forfeiture Special Revenue Fund.....	F-23.....	126
Comparative Balance Sheets – Employee Benevolent Special Revenue Fund	F-24.....	127
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Employee Benevolent Special Revenue Fund	F-25.....	128
Comparative Balance Sheets – Fire and Police Training Special Revenue Fund	F-26.....	129
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Fire and Police Training Special Revenue Fund	F-27.....	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Fire and Police Training Special Revenue Fund.....	F-28.....	131
Comparative Balance Sheets – Law Enforcement Officer Standards and Education Special Revenue Fund.....	F-29.....	132
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Law Enforcement Officer Standards and Education Special Revenue Fund	F-30.....	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Law Enforcement Officer Standards and Education Special Revenue Fund	F-31.....	134
Comparative Balance Sheets – Donations Special Revenue Fund	F-32.....	135
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Donations Special Revenue Fund	F-33.....	136
Comparative Balance Sheets – Police Federal Forfeiture Special Revenue Fund	F-34.....	137
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Police Federal Forfeiture Special Revenue Fund	F-35.....	138
Comparative Balance Sheets – Records Management Special Revenue Fund	F-36.....	139
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances – Records Management Special Revenue Fund.....	F-37.....	140
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual – Records Management Special Revenue Fund.....	F-38.....	141

TABLE OF CONTENTS

	<u>Exhibit/ Table</u>	<u>Page</u>
Internal Service Funds:		
Combining Statement of Net Assets – Internal Service Funds	G-1.....	144
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –Internal Service Funds	G-2.....	146
Combining Statement of Cash Flows –Internal Service Funds	G-3.....	148
Comparative Statements of Net Assets – Self-Insurance Risk Internal Service Fund	G-4.....	150
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets – Self-Insurance Risk Internal Service Fund.....	G-5.....	151
Comparative Statements of Cash Flows – Self-Insurance Risk Internal Service Fund.....	G-6.....	152
Comparative Statements of Net Assets – Health Insurance Risk Pool Internal Service Fund.....	G-7.....	153
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets – Health Insurance Risk Pool Internal Service Fund	G-8.....	154
Comparative Statements of Cash Flows – Health Insurance Risk Pool Internal Service Fund	G-9.....	155
Comparative Statements of Net Assets – Maintenance and Replacement Fund	G-10.....	156
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets – Maintenance and Replacement Fund	G-11.....	157
Comparative Statements of Cash Flows – Maintenance and Replacement Fund	G-12.....	158
Agency Fund:		
Comparative Statements of Assets and Liabilities – Castle Hills Public Improvement District Debt Service Agency Fund	H-1.....	161
Statement of Changes in Assets and Liabilities – Castle Hills Public Improvement District Debt Service Agency Fund	H-2.....	162
STATISTICAL SECTION (UNAUDITED)		
Contents of the Statistical Section		163
Net Assets by Component.....	Table 1.....	165
Changes in Net Assets	Table 2.....	166
Fund Balances, Governmental Funds	Table 3.....	168

TABLE OF CONTENTS

	<u>Exhibit/ Table</u>	<u>Page</u>
Changes in Fund Balances, Governmental Funds	Table 4.....	169
Assessed Value and Estimated Actual Value of Taxable Property	Table 5.....	170
Direct and Overlapping Property Tax Rates	Table 6.....	171
Principal Property Taxpayers.....	Table 7.....	172
Property Tax Levies and Collections.....	Table 8.....	173
Gross Sales by Category	Table 9.....	174
Direct and Overlapping Sales Tax Rates	Table 10.....	175
Principal Sales Tax Payers.....	Table 11.....	176
Combined Schedule of Bonds.....	Table 12.....	178
Ratio of Outstanding Debt by Type	Table 13.....	180
Ratio of Net General Bonded Debt Outstanding	Table 14.....	181
Direct and Overlapping Governmental Activities Debt	Table 15.....	182
Pledged-Revenue Coverage	Table 16.....	183
Demographic and Economic Statistics	Table 17.....	184
Principal Employers.....	Table 18.....	185
Full-Time Equivalent City Government Employees by Function/Program	Table 19.....	186
Operating Indicators by Function/Program	Table 20.....	187
Capital Asset Statistics by Function/Program.....	Table 21.....	188



**INTRODUCTORY
SECTION**



March 6, 2008

To the Honorable Mayor,
Members of the City Council,
and Citizens of the City of Lewisville, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Lewisville, Texas, for the year ended September 30, 2007, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the City and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The CAFR for the year ended September 30, 2007, is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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 complements this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION – CITY OF LEWISVILLE

The City of Lewisville is geographically located north of the hub of the ten-county metropolitan area containing Dallas and Fort Worth, Texas. The City is characterized as a predominantly suburban residential community situated in the growth corridor linking the Dallas/Fort Worth International Airport (Tarrant County) through Lewisville (Denton County) to cities in east Collin County. Lewisville shares the metroplex economy based primarily on commerce, tourism, manufacturing, and finance.

The City of Lewisville was incorporated in 1925. The current charter was adopted in 1963 and amended as recently as September 2004. Lewisville is a home-rule city and operates under the Council-Manager form of government. The City Council is comprised of the Mayor and five members and is responsible for enacting ordinances, resolutions and regulations governing the City. In addition, the City Council appoints the members of various boards and commissions, the City Manager, City Attorney, City Judge, and City Secretary. As chief administrative officer, the City Manager is responsible for implementing Council policies, overseeing municipal operations, and appointing and supervising the various department directors.

The City provides the full range of municipal services as authorized by statute or charter. This includes public safety (police and fire), streets, water and sewer utilities, sanitation, health and social services, parks and leisure services, public improvements, community development with planning and zoning, tourism and general administrative services.

In addition, the City of Lewisville has organizations called component units. Component units are legally separate organizations for which the elected officials of the City of Lewisville are financially accountable. At September 30, 2007, the component units for the City of Lewisville are:

- Lewisville Housing Finance Corporation
- Lewisville Industrial Development Authority, Inc.
- Lewisville Parks and Library Development Corporation
- Tax Increment Reinvestment Zone Number 1, City of Lewisville, Texas (also known as Old Town TIF)
- City of Lewisville Health Benefit Trust
- Lewisville Local Government Corporation

ECONOMIC CONDITIONS AND OUTLOOK

The City of Lewisville continues to experience positive annual population growth. Since 1990, Lewisville's population has increased 96.6% from 46,555 to an estimated 91,550 in 2007. Estimates are for residential population to be approximately 111,000 at the time of build-out around 2030. With Lewisville's continued pro-business policies, the City maintains its economic prosperity. Highlights include:

- 21st Century Insurance Company opened a new 136,000 sq. ft. facility in the Waters Ridge Business Park. The insurance call center employs 500 people.

- EMC Mortgage Company, a division of Bear Stearns, relocated its employees from Las Colinas to a 121,000 sq. ft. building in the Vista Ridge Business Park in June of 2005 as part of phase one of a two-phase project. Phase one was completed in May 2006 with the addition of 600 new employees to Lewisville. In phase two, EMC occupied an additional 121,000 sq. ft. and relocated the remaining 1,200 employees from Irving to Lewisville in 2006. With completion of both phases, Lewisville has become EMC's corporate headquarters and the single largest employer in Lewisville.
- Hilton Garden Inn & Convention Center, a six-story, 161-room hotel with 25,000 sq. ft. convention center located in the Vista Ridge Business Park opened August 2007, providing Lewisville with a new venue for larger meetings and events.
- Lakeside Office 1, a new 98,000 sq. ft. speculative office building recently constructed by Myers & Crow in the Vista Ridge Business Park, is currently leasing. The first major tenant in the building is TIAA-CREF, a financial services provider for teachers. The opening of this call center will occupy over 50,000 sq. ft. with 350 employees.
- Crossroads Centre is Lewisville's newest business park development located east of I-35E along SH 121. The office park is 365 acres and is master planned for office and industrial development as well as multi-family and townhouse uses. Opus has built two speculative warehouse/distribution buildings with over 350,000 sq. ft. of space.
- ConVergence Office Campus is currently undergoing renovations to complete its corporate campus. The facility, which will total approximately one million square feet upon completion, currently has three tenants: GMAC Residential, Texas Instruments and the corporate headquarters of Overhead Door Company. A fourth tenant, Fidelity, announced in the spring of 2007 the signing of a lease for 160,000 sq. ft. and will employ 1,000 workers.
- The City of Lewisville continues to revitalize Old Town Lewisville.
 - The City observed the third anniversary of the Old Town City Hall in October 2006.
 - Pulte Homes has completed construction of Main Street Village, a townhouse community totaling 141 units. All units have been sold.
 - The City of Lewisville has allocated 28 facade and retail improvement grants to establishments in the Old Town area totaling approximately \$369,400.
 - Blaylock Development is currently developing Lynn Square, an eight building office development, one block from the Medical Center of Lewisville.

MAJOR INITIATIVES

Old Town Tax Increment Reinvestment Zone. This Zone was created in December 2001, with participation between the City and Denton County. Tax increment revenues from the Zone will be used to finance infrastructure improvements to stimulate revitalization of Old Town. Projects to date include parking improvements, wayfinding, infrastructure needs studies, sidewalk enhancements, beautification projects and the facade improvement grant program mentioned above. During the fiscal year Certificates of Obligation bonds were issued to provide funding for the construction of an arts activity center and related improvements and parking development. The Zone will expire in 2028.

Metropolitan Transit System. The Denton County Transportation Authority (DCTA) was formed in 2001 under the authority of the Denton County Commissioners Court and was approved by the voters in November 2002. Lewisville was one of three cities in which voters approved funding the DCTA through a half-cent sales tax in August of 2003. The DCTA has worked to identify a commuter rail route from Carrollton, where it will meet with another transit system, Dallas Area Rapid Transit (DART) and connect Denton County residents to the rest of the Metroplex. The Lewisville City Council has adopted a resolution authorizing three rail stations within the City—the intersection of Garden Ridge Blvd. and I-35, the intersection of Main and Railroad Streets and at Lakeside Circle. In July 2007, DCTA completed a draft of environmental documentation for a 23-mile rail corridor from downtown Denton to Carrollton. The final version of that document is in progress. Preliminary engineering is also underway.

One other facet of the DCTA is the Enhanced Local Assistance Program, or ELAP. This program takes some of the sales tax collected in the local cities and returns it to be used for vital road projects. In Lewisville, this includes \$3M for the Garden Ridge Boulevard project and \$4.1M for the Fox Avenue project.

Other Major Roadway Projects. I-35E is scheduled to be widened to 10-14 lanes between SH121 and the City of Corinth. This project may be funded in part through tolls collected on the recently completed SH121. Construction is scheduled to begin in 2009-2010 with completion anticipated to take five years.

Lewisville Public Library. In February 2007, grand opening was held for the 77,800 sq. ft. expanded Lewisville Public Library, completed with funds generated through revenue from the 4B sales tax approved by voters in 2002. Culminating six years of planning, research, focus groups, building design and construction, the facility includes 60 public access computers, a computer lab, wireless Internet access (WiFi) throughout the building, seven study rooms, two conference rooms, a drive-up materials return, self check-out, automated return and inventory control through a state-of-the-art Radio Frequency Identification (RFID) system, lighted astronomy dome, toddler play space in the children's area and separate study spaces for teens and adults.

Railroad Street Athletic Complex. Construction began in 2006 on a \$22.1M park complex that will include three lakes, hike and bike trails, baseball, softball, soccer and football fields, a dog park, a skate park, vehicular parking, playground, concession and restroom facilities. The 287-acre park will include these developed areas as well as some land remaining in its natural state.

FINANCIAL INFORMATION

Financial Policies. The City of Lewisville has adopted (with City Council approval) formal written financial policies. These include, among others, policies for Revenue Management, Expenditure Control, Capitalization, Financial Reserve/Fund Balance Levels, Debt Management, Investments and Budget Transfers. Policies are reviewed and amended regularly.

Accounting Procedures and Budgetary Controls. The City's accounting records for general governmental activities 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 water and sewer utility and other proprietary activities are maintained on the accrual basis.

The legal level of budgetary control is at the fund level. Budgetary control is maintained at the fund level with encumbrances entered at the time a purchase requisition is approved. Open encumbrances are recorded as reservations of fund balance as of September 30 of each year, and the subsequent year's budget is increased in February of each year to reflect these carried-forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue and expenditure estimates by the City's financial management staff with input from each City department. Budgets are reviewed by the City Manager who then makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed extensively by the City Council, a process that includes a Charter-mandated public hearing, in addition to work sessions, which are open to the public. The City Charter requires adoption of the City budget prior to the beginning of the fiscal year.

While the budget is developed and controlled at the departmental level, appropriations are made at the fund level. An ordinance establishes the budget for operating expenditures, debt service payments and use of reserves, while a separate ordinance establishes the property tax rate.

As part of each year's budget development process, departments are required to update revenue and expenditure estimates for the current fiscal year. These estimates are reviewed by the Budget and Research Director, the City Manager, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

During the course of the fiscal year, expenditure controls are maintained by each department director with overall review exercised by the Budget and Research Director and the City Manager. Monthly departmental expenditure reports are generated by an automated management accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are reviewed by the Budget and Research Director prior to the encumbrance of funds.

Constant review of revenue and expenditure trends is maintained with specific responsibility assigned to the Budget and Research Director. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the adopted budget.

Tax Rates. All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under State law and provisions of the City Charter, the City is limited to a maximum tax rate of \$2.50 per \$100 assessed valuation. As shown below, the tax rate adopted by the City Council has historically been substantially lower than the maximum provided by law.

The allocation of the property tax levy by purpose (General Fund operations and Debt Service) for fiscal year 2007-08 and the preceding five fiscal years is reflected in the following table:

<u>Purpose</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
General Fund	0.32184	0.32184	0.32107	0.31641	0.31581	0.31581
Debt Service Fund	<u>0.11866</u>	<u>0.13495</u>	<u>0.13572</u>	<u>0.13409</u>	<u>0.13469</u>	<u>0.13469</u>
Total Tax Rate	<u>0.44050</u>	<u>0.45679</u>	<u>0.45679</u>	<u>0.45050</u>	<u>0.45050</u>	<u>0.45050</u>

Tax Appraisal/Collection Responsibilities. Under Texas law enacted in 1979, and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Lewisville is established by the Denton Central Appraisal District of Denton County. The City of Lewisville and other taxing jurisdictions in Denton County provide a pro rata share of the budgeted expenditures incurred by the Appraisal District based upon individual levy. In fiscal year 2006-07, the City payment to the Appraisal District for appraisal services was \$238,966, an increase of \$24,982, or 11.7%, from the amount paid by the City in 2005-06. Beginning in October 1997, the City contracted with Denton County for tax collection services. The 2006-07 cost was \$18,726.

Long-Term Financial Planning. The City prepares a series of multi-year financial plans and forecasts that enable the City to reasonably predict future impacts on the government's financial position. For its two largest funds, the General Fund and the Water and Sewer Utility Fund, a

five-year financial plan is prepared in addition to a five-year street and drainage program and a five-year water and sewer capital improvement project plan. In the age of rapid technological advances, a five-year strategic technology plan is prepared as well. A five-year Parks and Library Development Corporation financial plan is also created to properly structure priorities and foresee increases in operating costs connected with the operation and maintenance of new facilities or programs.

Debt Administration. Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since service and user charges made by utility system customers are used to retire such debt and no ad valorem tax proceeds are used for utility revenue bond debt service.

Outstanding General Obligation Debt at 9-30-07 (Net of Debt Service)	\$57,449,795
Estimated Population	91,550
G. O. Debt per Capita	\$628
Net G. O. Debt per Assessed Value	1.05%

The City's bond ratings at September 30, 2007 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>
Standard & Poor's	AA	AA
Moody's Investors Service	Aa3	A1
Fitch Ratings	AA	-

Cash Management. According to the City of Lewisville's Investment Policy, the Investment Committee has three main objectives in managing the portfolio: safety, liquidity, and yield.

Safety

Safety is insured in several ways: investing only in securities allowed by state statute and the City's investment policy; using delivery versus payment for all security transactions; requiring all cash in the bank be collateralized with government securities pledged to the City and safe kept at a third party institution; and diversifying investment purchases to minimize individual security market risk. In addition, the City uses an approved list of security brokers when making investment transactions.

Liquidity

Liquidity is the second objective of the Investment Committee's management of the portfolio. To ensure sufficient funds to meet scheduled obligations, investment maturities are matched to projected expenditures. In addition, a portion of the portfolio is invested in liquid assets, such as pools and short-term securities, to cover unforeseen expenditures and day-to-day fluctuations. By using the matching strategy, a portion of the portfolio can be extended out longer, thus increasing yield and establishing interest earnings.

At September 30, 2007, the portfolio consisted of:

<u>Year to Maturity</u>	<u>Percent of Portfolio</u>
0-1	70.19%
1-2	29.81%

Yield

Maximizing yield is the third objective of the Investment Committee. Although maintaining safety and liquidity are always more important than increasing yield, the Investment Committee should be able to maintain a reasonable rate of return and at the same time avoid taking on unnecessary risks. The City's portfolio average yield, including TexPool, was 5.14% in 2007.

OTHER INFORMATION

Independent Audit. According to Section 34 of the City Charter of the City of Lewisville, an annual independent audit is required to be made of the financial records of the City by a Public Accountant or Certified Public Accountant selected by the City Council. The City of Lewisville has engaged the firm of Weaver & Tidwell, L.L.P. and the opinion is included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2007, and the changes in financial position and cash flows, where applicable, for the year then ended in conformity with generally accepted accounting principles.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lewisville for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

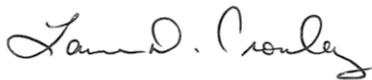
A Certificate of Achievement is valid for a period of one year only. The City of Lewisville has received a Certificate of Achievement for the last 18 consecutive years (fiscal years ended 1989-2006). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Special appreciation is given to these staff members whose effort was instrumental in the publication of this comprehensive report.

Respectfully submitted,



Claude E. King
City Manager



Lauren D. Crowley, CPA
Director of Finance



Brenda West, CPA
Accounting and Audit Manager

CERTIFICATE OF ACHIEVEMENT

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Lewisville
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

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.



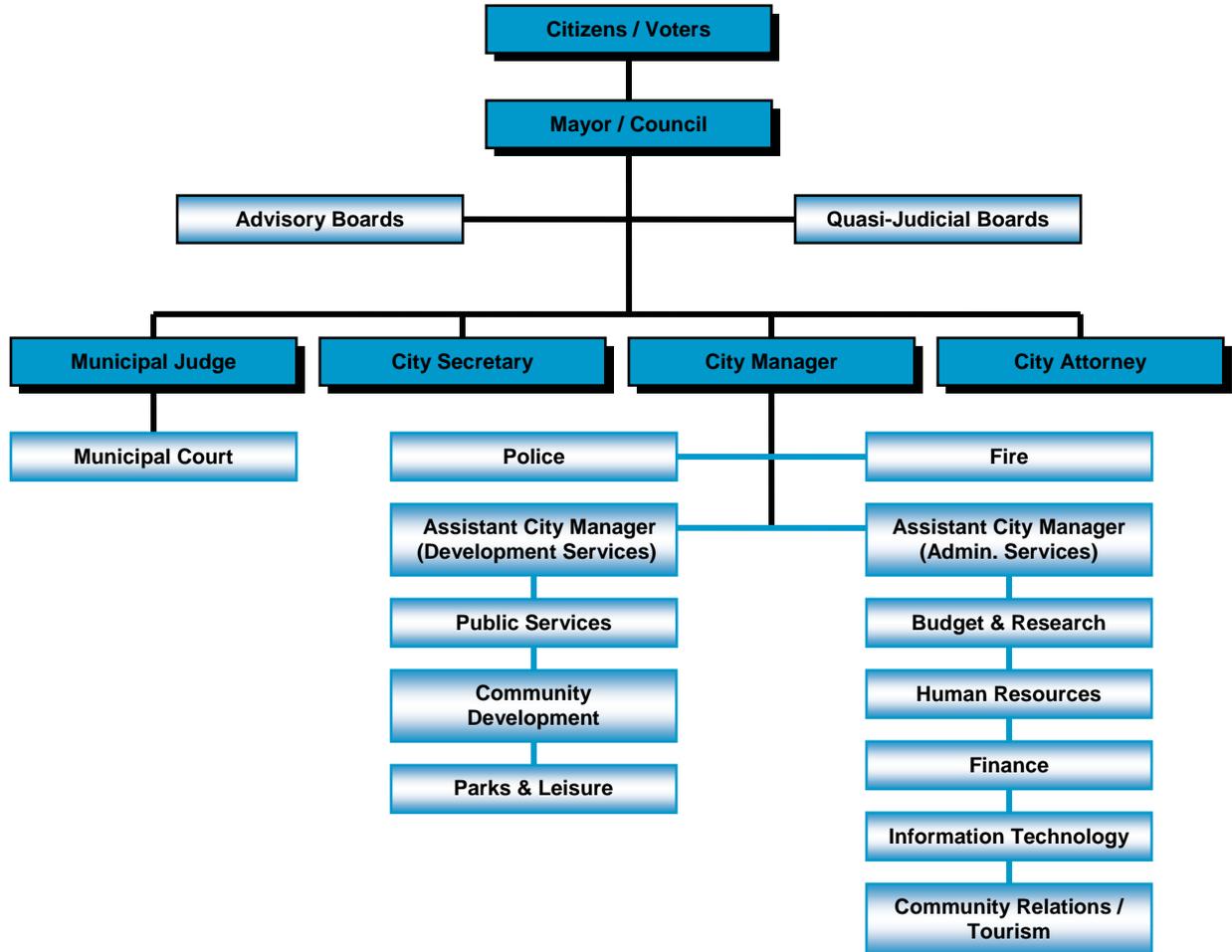
Charles S. Cox

President

Jeffrey R. Emery

Executive Director

CITY OF LEWISVILLE, TEXAS – ORGANIZATIONAL CHART



CITY OF LEWISVILLE, TEXAS – PRINCIPAL OFFICIALS

Elected Officials

MayorGene Carey
Mayor Pro Tem Dean Ueckert
Deputy Mayor Pro TemDavid Thornhill
Councilman Greg Tierney
Councilman Rudy Durham
Councilman Lathan Watts

Appointed Officials

City Manager Claude E. King
City Secretary Julie Heinze
City Attorney Ron Neiman
Municipal Judge Brian Holman

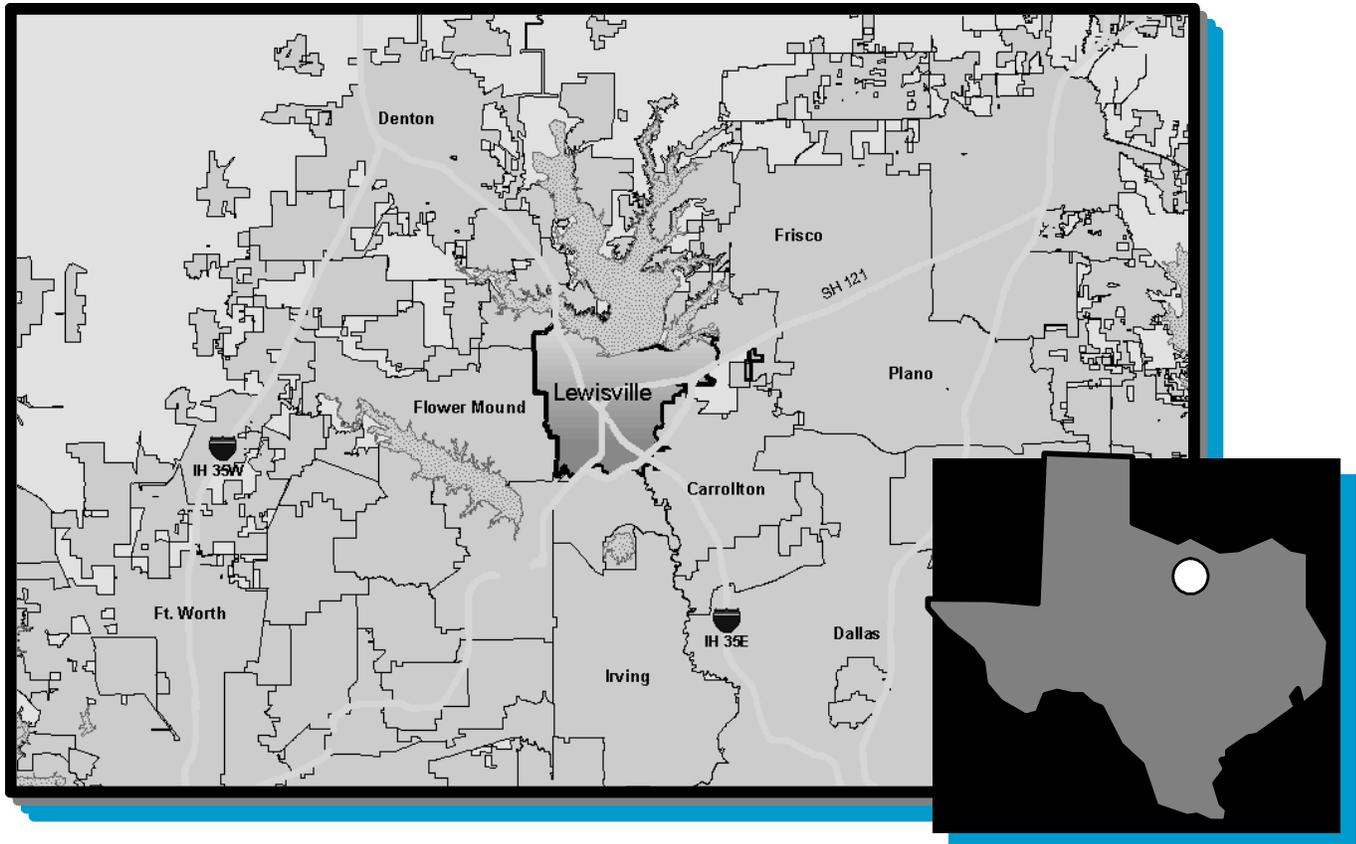
Assistant City Managers

Development Steven L. Bacchus
Administrative Services Donna Barron

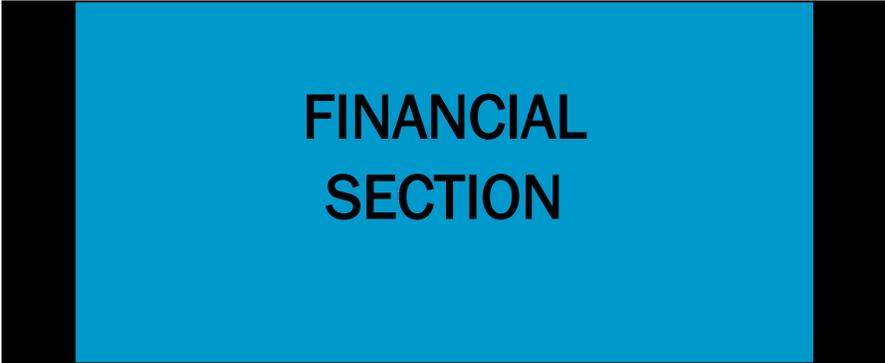
Department Directors

Budget and Research Gina Thompson
Community Development Eric Ferris
Community Relations and Tourism James Kunke
Economic Development Nika Reinecke
Finance Lauren Crowley
Fire Richard Lasky
Human Resources Melinda Galler
Information Technology Services Larry Buchanan
Parks and Recreation Robert Monaghan
Police Russell Kerbow
Public Services Carole Bassinger

AREA MAP







**FINANCIAL
SECTION**



WEAVER
AND
TIDWELL

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, City Council
and City Manager
CITY OF LEWISVILLE, TEXAS

We have audited the accompanying financial statements of the governmental activities, business type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of the City of Lewisville, Texas ("City") as of and for the year ended September 30, 2007, which collectively comprises the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2007 and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

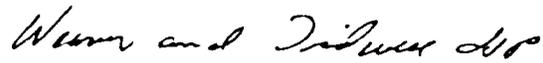
In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 accompanying management's discussion and analysis (on pages 17 through 30 and the budgetary comparison schedule-general fund (pages 79 and 80), are not a required part of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City of Lewisville, Texas
March 6, 2008

Page Two

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lewisville's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The combining and individual fund 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 statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 6, 2008

**CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

This discussion and analysis of the City of Lewisville's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the accompanying transmittal letter and the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lewisville exceeded its liabilities at the close of the fiscal year ending September 30, 2007 by \$487,568,846 (net assets). Of this amount, \$81,408,775 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Lewisville's total net assets increased by \$24,059,725 for the year ended September 30, 2007.
- As of September 30, 2007, the City of Lewisville's governmental funds reported combined ending fund balances of \$79,337,650, an increase of \$17,031,258 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$26,272,130 or approximately 50 percent of total general fund expenditures.
- The City's total outstanding bonds (excluding component unit debt) increased \$1,395,000 during the current fiscal year. The primary reason for the increase was decreased amortization payments as compared to the prior year and the additional issuance of \$18,725,000 of General Obligation Refunding and Improvement Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Lewisville's basic financial statements. The City of Lewisville'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 supplemental 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 of Lewisville's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the City of Lewisville'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 of Lewisville is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources)

with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, bridges, drainage improvements, alleys, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example, uncollected taxes and earned but not used vacation leave. Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, library, community development, public services, information technology services, parks and leisure services, municipal court, tourism, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- *Component units* – The City includes five separate legal entities in its report – the Lewisville Housing Finance Corporation, the Lewisville Industrial Development Authority, Inc., the Lewisville Parks and Library Development Corporation, the Tax Increment Reinvestment Zone Number 1 (Lewisville Old Town), and the Health Benefit Trust. Although legally separate, these component units are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money. The City's two types of funds – Governmental and Proprietary – utilize different accounting approaches.

Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method

identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City of Lewisville maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the general capital projects fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Internal Service Funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities. Because these services benefit both governmental as well as business type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Lewisville maintains one enterprise fund to account for water and sewer services provided to the City's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

The City of Lewisville maintains three internal service funds to account for funds accumulated to self-insure for health, liability, property and casualty losses, worker compensation claims, life insurance, long-term disability, vehicle and equipment replacement and fleet maintenance. Individual fund data for each of these non-major business-type funds is provided in the form of combining statements elsewhere in this report.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The activities of this fund is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund is used for its intended purpose.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information and a statistical section that is intended to assist users in assessing the economic condition of the City.

THE CITY AS A WHOLE – Government-Wide Financial Analysis

The City's combined net assets were \$487,568,846 as of September 30, 2007. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$184,597,095. This analysis focuses on the net assets (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (82.5 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure) less any related 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.

**CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 112,173,594	\$ 91,915,989	\$ 57,447,443	\$ 63,881,530	\$ 169,621,037	\$ 155,797,519
Capital assets	270,395,773	260,339,043	172,679,695	164,821,882	443,075,468	425,160,925
Total assets	<u>382,569,367</u>	<u>352,255,032</u>	<u>230,127,138</u>	<u>228,703,412</u>	<u>612,696,505</u>	<u>580,958,444</u>
Long-term liabilities	65,742,471	56,720,222	42,876,317	49,485,427	108,618,788	106,205,649
Other liabilities	13,855,145	7,975,794	2,653,726	2,914,709	16,508,871	10,890,503
Total liabilities	<u>79,597,616</u>	<u>64,696,016</u>	<u>45,530,043</u>	<u>52,400,136</u>	<u>125,127,659</u>	<u>117,096,152</u>
Net assets:						
Invested in capital assets, net of related debt	256,515,336	239,332,939	145,843,454	137,038,948	402,358,790	376,371,887
Restricted	1,725,352	1,446,727	2,075,929	1,576,475	3,801,281	3,023,202
Unrestricted	44,731,063	46,779,350	36,677,712	37,687,853	81,408,775	84,467,203
Total net assets	<u>\$ 302,971,751</u>	<u>\$ 287,559,016</u>	<u>\$ 184,597,095</u>	<u>\$ 176,303,276</u>	<u>\$ 487,568,846</u>	<u>\$ 463,862,292</u>

CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007

Governmental Activities

The City's general revenues decreased when compared to the prior year by 4.7% or \$2,794,045. The primary reasons for this decrease were due to a specific one-time reimbursement from Denton County for State Highway 121 improvements in the amount of \$3,890,000 in the prior year and during the current year, three buildings were demolished to make way for new construction, resulting in an asset disposal book loss of \$2.4 million. Partially offsetting these decreases were increases in investment earnings, property tax revenue and sales tax revenue. Investment earnings increased \$1,726,042 or 37%, mainly due to higher yields. Ad valorem tax revenues increased due to increased property valuations and additions of new property throughout the City. Assessed value of the property in the City increased by \$141.9 million or 2.7% as compared to the prior year. For 2007, the City maintained their tax rate at \$0.45679 per \$100 assessed valuation. The changes in the City's general revenues are as follows (Table 2):

Table 2
General Revenues

	<u>2007</u>	<u>2006</u>	<u>Increase (decrease)</u>
Property taxes	\$ 26,467,219	\$ 25,356,502	\$ 1,110,717
Sales taxes	19,216,744	18,113,568	1,103,176
Hotel/motel taxes	1,606,115	1,480,548	125,567
Other taxes	1,043,749	1,074,299	(30,550)
Franchise taxes	4,435,578	4,599,447	(163,869)
Investment earnings	6,389,719	4,663,677	1,726,042
Gain (loss) on disposal of assets	(2,391,449)	470	(2,391,919)
Miscellaneous	291,390	4,564,599	(4,273,209)
Total general revenues	<u>\$ 57,059,065</u>	<u>\$ 59,853,110</u>	<u>\$ (2,794,045)</u>

**CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

Governmental activities increased the City's net assets by \$15,765,906. The key elements of this increase are as follows:

**Table 3
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for service	\$ 11,838,496	\$ 11,433,023	\$ 23,449,079	\$ 26,184,466	\$ 35,287,575	\$ 37,617,489
Operating grants and contributions	2,109,623	1,281,838	-	-	2,109,623	1,281,838
Capital grants and contributions	12,977,908	17,673,122	4,608,716	4,495,510	17,586,624	22,168,632
General revenues:						
Property taxes	26,467,219	25,356,502	-	-	26,467,219	25,356,502
Other taxes	26,302,186	25,786,574	-	(518,712)	26,302,186	25,267,862
Other	1,433,741	6,909,694	2,855,919	2,319,052	4,289,660	9,228,746
Total revenues	81,129,173	88,440,753	30,913,714	32,480,316	112,042,887	120,921,069
Expenses:						
General government	9,848,489	13,392,249	-	-	9,848,489	13,392,249
Culture, parks and recreation	7,139,298	6,199,881	-	-	7,139,298	6,199,881
Public safety	30,491,917	28,182,352	-	-	30,491,917	28,182,352
Public services	18,569,013	13,667,907	19,676,760	19,556,158	38,245,773	33,224,065
Interest on long-term debt	2,257,685	2,202,454	-	-	2,257,685	2,202,454
Total expenses	68,306,402	63,644,843	19,676,760	19,556,158	87,983,162	83,201,001
Increase in net assets						
before transfers	12,822,771	24,795,910	11,236,954	12,924,158	24,059,725	37,720,068
Transfers	2,943,135	2,446,900	(2,943,135)	(2,446,900)	-	-
Increase in net assets	15,765,906	27,242,810	8,293,819	10,477,258	24,059,725	37,720,068
Net assets						
beginning of fiscal year	287,559,016	260,316,206	176,303,276	165,826,018	463,862,292	426,142,224
Prior-period adjustment	(353,171)	-	-	-	(353,171)	-
Net assets						
ending of fiscal year	\$ 302,971,751	\$ 287,559,016	\$ 184,597,095	\$ 176,303,276	\$ 487,568,846	\$ 463,862,292

The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$30,491,917. These expenses were offset by revenues of \$5,160,420, which were collected from a variety of sources, with the largest being from fines and forfeitures. The most significant portion of public safety is the cost of personnel which is \$25,918,566. Other significant governmental expenses for the City include public services which incurred \$18,569,013 in expenses, of which \$6,371,351 represented personnel expenses and the general government activity which incurred \$9,848,489 in expenses, of which \$4,706,183 represents personnel charges. General government encompasses administration, legal, finance, human resources, information technology services, tourism, economic development and general

**CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

government departments. The Parks and Leisure Services Department incurred \$7,139,298 in expenses and \$4,006,821 represented their personnel charges. Asset reclasses between functions, mainly general government and public services, resulted in depreciation expense being moved within these functions. Additional information can be found in Note 5 of the Notes to Financial Statements included in this report.

Business-type Activities

Business-type activities increased the City's net assets by \$8,293,819. The increase in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$23,449,079. Non-cash capital contributions from developers and cash receipts in the form of development impact fees amounted to \$4,608,716. Developer contributions are public improvement infrastructure projects that are completed by the developer. The charges for services exceeded expenses by \$3.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, the City had \$443.1 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines.

**Table 4
Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Improvements	\$ 164,661,051	\$ 162,224,283	\$ 453,341	\$ 461,938	\$ 165,114,392	\$ 162,686,221
Land	38,743,371	36,514,484	2,344,365	2,111,660	41,087,736	38,626,144
Buildings	42,417,434	44,019,323	350,174	367,336	42,767,608	44,386,659
Equipment	12,463,433	9,487,521	1,521,269	1,470,008	13,984,702	10,957,529
Construction in progress	12,110,484	8,093,432	7,804,781	4,491,223	19,915,265	12,584,655
Water	-	-	94,105,507	90,506,318	94,105,507	90,506,318
Sewer	-	-	66,100,258	65,413,399	66,100,258	65,413,399
Totals	\$ 270,395,773	\$ 260,339,043	\$ 172,679,695	\$ 164,821,882	\$ 443,075,468	\$ 425,160,925

CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007

Major capital asset additions for 2006-2007 include:

Garden Ridge Blvd Extension	\$2,839,800
Water Line Replacements	2,829,355
Radio Communications System	2,233,498
Valley Ridge Northeast Water Line	1,717,469
Library Expansion	1,689,340
Windhaven Drive Extension	1,633,107
Concrete Street Rehabilitation	987,538
Radio Tower	687,191
General Park Improvements	586,788
Inflow/Infiltration Replacement	497,354
Wastewater Treatment Plant Improvements	411,927
Hivue Addition Sanitary Sewer Replacement	378,066
Turf Replacement	347,968
Sidewalk Maintenance Improvements	340,786
Old Town Parking Improvements	316,067
Alley Rehabilitation	305,347
Corridor Beautification	275,176
Old Town Property Development	258,378
McGee Lane Expansion with Water and Sewer Improvements	249,046
Update of Master Water Infrastructure Map	146,952
Wireless Access to Computer Network	134,955
Meter Replacements	120,307
Household Hazardous Waste Facility	108,210
Document Imaging System	107,403
Fire Station Vehicle Shelter	90,968
Trail Development	90,203
Crossroads Center Subdivision Water Line Enlargement	85,229
Network Expansion	84,334
Visitors Bureau Facility	77,857
Animal Shelter Rehabilitation	57,457
Utility Billing Software	55,026
	<hr/>
	\$19,743,101

**CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

The City's fiscal year 2008 capital improvement program authorizes it to spend \$104.54 million for capital projects. These improvements are in the following categories: water and sewer, street, drainage, park, municipal/technology and public safety. The aforementioned amount of \$105.54 million is made up of both current year appropriations, as well as carryover amounts appropriated but not yet expended.

To support the capital improvement program, funds are obtained from the issuance of bonds, interest earnings, transfers from operating funds, developer contributions, or a combination of these sources. To illustrate, water and sewer system improvements in 2007-2008 consist of \$3,024,166 of transfers from water and sewer operating funds for water and sewer line replacements and inflow/infiltration improvements. Street and drainage improvements in 2007-2008 consist of \$3,304,834 in General Fund transfers to fund a variety of street, alley, sidewalk, traffic improvements and corridor beautification projects. Municipal/technology improvements in 2007-2008 of \$766,848 are funded through new transfers to fund several technological improvements including Phase 3 of document imaging, network infrastructure upgrades, expansion of the wireless bridge infrastructure, license plate scanning system, mapping software, video streaming product, and a video security system.

Additional information on the City of Lewisville's capital assets can be found in Note 5 of the Notes to Financial Statements included in this report.

Debt

At year end, the City had \$102.0 million in general obligation and revenue bonds outstanding as compared to \$100.6 million at the end of the prior fiscal year, an increase of 1.4 percent as shown in Table 5.

**Table 5
Outstanding Debt at Year End
(in Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds (backed by the City)	\$ 59,515	\$ 51,330	\$ -	\$ -	\$ 59,515	\$ 51,330
Revenue bonds (backed by fee revenues)	-	-	42,510	49,300	42,510	49,300
Totals	\$ 59,515	\$ 51,330	\$ 42,510	\$ 49,300	\$ 102,025	\$ 100,630

During the current fiscal year, the City issued debt dated June 2007. The new debt resulted from the issuance of General Obligation Refunding and Improvement Bonds in the amount of \$18.725

million. The General Obligation Refunding and Improvement debt provided funds for refunding a portion of the City's outstanding debt and for the construction of street improvements and jail facilities. For more detailed information on long-term debt activity, refer to Note 11 in the Notes to Financial Statements.

The City's General Obligation Bonds carry an AA rating from Standard and Poor's, an Aa3 rating from Moody's Investors Service and an AA rating from Fitch Ratings, all of which are national rating agencies. The City's Water and Sewer Revenue Bonds carry an AA rating from Standard and Poor's and an A1 rating from Moody's. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 1.05%.

The City maintains a self-insurance program for general liability, public official's errors and omission, public employee dishonesty, police professional liability, property and casualty, workers' compensation, and health and dental coverages. Individual health claims over \$100,000 per occurrence are covered at 100% by reinsurance as well as aggregate claims that exceed a calculated amount. Workers' compensation claims have reinsurance coverages, which cover 100% of claims that exceed \$400,000 for sworn police and fire employees and \$300,000 for all other employees. All other insurance coverages have deductibles that range from \$500 to \$50,000.

THE CITY'S FUNDS

At the close of the City's fiscal year on September 30, 2007, the governmental funds of the City reported a combined fund balance of \$79.3 million, a \$17 million increase from the previous year.

- The City's General Fund balance of \$26.77 million exceeded the prior year fund balance by \$90,851. This resulted in a positive variance of \$7.63 million when compared to the final amended budget of \$19.14 million. Significant budgetary variances between the final amended budget and the actual results can be summarized as follows:
 - Tax revenue was \$2.9 million higher than estimated due to an increase in total assessed value of \$141.9 million on property resulting in \$878,795 in additional revenue. Sales tax revenue was \$1,611,214 higher than anticipated and other taxes, mainly franchise, came in \$428,066 higher than expected.
 - Licenses and Permits revenue was \$919,174 higher than budgeted primarily due to increased building-related permit revenue. This category of revenue is susceptible to existing economic conditions and changes in planned construction.

CITY OF LEWISVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007

- Charges for services revenue was \$851,076 higher than budgeted primarily due to commercial garbage and landfill host fee receipts being higher than anticipated.
 - Transfers In revenue provided \$1,953,112 for the General Fund that had not been budgeted. Reimbursement was received for a prior year funding of construction costs in the amount of \$1,633,107 and \$300,000 of excess funds was returned to the General Fund from the special revenue funds.
 - When combined, Police, Fire, Parks and Leisure Services and Community Development departments had lower than expected expenditures resulting in a variance of \$604,481. This variance is primarily due to salary savings from employee vacancies and savings in deferred compensation due to participation rates.
- The General Capital Projects Fund accounts for most of this increase with bond proceeds of \$13.655 million and transfers from the General Fund and internal service funds of \$11.4 million. These sources had not been fully expended by year end in the construction of City projects, thereby increasing fund balance \$16 million.
 - The Hotel/Motel Fund balance increased \$653,277 over the previous year. This amount was a result of an increase in tax revenues received over expenditures.
 - The Debt Service Fund balance increased \$410,589 over the previous balance. This increase was mainly the result of an increase in property taxes received.
 - The City's Water and Sewer Fund net assets of \$184 million increased by \$8 million over the prior year net assets balance. The increase is primarily due to operating revenues continuing to remain well above operating expenses and dedicated infrastructure to the City.
 - The City's Internal Service Funds net assets of \$23.8 million decreased by \$1.3 million from the prior year net asset balance. The decrease is primarily attributed to a total of \$3.1 million transferred to the General Capital Projects Fund for construction projects. Excluding the transfer mentioned, the Health Insurance Risk Pool Fund and Self Insurance Risk Fund experienced a \$1,462,369 increase in fund balance, collectively, due to premium revenues adequately covering insurance claim expense.

General Fund Budgetary Highlights

During fiscal year 2006-07, the City Council of the City of Lewisville amended the budget for the General Fund on three occasions. One large amendment was prepared in January when the routine supplement completed each year for prior year encumbrances (purchases) that overlap into the next fiscal year occurred. Another amendment was made to purchase land for Fire Station House #7 and the final amendment was made to appropriate funding needed for the design and construction of the fire station.

Staff reviewed each supplemental appropriation and determined that reserves were sufficient to recommend its approval. The net increase to the General Fund for the year was \$4.012 million.

During fiscal year 2006-07, the budgeted expenditures of \$58.042 million increased to an estimated expenditure amount of \$62.054 million.

The City of Lewisville had estimated an ending fund balance for fiscal year 2006-07 to be \$20,513,106; however, due to a higher ending fund balance in fiscal year 2005-06, increases to revenue estimates for fiscal year 2006-07 mainly related to tax revenues and to the budget adjustments discussed previously, the fund balance was re-estimated to be \$23,909,328.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity. However, all indications are that the rapid growth of the past is slowing to normal levels, and now Lewisville will face the increasing challenges that go with becoming a mature entity. Lewisville's current population is estimated at 91,550 with a population at build-out at approximately 111,000. The economic climate in Lewisville is stable with low unemployment and as a result Lewisville enjoys an above-average income level per household. This in combination with the City's proximity to two major highways, the Dallas Fort Worth International Airport, and an active economic development program have made Lewisville a leader in the regional retail market. The City continues to attract new and existing companies due to the strategy of working diligently with businesses on relocation incentives.

These factors are taken into consideration when adopting the General Fund budget for fiscal year 2008. The combined budget appropriation for fiscal year 2007-08 totals \$100,549,290 for 17 operating funds. Another \$8,097,214 is appropriated in the City's three internal service funds.

Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Denton County Central Appraisal District and the tax rate established by the Lewisville City Council. Due to the fact that assessed property values have increased each year since fiscal year 1993-94, the City has been afforded the opportunity to lower the tax rate or keep it relatively constant. The Lewisville City Council chose to decrease the tax rate slightly for the current fiscal year from 0.45679 to 0.44050 cents per \$100 assessed valuation. The City anticipates \$2.294 million additional ad valorem tax revenue for the 2007-08 fiscal year due to the new tax rate being applied to the increased tax base. Property values increased \$710.1 million or 13%. This brings the property tax revenue budgeted for FY 2007-08 to \$19.855 million making it the single largest General Fund revenue source.

The General Fund's second largest revenue source in fiscal year 2007-2008 is sales tax receipts. For the fiscal year ending 2007-2008, the City is projecting sales tax revenue to continue to be one of the General Fund's largest revenue sources at \$18.478 million. Due to the volatility of the sales tax revenue source, the City has been very conservative in projecting sales tax revenue.

This conservative philosophy was formalized in the City's written Revenue Policy adopted by the City Council. Under this policy sales tax revenue estimates for subsequent fiscal years are limited to the estimated receipts for the current fiscal year. This practice effectively mitigates to a large degree the volatile nature of the sales tax revenue source.

Budgeted expenditures in the General Fund are expected to increase \$3.507 million from the 2006-2007 fiscal year re-estimated budget. The increase is mainly attributed to increased transfers out to capital improvement projects as well as one-time expenditures.

If these estimates are realized, the City's General Fund balance is expected to decline by 5.6 percent or \$1,332,769.

As for the City's business type activities, the City expects the 2008 operating results will approximate the results of fiscal year 2006-2007. Projections indicate that the Water and Sewer Fund net assets will decrease by \$250,000. This decrease is the result of capital contributions of the same amount.

Water and sewer rates were reviewed by the City Council for fiscal year 2007-2008. A rate increase in the base charge equal to 1% of budgeted water and sewer revenue was implemented due to the City of Dallas's increasing water costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and reflect the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Lewisville, 151 West Church Street, Lewisville, Texas 75057.



**BASIC FINANCIAL
STATEMENTS**

**CITY OF LEWISVILLE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

EXHIBIT 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 2,739,482	\$ 1,504,311	\$ 4,243,793	\$ 809,790
Investments	96,095,881	26,875,086	122,970,967	36,248,782
Receivables (net of allowances for uncollectibles)	9,163,442	3,901,372	13,064,814	1,073,751
Internal balances	(624,538)	624,538	-	-
Due from other governments	30,010	-	30,010	-
Inventory of supplies	80,276	-	80,276	-
Prepaid items	4,070,751	2,077	4,072,828	10,777
Restricted assets				
Cash	-	4,440,439	4,440,439	-
Investments	-	19,267,984	19,267,984	-
Interest receivable	-	118,332	118,332	-
Prepaid items	-	2,975	2,975	-
Deferred charges	618,290	710,329	1,328,619	360,297
Capital assets				
Non-depreciable	50,853,855	10,149,146	61,003,001	-
Depreciable (net of accumulated depreciation)	219,541,918	162,530,549	382,072,467	-
Total assets and other debits	<u>\$ 382,569,367</u>	<u>\$ 230,127,138</u>	<u>\$ 612,696,505</u>	<u>\$ 38,503,397</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 3,685,277	\$ 680,979	\$ 4,366,256	\$ 270,280
Incurred but not reported claim reserve	1,729,729	-	1,729,729	-
Retainage payable	201,657	-	201,657	114,204
Accrued liabilities	2,024,429	314,910	2,339,339	11,083
Accrued interest payable	504,891	240,774	745,665	258,296
Due to other governments	-	-	-	30,010
Liabilities payable from restricted assets	-	1,311,695	1,311,695	-
Deposits payable	9,250	-	9,250	-
Unearned revenue	4,000	-	4,000	-
Money held in escrow	5,695,912	105,368	5,801,280	-
Non-current liabilities				
Due within one year	8,913,000	5,935,619	14,848,619	1,225,714
Due in more than one year	56,829,471	36,940,698	93,770,169	44,300,158
Total liabilities	<u>79,597,616</u>	<u>45,530,043</u>	<u>125,127,659</u>	<u>46,209,745</u>
Net assets				
Invested in capital assets, net of related debt	256,515,336	145,843,454	402,358,790	-
Restricted for debt service	1,725,352	2,075,929	3,801,281	-
Restricted for capital projects	-	-	-	414,036
Unrestricted	44,731,063	36,677,712	81,408,775	(8,120,384)
Total net assets	<u>302,971,751</u>	<u>184,597,095</u>	<u>487,568,846</u>	<u>(7,706,348)</u>
Total liabilities and net assets	<u>\$ 382,569,367</u>	<u>\$ 230,127,138</u>	<u>\$ 612,696,505</u>	<u>\$ 38,503,397</u>

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

**CITY OF LEWISVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Primary government				
Governmental activities				
General government	\$ 9,848,489	\$ 3,622,179	\$ 118,832	\$ 676,290
Culture, parks and recreation	7,139,298	1,537,244	15,024	4,455,634
Public safety	30,491,917	4,560,499	599,921	-
Public services	18,569,013	2,118,574	1,375,846	7,845,984
Interest on long-term debt	2,257,685	-	-	-
Total governmental activities	<u>68,306,402</u>	<u>11,838,496</u>	<u>2,109,623</u>	<u>12,977,908</u>
Business-type activities				
Water and sewer	19,676,760	23,449,079	-	4,608,716
Total business-type activities	<u>19,676,760</u>	<u>23,449,079</u>	<u>-</u>	<u>4,608,716</u>
Total primary government	<u>\$ 87,983,162</u>	<u>\$ 35,287,575</u>	<u>\$ 2,109,623</u>	<u>\$ 17,586,624</u>
Component units				
Lewisville Housing Finance Corporation	\$ 30,010	\$ -	\$ -	\$ -
Lewisville Parks and Library Development Corporation	6,770,826	217,636	-	-
Tax Increment Reinvestment Zone (Old Town)	796,659	-	-	-
Total component units	<u>\$ 7,597,495</u>	<u>\$ 217,636</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Sales taxes				
Other taxes				
Franchise taxes				
Hotel motel taxes				
Penalties and interest				
Investment earnings				
Gain (loss) on disposal of assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
NET ASSETS, beginning				
Prior period adjustment				
NET ASSETS, beginning, as restated				
NET ASSETS, ending				

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

EXHIBIT 2

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,431,188)	\$ -	\$ (5,431,188)	\$ -
(1,131,396)	-	(1,131,396)	-
(25,331,497)	-	(25,331,497)	-
(7,228,609)	-	(7,228,609)	-
(2,257,685)	-	(2,257,685)	-
(41,380,375)	-	(41,380,375)	-
-	8,381,035	8,381,035	-
-	8,381,035	8,381,035	-
\$ (41,380,375)	\$ 8,381,035	\$ (32,999,340)	\$ -
\$ -	\$ -	\$ -	\$ (30,010)
-	-	-	(6,553,190)
-	-	-	(796,659)
\$ -	\$ -	\$ -	\$ (7,379,859)
26,257,705	-	26,257,705	436,212
19,216,744	-	19,216,744	4,805,704
1,043,749	-	1,043,749	-
4,435,578	-	4,435,578	-
1,606,115	-	1,606,115	-
209,514	-	209,514	-
3,614,454	2,775,365	6,389,819	1,227,814
(2,424,552)	33,103	(2,391,449)	-
243,839	47,451	291,290	-
2,943,135	(2,943,135)	-	-
57,146,281	(87,216)	57,059,065	6,469,730
15,765,906	8,293,819	24,059,725	(910,129)
287,559,016	176,303,276	463,862,292	(7,149,390)
(353,171)	-	(353,171)	353,171
287,205,845	176,303,276	463,509,121	(6,796,219)
\$ 302,971,751	\$ 184,597,095	\$ 487,568,846	\$ (7,706,348)

CITY OF LEWISVILLE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2007

EXHIBIT 3

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 476,612	\$ 43,450	\$ 1,083,698	\$ 226,299	\$ 1,830,059
Investments	22,756,651	2,090,775	52,151,297	2,650,281	79,649,004
Receivables (net of allowances for uncollectables)					
Taxes	4,983,207	79,142	-	-	5,062,349
Accounts	2,122,731	-	-	636,526	2,759,257
Unbilled accounts	190,804	-	-	-	190,804
Interest	157,106	14,314	357,040	18,739	547,199
Court	166,381	-	-	-	166,381
Other	-	-	315,267	-	315,267
Due from other funds	217,686	-	-	-	217,686
Due from other governments	3,223	-	-	26,787	30,010
Prepaid items	271,000	2,562	2,225	3,731,763	4,007,550
Total assets	<u><u>\$ 31,345,401</u></u>	<u><u>\$ 2,230,243</u></u>	<u><u>\$ 53,909,527</u></u>	<u><u>\$ 7,290,395</u></u>	<u><u>\$ 94,775,566</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts and contracts payable	\$ 968,342	\$ -	\$ 2,498,305	\$ 110,482	\$ 3,577,129
Accrued liabilities	1,966,703	-	-	-	1,966,703
Accrued interest payable	-	83,334	-	-	83,334
Deposits payable	9,250	-	-	-	9,250
Deferred revenues	1,579,203	79,142	-	4,000	1,662,345
Money held in escrow	55,995	-	5,639,917	-	5,695,912
Retainage payable	-	-	183,440	18,217	201,657
Due to other funds	-	-	-	2,241,586	2,241,586
Total liabilities	<u><u>4,579,493</u></u>	<u><u>162,476</u></u>	<u><u>8,321,662</u></u>	<u><u>2,374,285</u></u>	<u><u>15,437,916</u></u>
Fund balances					
Reserved for prepaid items	271,000	2,562	2,225	3,553,809	3,829,596
Reserved for encumbrances	222,778	-	10,064,497	262,470	10,549,745
Reserved for debt service	-	2,065,205	-	-	2,065,205
Reserved for capital projects	-	-	35,521,143	-	35,521,143
Unreserved, undesignated reported in					
General Fund	26,272,130	-	-	-	26,272,130
Special revenue funds	-	-	-	1,099,831	1,099,831
Total fund balances	<u><u>26,765,908</u></u>	<u><u>2,067,767</u></u>	<u><u>45,587,865</u></u>	<u><u>4,916,110</u></u>	<u><u>79,337,650</u></u>
Total liabilities and fund balances	<u><u>\$ 31,345,401</u></u>	<u><u>\$ 2,230,243</u></u>	<u><u>\$ 53,909,527</u></u>	<u><u>\$ 7,290,395</u></u>	<u><u>\$ 94,775,566</u></u>

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

**CITY OF LEWISVILLE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 AS OF SEPTEMBER 30, 2007**

EXHIBIT 4

Total fund balances -- governmental funds	\$ 79,337,650
Amounts reported for governmental activities in the statement of net assets are different because:	
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide statements.	618,290
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	264,260,551
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(421,557)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	1,658,345
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(65,742,471)
An internal service fund is used by management to charge the costs of certain activities, including insurance and vehicle fleet management, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net assets, net of amounts charged to enterprise funds of \$553,363.	<u>23,260,943</u>
Total net assets--governmental activities	<u>\$ 302,971,751</u>

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Debt Service	General Capital Projects	Other Governmental	Total Governmental Funds
REVENUES					
Property and other taxes	\$ 43,432,930	\$ 7,851,731	\$ -	\$ 1,601,796	\$ 52,886,457
Licenses and permits	2,393,345	-	-	-	2,393,345
Charges for services	5,212,302	-	-	-	5,212,302
Recreation	1,083,171	-	-	302,017	1,385,188
Fines and forfeitures	2,680,535	-	-	-	2,680,535
Investment earnings	1,089,247	138,839	2,254,765	131,607	3,614,458
Grants					
Culture, parks and recreation	-	-	-	10,305	10,305
Public safety	-	-	-	588,798	588,798
Public services	-	-	-	1,256,152	1,256,152
Contributions and donations	-	-	3,205,708	-	3,205,708
Miscellaneous	360,199	-	61	401,139	761,399
Total revenues	<u>56,251,729</u>	<u>7,990,570</u>	<u>5,460,534</u>	<u>4,291,814</u>	<u>73,994,647</u>
EXPENDITURES					
Current					
General government	7,385,661	-	-	1,119,498	8,505,159
Culture, parks and recreation	5,818,283	-	-	300,470	6,118,753
Public safety	29,740,524	-	-	481,220	30,221,744
Public services	8,588,174	-	-	1,108,344	9,696,518
Debt service					
Principal	-	5,335,000	-	-	5,335,000
Interest and fiscal charges	-	2,194,185	99,975	-	2,294,160
Capital Outlay	1,203,167	-	13,171,007	473,893	14,848,067
Total expenditures	<u>52,735,809</u>	<u>7,529,185</u>	<u>13,270,982</u>	<u>3,483,425</u>	<u>77,019,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,515,920</u>	<u>461,385</u>	<u>(7,810,448)</u>	<u>808,389</u>	<u>(3,024,754)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,885,362	13,966	11,384,677	80,420	16,364,425
Transfers out	(8,324,602)	-	(1,647,073)	(337,167)	(10,308,842)
Issuance of refunding bonds	-	5,070,000	-	-	5,070,000
Issuance of general obligation bonds	-	-	13,655,000	-	13,655,000
Payments to refunding bond escrow agent	-	(5,398,353)	-	-	(5,398,353)
Premium on issuance of general obligation bonds	-	263,591	395,301	-	658,892
Proceeds from sale of assets	14,171	-	-	719	14,890
Net other financing sources (uses)	<u>(3,425,069)</u>	<u>(50,796)</u>	<u>23,787,905</u>	<u>(256,028)</u>	<u>20,056,012</u>
Net change in fund balances	<u>90,851</u>	<u>410,589</u>	<u>15,977,457</u>	<u>552,361</u>	<u>17,031,258</u>
FUND BALANCES, beginning	26,675,057	1,657,178	29,963,579	4,363,749	62,659,563
Prior period adjustment	-	-	(353,171)	-	(353,171)
FUND BALANCES, beginning, as restated	<u>(26,675,057)</u>	<u>(1,657,178)</u>	<u>(29,610,408)</u>	<u>(4,363,749)</u>	<u>(62,306,392)</u>
FUND BALANCES, ending	<u>\$ 26,765,908</u>	<u>\$ 2,067,767</u>	<u>\$ 45,587,865</u>	<u>\$ 4,916,110</u>	<u>\$ 79,337,650</u>

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

**CITY OF LEWISVILLE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT 6

Net changes in fund balances--total governmental funds	\$ 17,031,258
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Dispositions of capital assets decrease net assets. The net effect, of \$14,787,194 of capital outlay less capital asset transfers of \$262,238 and asset disposition of \$2,439,442 was to increase net assets.	12,085,514
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	9,772,200
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(12,376,966)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount (bond principal payments of \$5,335,000 plus payments to refunding bond escrow agent of \$5,398,353 and debt issue costs of \$166,744 less bond proceeds of \$19,383,892 less amortization of \$36,904) is the net effect of these differences in the treatment of long-term debt and related items.	(8,520,700)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(384,792)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(93,361)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(213,123)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment and insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(1,534,124)</u>
Change in net assets of governmental activities	<u>\$ 15,765,906</u>

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

**CITY OF LEWISVILLE, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2007**

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
Current assets		
Cash	\$ 1,504,311	\$ 909,423
Investments	26,875,086	16,446,877
Receivables (net of allowances for uncollectables of \$173,058)		
Accounts	1,453,064	13,495
Unbilled trade accounts	2,213,232	-
Interest	235,076	102,824
Other	-	5,866
Due from other funds	71,175	2,000,000
Inventory of supplies, at cost	-	80,276
Prepaid items	2,077	63,201
Restricted assets		
Cash	4,440,439	-
Investments	19,267,984	-
Interest receivable	118,332	-
Prepaid items	2,975	-
Total current assets	<u>56,183,751</u>	<u>19,621,962</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>710,329</u>	<u>-</u>
Capital assets		
Land	2,344,365	-
Land improvements	106,700	-
Buildings	588,419	-
Other improvements	452,000	146,476
Water system	120,622,771	-
Sewer system	89,362,953	-
Machinery and equipment	3,381,637	3,686,625
Motor vehicles	-	15,827,625
Construction in progress	7,804,781	-
Total capital assets	<u>224,663,626</u>	<u>19,660,726</u>
Less - Accumulated depreciation	<u>(51,983,931)</u>	<u>(13,525,504)</u>
Capital assets, net of accumulated depreciation	<u>172,679,695</u>	<u>6,135,222</u>
 Total noncurrent assets	 <u>173,390,024</u>	 <u>6,135,222</u>
 Total assets	 <u>\$ 229,573,775</u>	 <u>\$ 25,757,184</u>

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
LIABILITIES AND NET ASSETS		
Current liabilities		
Current liabilities payable from restricted assets		
Deposits payable	\$ 1,272,849	\$ -
Accrued interest payable	240,774	-
Contracts and retainage payable	38,846	-
Money held in escrow	105,368	-
Current maturities of revenue bonds	5,625,000	-
Deferred loss on refunding	(141,030)	-
Premium	67,532	-
Discount	(3,732)	-
Total current liabilities payable from restricted assets	7,205,607	-
Accounts payable	680,979	108,148
Incurred but not reported claim reserve	-	1,729,729
Accrued liabilities	314,910	57,726
Compensated absences	387,849	-
Due to other funds	-	47,275
Total current liabilities	8,589,345	1,942,878
Noncurrent liabilities		
Revenue bond payable	36,885,000	-
Compensated absences	263,111	-
Arbitrage payable	91,748	-
Deferred loss on refunding	(798,459)	-
Premium	550,464	-
Discount	(51,166)	-
Total noncurrent liabilities	36,940,698	-
Total liabilities	45,530,043	1,942,878
Net assets		
Invested in capital assets, net of related debt	145,843,454	6,135,222
Restricted for revenue bond retirements	2,075,929	-
Unrestricted	36,124,349	17,679,084
Total net assets	\$ 184,043,732	\$ 23,814,306

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

**CITY OF LEWISVILLE, TEXAS
RECONCILIATION OF THE ENTERPRISE FUND STATEMENT OF NET ASSETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2007**

EXHIBIT 8

Total net assets -- enterprise fund \$ 184,043,732

Amounts reported for business-type activities in the statement of net assets
are different because:

An internal service fund is used by management to charge the costs of certain activities, including insurance and vehicle fleet management, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net assets. The amount shown as the accumulated amount is allocated to business type activities since the adoption of GASB 34.

553,363

Total net assets--business-type activities

\$ 184,597,095

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



PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for sales and services	\$ 23,449,079	\$ 9,574,531
Miscellaneous	34,210	55,654
Total operating revenues	<u>23,483,289</u>	<u>9,630,185</u>
OPERATING EXPENSES		
Cost of sales and services, net of reimbursements	6,749,587	6,408,660
Administrative	6,456,092	1,023,821
Depreciation	4,726,850	1,659,252
Total operating expenses	<u>17,932,529</u>	<u>9,091,733</u>
Total operating income	<u>5,550,760</u>	<u>538,452</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	2,775,365	834,488
Interest expense	(1,773,348)	-
Amortization	(166,407)	-
Arbitrage refund	13,241	-
Gain on disposal of assets	33,103	111,090
Total non-operating revenues (expenses)	<u>881,954</u>	<u>945,578</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>6,432,714</u>	<u>1,484,030</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	15,747	43,794
Transfers out	(2,958,882)	(3,156,242)
Intragovernmental contributions	-	27,581
Contributions from other funds	-	262,237
Contributions from property owners	2,360,572	-
Contributions - impact fees	2,248,144	-
Total transfers and capital contributions	<u>1,665,581</u>	<u>(2,822,630)</u>
CHANGE IN NET ASSETS	8,098,295	(1,338,600)
NET ASSETS, beginning	<u>175,945,437</u>	<u>25,152,906</u>
NET ASSETS, ending	<u>\$ 184,043,732</u>	<u>\$ 23,814,306</u>

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

**CITY OF LEWISVILLE, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT 10

Net changes in fund net assets-proprietary funds	\$ 8,098,295
--	--------------

Amounts reported for business-type activities in the statement of activities are different because:

Internal services funds are used by management to charge the costs of certain activities, such as the purchase of equipment and insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. The amount shown represents the net revenue (expense) allocated to business-type activities.

<u>195,524</u>

Change in net assets of business-type activities	<u>\$ 8,293,819</u>
--	---------------------

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

**CITY OF LEWISVILLE, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 24,384,042	\$ -
Cash received from transactions with other funds	(125,584)	9,611,769
Cash paid to employees for services	(4,795,619)	(280,746)
Cash paid for goods and services	(8,669,760)	(1,752,682)
Cash paid for claims	-	(5,215,757)
Cash received for miscellaneous items	-	55,654
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	10,793,079	2,418,238
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	15,747	43,794
Transfers out to other funds	(2,915,089)	(3,156,242)
Cash (paid) received on interfund loan	-	250,000
	<hr/>	<hr/>
Net cash provided by (used in) noncapital financing activities	(2,899,342)	(2,862,448)
	<hr/>	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(10,004,370)	(1,945,415)
Proceeds from the sale of equipment	33,103	111,090
Principal paid on revenue bond maturities	(6,790,000)	-
Impact fees	2,248,144	-
Interest paid	(2,058,573)	-
	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(16,571,696)	(1,834,325)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(28,290,475)	(18,293,951)
Proceeds from sale and maturities of investments	34,375,825	19,049,278
Interest received	2,732,070	829,903
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	8,817,420	1,585,230
	<hr/>	<hr/>
NET (DECREASE) INCREASE IN CASH	139,461	(693,305)
	<hr/>	<hr/>
CASH, beginning of year	5,805,289	1,602,728
	<hr/>	<hr/>
CASH, end of year	\$ 5,944,750	\$ 909,423
	<hr/>	<hr/>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 1,504,311	\$ 909,423
Restricted cash and cash equivalents at end of year	4,440,439	-
TOTAL CASH AT END OF YEAR	<u>\$ 5,944,750</u>	<u>\$ 909,423</u>

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 5,550,760	\$ 538,452
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	4,726,850	1,659,252
Provision for uncollectible accounts	(472,229)	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	1,236,349	14,767
(Increase) decrease in due from other funds	(68,872)	22,471
(Increase) decrease in inventory	-	46,211
(Increase) decrease in prepaid expenses	(696)	(18,044)
Increase (decrease) in accounts and claims payable	51,309	164,077
Increase (decrease) in accrued liabilities	102,023	996
Increase (decrease) in deposits payable	31,265	-
Increase (decrease) in contracts and retainage payable	(410,628)	-
Increase (decrease) in arbitrage payable	52,474	-
Increase (decrease) in compensated absences	51,186	-
Increase (decrease) in due to other funds	(56,712)	(9,944)
Total adjustments	<u>5,242,319</u>	<u>1,879,786</u>
Net cash provided by (used in) operating activities	<u>\$ 10,793,079</u>	<u>\$ 2,418,238</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
From contributions of capital assets	\$ 2,360,572	\$ 306,032
Increase in fair value of investments	245,615	84,213

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

**CITY OF LEWISVILLE , TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2007**

EXHIBIT 12

	<u>Agency Fund</u>
	<u>Castle Hills Debt Service</u>
ASSETS	
Cash	\$ 2,499,834
Investments	1,550,676
Interest receivable	16,942
Total assets	<u>\$ 4,067,452</u>
LIABILITIES	
Due to debt holders	\$ 4,067,452
Total liabilities	<u>\$ 4,067,452</u>

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

**CITY OF LEWISVILLE, TEXAS
STATEMENT OF NET ASSETS (DEFICIT)
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2007**

EXHIBIT 13

	Governmental Activities				Total Component Units
	Lewisville Housing Finance Corporation	Lewisville Industrial Development Authority, Inc.	Lewisville Parks and Library Development Corporation	Tax Increment Reinvestment Zone (Old Town)	
ASSETS					
Cash	\$ 49,593	\$ 6,529	\$ 587,620	\$ 166,048	\$ 809,790
Investments	-	-	28,258,721	7,990,061	36,248,782
Receivables					
Taxes	-	-	825,355	-	825,355
Interest	-	-	193,694	54,702	248,396
Deferred charges	-	-	292,377	67,920	360,297
Prepaid items	-	-	10,777	-	10,777
Total assets	<u>\$ 49,593</u>	<u>\$ 6,529</u>	<u>\$ 30,168,544</u>	<u>\$ 8,278,731</u>	<u>\$ 38,503,397</u>
LIABILITIES					
Current					
Accounts and contracts payable	\$ -	\$ -	\$ 270,280	\$ -	\$ 270,280
Accrued liabilities	-	-	11,083	-	11,083
Accrued interest payable	-	-	214,624	43,672	258,296
Retainage payable	-	-	114,204	-	114,204
Due to primary government	30,010	-	-	-	30,010
Noncurrent liabilities					
Due within one year	-	-	1,224,648	1,066	1,225,714
Due within more than one year	-	-	36,480,201	7,819,957	44,300,158
Total liabilities	<u>30,010</u>	<u>-</u>	<u>38,315,040</u>	<u>7,864,695</u>	<u>46,209,745</u>
NET ASSETS (DEFICIT)					
Restricted for tax increment zone	-	-	-	414,036	414,036
Unrestricted	19,583	6,529	(8,146,496)	-	(8,120,384)
Total net assets (deficit)	<u>19,583</u>	<u>6,529</u>	<u>(8,146,496)</u>	<u>414,036</u>	<u>(7,706,348)</u>
Total liabilities and net assets (deficit)	<u>\$ 49,593</u>	<u>\$ 6,529</u>	<u>\$ 30,168,544</u>	<u>\$ 8,278,731</u>	<u>\$ 38,503,397</u>

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

**CITY OF LEWISVILLE, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT 14

	Governmental Activities				Total Component Units
	Lewisville Housing Finance Corporation	Lewisville Industrial Development Authority, Inc.	Parks and Library Development Corporation	Tax Increment Reinvestment Zone (Old Town)	
EXPENSES					
General government	\$ -	\$ -	\$ -	\$ 697,477	\$ 697,477
Culture, parks and recreation	-	-	5,635,546	-	5,635,546
Public services	30,010	-	-	-	30,010
Interest on long term debt	-	-	1,135,280	99,182	1,234,462
Total expenses	<u>30,010</u>	<u>-</u>	<u>6,770,826</u>	<u>796,659</u>	<u>7,597,495</u>
PROGRAM REVENUES					
Charges for services					
Culture, parks and recreation	-	-	217,636	-	217,636
Total charges for services	<u>-</u>	<u>-</u>	<u>217,636</u>	<u>-</u>	<u>217,636</u>
Total program revenues	<u>-</u>	<u>-</u>	<u>217,636</u>	<u>-</u>	<u>217,636</u>
GENERAL REVENUES					
Property taxes	-	-	-	436,212	436,212
Sales taxes	-	-	4,805,704	-	4,805,704
Investment earnings	98	-	1,003,810	223,906	1,227,814
Total general revenues	<u>98</u>	<u>-</u>	<u>5,809,514</u>	<u>660,118</u>	<u>6,469,730</u>
CHANGE IN NET ASSETS (DEFICIT)	<u>(29,912)</u>	<u>-</u>	<u>(743,676)</u>	<u>(136,541)</u>	<u>(910,129)</u>
Net assets (deficit), beginning	49,495	6,529	(7,402,820)	197,406	(7,149,390)
Prior period adjustment	-	-	-	353,171	353,171
Net assets (deficit), beginning, as restated	<u>49,495</u>	<u>6,529</u>	<u>(7,402,820)</u>	<u>550,577</u>	<u>(6,796,219)</u>
Net assets (deficit), ending	<u>\$ 19,583</u>	<u>\$ 6,529</u>	<u>\$ (8,146,496)</u>	<u>\$ 414,036</u>	<u>\$ (7,706,348)</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The City of Lewisville is a municipal corporation governed by an elected mayor and a five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Blended Component Unit

The Lewisville Health Benefit Trust was established by the City under the Texas Political Subdivision Employees Group Benefits Act to account for health insurance of employees, retirees and dependents. The City Council appoints a Board and Board members are removable by the City Council for cause or at will. The activities of the Lewisville Health Benefit Trust are accounted for as a blended component unit and included with the internal service funds as the Health Insurance Risk Pool Fund.

Discretely Presented Component Units

- The Lewisville Housing Finance Corporation has been established to assist in evaluating housing needs within the City. The City Council appoints a board and board members are removable by City Council, for cause or at will. In the event of dissolution, title to all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Housing Finance Corporation, P.O. Box 299002, Lewisville, Texas, 75029.
- The Lewisville Industrial Development Authority, Inc., has been established to assist in evaluating and considering approval of applications for financial participation by the Authority in commercial development projects. The City Council appoints a board and board members are removable by City Council, for cause or at will. In the event of dissolution, title to all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Industrial Development Authority, P.O. Box 299002, Lewisville, Texas, 75029.
- The City of Lewisville, in conjunction with Denton County, created the Tax Increment Reinvestment Zone Number 1, City of Lewisville, Texas, to provide additional financing resources to further enhance the redevelopment of the Old Town area of the City. The City Council appoints a board, and board members are removable by the City Council, for cause or at will. In the event of dissolution, title of all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Tax Increment Reinvestment Zone Number 1, P. O. Box 299002, Lewisville, Texas 75029.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

- City of Lewisville voters in September 2002 approved, in a special election, the creation of the Lewisville Parks and Library Development Corporation. The Corporation was formed for the purpose of funding public parks, recreation projects, and library projects from revenues derived from a one-quarter cent sales tax within the City of Lewisville. The City Council appoints a board and board members are removable by the City Council, for cause or at will. In the event of dissolution, title of all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Parks and Library Development Corporation, P. O. Box 299002, Lewisville, Texas 75029.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The City’s Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

General Capital Projects Fund - The General Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City reports the following non-major governmental funds:

Special Revenue Funds – The City’s Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes. They include the Hotel/Motel Tax Fund, Recreation Activity Fund, Grant Fund, Public Improvement District Tax Fund, Municipal Court Security Fund, Municipal Court Technology Fund, Police Asset Forfeiture Fund, Employee Benevolent Fund, Fire and Police Training Fund, Law Enforcement Officer Standard Education Fund (LEOSE), Donations Fund, Police Federal Forfeiture Fund and Records Management Fund.

The City reports the following major proprietary fund:

Water and Sewer Utility Enterprise Fund – The City’s Enterprise Fund is used to account for operations of the City’s sale of treated water and the disposal of sewage and solid waste for its citizens.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Additionally, the government reports the following fund types:

Internal Service Funds – The City’s Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City.

- Self-Insurance Risk Fund – The City’s Self-Insurance Risk Fund accounts for revenues from premium charges to the departments. Expenses include claim payments, administrative costs, and reinsurance premiums for workers’ compensation, unemployment, and liability/property casualty programs.
- Health Insurance Risk Pool Fund – The City’s Health Insurance Risk Pool Fund accounts for revenues from premium charges to the departments, employee and retirees for insurance coverage. Expenses include claims payments, administrative costs, and reinsurance premiums for health and dental programs.
- Maintenance and Replacement Fund – The City’s Maintenance and Replacement Fund provides fleet maintenance services for City departments and accounts for the purchase of all vehicles, computers, and radios operated by the City. Departments pay monthly charges to provide funds for future replacement of capital outlay as well as reimburse fund for current fleet repairs and maintenance.

Agency Fund –The City’s agency fund is custodial in nature and does not involve measurement of results of operations.

- Castle Hills Public Improvement District Debt Service Agency Fund – The City’s Castle Hills Public Improvement District Debt Service Agency Fund accounts for bond proceeds and related debt associated with the issuance of bonds held by the City as an agent for the Public Improvement District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the City's Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Cash, Investments, and Deposits

The government's cash is considered to be cash on hand and demand deposits. The City pools idle cash from all funds for the purpose of increasing income through coordinated investment activities. The City has implemented GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Investments held by the City are reported at fair value. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "interfund receivable/payable."

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds indicating that they are not available for appropriation and are not expendable, available financial resources.

F. Property Taxes

Property taxes attach as an enforceable lien on property located in the City as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. The Denton County Tax Assessor/Collector's office bills and collects the City's property taxes. City property tax revenues are deferred when levied and are recognized as revenue when collected.

The statutes of the State of Texas do not prescribe a legal limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population that have adopted a Home Rule charter, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year ended September 30, 2007, the City had a tax margin of \$2.04321 per \$100 assessed valuation based upon the maximum rates described above.

G. Inventories of Supplies

Inventories of supplies are valued at weighted average cost and consist of warehouse supplies, postage and gasoline purchased by the City to use in its vehicles. The cost of the inventories is recorded as an expense when consumed rather than when purchased.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. These items consist primarily of software support, training registration, subscriptions, and prepaid insurance.

I. Restricted Assets

Certain proceeds of Enterprise Fund Revenue Bonds and other amounts designated for capital improvements as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

J. Property, Plant, and Equipment

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$263,514.

The City has established the Maintenance and Replacement Internal Service Fund to account for all City-owned vehicles. Charges for use of the vehicle in the form of lease payments are made by the City departments to the Maintenance and Replacement Internal Service Fund to provide for future acquisitions and replacement of City-owned vehicles.

Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water and sewer system	50
Infrastructure	30
Buildings	33
Other improvements	4-50
Machinery and equipment	3-50
Vehicles	2-20

K. Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused vacation, comp time, and sick pay benefits. Sick leave is accrued for hours in excess of 30 days up to a maximum of 90 days. All vacation pay is accrued when incurred in the government-wide, proprietary, and component unit fund financial statements. A liability for these amounts is reported in government funds only if they have matured. Typically, the General Fund has been used in prior years to liquidate such amounts in governmental funds.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government 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 using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

N. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General, Hotel/Motel Tax Special Revenue, Recreation Activity Special Revenue, Grant Special Revenue, Public Improvement District Tax Special Revenue, Municipal Court Security Special Revenue, Municipal Court Technology Special Revenue, Police Asset Forfeiture Special Revenue, Fire and Police Training Special Revenue, Law Enforcement Officer Standards and Education Special Revenue, Records Management Special Revenue, Debt Service, Water and Sewer Utility Enterprise, Self-Insurance Risk Internal Service, Health Insurance Risk Pool Internal Service, Maintenance and Replacement Internal Service, Lewisville Parks and Library Development Corporation (4B Sales Tax), and Old Town Tax Increment Reinvestment Zone Funds.

All annual appropriations lapse at fiscal year-end. Long range financial plans are adopted for all capital project funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the government fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

O. Deficit Net Assets

The Lewisville Parks and Library Development Corporation has an agreement with the City of Lewisville regarding the construction, maintenance and operation of improvements for public park and library projects that states all capital assets shall be owned and operated by the City. Therefore, all of the Corporation's capital assets are transferred to the City annually and recorded as contribution expense. The cumulative effects of these annual transfers along with results of operations have resulted in a deficit net asset balance of \$8,146,496 at September 30, 2007.

2. CASH, INVESTMENTS, AND DEPOSITS

At year end, the government's carrying amount of deposits was \$8,684,232 and the bank balance was \$10,266,013. All bank balances, including the bank balance of the discretely presented component unit, were covered by Federal Depository Insurance or by collateral held by a third-party custodian. The custodian serves contractually as the City's agent.

Additionally, the City has an account under a safekeeping agreement with J. P. Morgan Chase Bank, N.A. The U.S. Government Treasury and Agency investments clear via the Federal Reserve System through this account upon purchase, sale, or maturity. All assets in the account are held in the City's name.

The City is authorized to make direct investments in the following:

1. U.S. Treasury securities maturing in less than two years;
2. Short-term obligations of U.S. Government agencies which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
3. Fully insured or collateralized certificates of deposits at commercial banks;
4. Repurchase agreements collateralized by U.S. Treasury or U.S. Government agency securities in accordance with a master repurchase agreement approved by the Investment Committee;
5. Direct or unconditionally guaranteed obligations of the State of Texas; and
6. Common trusts administered by Texas banks with assets consisting of all of the above except certificates of deposit.

Investments at September 30, 2007 consisted of U.S. Government securities held by the City's agent in the City's name. The carrying amount of these investments at September 30, 2007 was \$92,693,731. At September 30, 2007, the City also had \$49,545,220 invested with TexPool, an investment pool for state and local governments in Texas.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the weekly rating portfolio, information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

At year end, the City's investment balances were as follows:

	Carrying Amount	Fair Value
U.S. Government Agency securities	\$ 92,693,731	\$ 92,693,731
Investment in TexPool	49,545,220	49,545,220
Total investments	\$ 142,238,951	\$ 142,238,951

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investments with TexPool have maturities of less than one year or in U.S. government securities that are not highly sensitive to changes in interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All investment pools policies require a rating of AA or better from a nationally recognized rating agency. The City's investments in U.S. Agency securities (FHLB, FNMA, FHLMC, and FFCB) are rated AAA, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively. The investment in Texas Local Government Pools (TexPool) carried a credit rating of AAAM by Standard and Poor's as of September 30, 2007.

Concentration of Credit Risk

The City's investments are issued or explicitly guaranteed by the U.S. Government or in external investment pools which are not considered to provide a concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act requires that a financial institution secure deposits made by state or local government entities by pledging securities in an

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least the bank balances less FDIC insurance at all times.

3. RECEIVABLES

Government-wide receivables as of year end, including the applicable allowances for uncollectable accounts, are as follows:

	General	Debt Service	General Capital Projects	Non-Major and Other Funds	Water and Sewer	Internal Service	Total
Receivables							
Property taxes	\$ 602,865	\$ 272,211	\$ -	\$ -	\$ -	\$ -	\$ 875,076
Franchise taxes	1,417,486	-	-	-	-	-	1,417,486
Sales taxes	3,301,421	-	-	-	-	-	3,301,421
Mixed drink taxes	89,024	-	-	-	-	-	89,024
Accounts	1,148,629	-	315,267	175,320	1,626,122	19,361	3,284,699
Unbilled trade accounts	190,804	-	-	-	2,213,232	-	2,404,036
Interest	157,106	14,314	357,040	18,739	353,408	102,824	1,003,431
Court	498,189	-	-	-	-	-	498,189
Grants	-	-	-	461,206	-	-	461,206
Ambulance	3,769,389	-	-	-	-	-	3,769,389
Gross receivables	11,174,913	286,525	672,307	655,265	4,192,762	122,185	17,103,957
Less: allowance	(3,554,684)	(193,069)	-	-	(173,058)	-	(3,920,811)
Net total receivables	\$ 7,620,229	\$ 93,456	\$ 672,307	\$ 655,265	\$ 4,019,704	\$ 122,185	\$ 13,183,146

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

4. INTERFUND TRANSACTIONS

Interfund transactions and balances for the fiscal year 2007 were as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount	Purpose
General	Nonmajor Governmental	\$ 203,514	Short-term funding of deficit cash
General	Internal Service	14,172	Properly classify revenue
Water and Sewer Utility	Nonmajor Governmental	38,072	Properly classify expense
Water and Sewer Utility	Internal Service	33,103	Properly classify expense
Internal Service	Nonmajor Governmental	2,000,000	Prepaid lease payment
		<u>\$ 2,288,861</u>	

The only interfund balance not expected to be collected within one year is \$2,000,000 shown between internal service and nonmajor governmental funds above. In 2005, one of the City's internal service funds, Maintenance and Replacement Fund, transferred \$2,500,000 to the Hotel/Motel Tax Fund, a nonmajor governmental fund, for the purpose of a hotel and convention center project. The Hotel/Motel Tax Fund is reimbursing the Maintenance and Replacement Fund \$250,000 per year over a ten-year period beginning with fiscal year 2006 and ending in 2015.

Interfund Transfers

Transfers In	Transfers Out	Amount	Purpose
General	Water and Sewer Utility	\$ 2,915,088	Payments in lieu of taxes and indirect cost reimbursement
General	Nonmajor Governmental	337,167	Indirect cost reimbursement and excess funds transfer
General	General Capital Projects	1,633,107	Reimbursement for prefunded construction costs
Debt Service	General Capital Projects	13,966	Bond proceeds for debt service
General Capital Projects	General	8,244,182	Financing of capital improvements
General Capital Projects	Internal Service	3,140,495	Financing of capital improvements
Internal Service	Water and Sewer Utility	43,794	Transfer of capital assets
Water and Sewer Utility	Internal Service	15,747	Financing of capital improvements
Nonmajor Governmental	General	80,420	Matching funds
		<u>\$ 16,423,966</u>	



CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
<u>Governmental Funds</u>					
Capital assets, not being depreciated:					
Land	\$ 36,514,484	\$ 1,552,822	\$ -	\$ 676,065	\$ 38,743,371
Construction in progress	8,093,432	18,349,067	-	(14,332,015)	12,110,484
Total capital assets, not being depreciated	<u>44,607,916</u>	<u>19,901,889</u>	<u>-</u>	<u>(13,655,950)</u>	<u>50,853,855</u>
Capital assets, being depreciated:					
Land improvements	234,225,284	3,561,407	-	6,617,237	244,403,928
Buildings	56,876,372	550,923	(3,413,891)	1,942,889	55,956,293
Other improvements	7,692,856	20,545	-	1,335,433	9,048,834
Machinery and equipment	15,749,963	524,631	(6,400)	3,350,272	19,618,466
Total capital assets being depreciated	<u>314,544,475</u>	<u>4,657,506</u>	<u>(3,420,291)</u>	<u>13,245,831</u>	<u>329,027,521</u>
Accumulated depreciation:					
Land improvements	(78,782,161)	(8,651,820)	-	-	(87,433,981)
Buildings	(12,857,049)	(1,656,259)	974,449	-	(13,538,859)
Other improvements	(1,056,185)	(438,687)	-	-	(1,494,872)
Machinery and equipment	(11,677,194)	(1,630,200)	6,400	147,881	(13,153,113)
Total accumulated depreciation	<u>(104,372,589)</u>	<u>(12,376,966)</u>	<u>980,849</u>	<u>147,881</u>	<u>(115,620,825)</u>
Total capital assets being depreciated, net	<u>210,171,886</u>	<u>(7,719,460)</u>	<u>(2,439,442)</u>	<u>13,393,712</u>	<u>213,406,696</u>
Total governmental funds capital assets, net	<u>254,779,802</u>	<u>12,182,429</u>	<u>(2,439,442)</u>	<u>(262,238)</u>	<u>264,260,551</u>
<u>Internal service funds</u>					
Capital assets, being depreciated:					
Other improvements	146,476	-	-	-	146,476
Machinery and equipment	17,699,315	1,929,200	(531,470)	417,205	19,514,250
Total internal service assets being depreciated	<u>17,845,791</u>	<u>1,929,200</u>	<u>(531,470)</u>	<u>417,205</u>	<u>19,660,726</u>
Accumulated depreciation:					
Other improvements	(1,987)	(7,347)	-	-	(9,334)
Machinery and equipment	(12,284,563)	(1,651,904)	531,470	(111,173)	(13,516,170)
Total accumulated depreciation	<u>(12,286,550)</u>	<u>(1,659,251)</u>	<u>531,470</u>	<u>(111,173)</u>	<u>(13,525,504)</u>
Total internal services funds capital assets, net	<u>5,559,241</u>	<u>269,949</u>	<u>-</u>	<u>306,032</u>	<u>6,135,222</u>
Governmental activities capital assets, net	<u>\$ 260,339,043</u>	<u>\$ 12,452,378</u>	<u>\$ (2,439,442)</u>	<u>\$ 43,794</u>	<u>\$ 270,395,773</u>

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 2,111,660	\$ -	\$ -	\$ 232,705	\$ 2,344,365
Construction in progress	4,491,223	10,042,215	-	(6,728,657)	7,804,781
Total capital assets, not being depreciated	<u>6,602,883</u>	<u>10,042,215</u>	<u>-</u>	<u>(6,495,952)</u>	<u>10,149,146</u>
Capital assets, being depreciated:					
Land improvements	106,700	-	-	-	106,700
Buildings	588,418	-	-	1	588,419
Other improvements	436,291	15,709	-	-	452,000
Water system	114,453,774	1,270,450	-	4,898,547	120,622,771
Sewer system	86,869,780	1,090,123	-	1,403,050	89,362,953
Machinery and equipment	3,097,101	177,246	(112,692)	219,982	3,381,637
Vehicles	-	32,715	-	(32,715)	-
Total capital assets being depreciated	<u>205,552,064</u>	<u>2,586,243</u>	<u>(112,692)</u>	<u>6,488,865</u>	<u>214,514,480</u>
Accumulated depreciation:					
Land improvements	(64,079)	(2,379)	-	-	(66,458)
Buildings	(221,082)	(17,163)	-	-	(238,245)
Other improvements	(16,974)	(21,927)	-	-	(38,901)
Water system	(23,947,456)	(2,558,731)	-	(11,077)	(26,517,264)
Sewer system	(21,456,381)	(1,806,314)	-	-	(23,262,695)
Machinery and equipment	(1,627,093)	(320,337)	112,692	(25,630)	(1,860,368)
Total accumulated depreciation	<u>(47,333,065)</u>	<u>(4,726,851)</u>	<u>112,692</u>	<u>(36,707)</u>	<u>(51,983,931)</u>
Business-type activities capital assets, net					
Total capital assets being depreciated, net	158,218,999	(2,140,608)	-	6,452,158	162,530,549
Total capital assets, net	<u>\$ 164,821,882</u>	<u>\$ 7,901,607</u>	<u>\$ -</u>	<u>\$ (43,794)</u>	<u>\$ 172,679,695</u>

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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

Governmental Activities:	
General government	\$ 565,249
Administration and legal	629,954
Finance	103,567
Community relations/tourism	16,072
Human resources	659
Information technology	159,868
Police	503,873
Fire	267,952
Public works	8,784,407
Parks and leisure	1,165,907
Community development	179,458
Internal service funds	1,659,251
Total depreciation expense - governmental activities	<u>\$ 14,036,217</u>
Business-type activities:	
Water and sewer	<u>\$ 4,726,851</u>

Fixed assets were reviewed for proper useful lives during the conversion process to new software integrated with the City's financial system for this fiscal year. Changes were made to some useful lives resulting in approximately \$720,000 more depreciation expense in the governmental activities and \$190,000 more depreciation expense in the business-type activities than would have been calculated under the previous estimated useful lives. Additionally, assets were reviewed for association to their proper function and reclasses were made between these functions. While total depreciation expense for governmental activities increased \$1.8 million over the prior year, the general government function was charged \$4.49 million less depreciation than the prior year and the public services function was charged \$4.82 million more than last year. Public safety and culture, parks and recreation functions were charged \$367,212 and \$843,718 more than last year, respectively.

Outstanding commitments at September 30, 2007 under authorized construction contracts were approximately \$14,995,000. These outstanding commitments are to be financed by available cash and investment balances, which include proceeds from previous bond issuances.

6. EMPLOYEE RETIREMENT PLAN

Plan Description

The City provides pension benefits for all its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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

A member is vested after five years and can retire at age 60 and above with five or more years of service or at any age with 20 years of service. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, an actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006 valuation is effective for rates beginning January 2008.)

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Schedule of Actuarial Liabilities and Funding Progress

	FY 2006-07 12/31/06	FY 2005-06 12/31/05	FY 2004-05 12/31/04
Actuarial valuation date			
Actuarial value of assets	\$ 76,477,973	\$ 71,279,622	\$ 67,858,819
Actuarial accrued liability	99,119,243	91,168,521	85,872,895
Percentage funded	77.16%	78.18%	79.02%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	22,641,270	19,888,899	18,014,076
Annual covered payroll	32,971,986	31,563,050	30,100,826
UAAL as a percentage of covered payroll	68.7%	63.0%	59.8%
Net pension obligation (NPO) at the beginning of period	-	-	-
Annual pension cost:			
Annual required contribution (ARC)	4,387,314	3,929,065	3,891,042
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contributions made	4,387,314	3,929,065	3,891,042
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

Actuarial Assumptions

Actuarial Cost Method -	Unit Credit
Amortization Method -	Level Percent of Payroll
Remaining Amortization Period -	25 Years – Open Period
Asset Valuation Method -	Amortized Cost
Investment Rate of Return -	7%
Projected Salary Increases -	None
Includes Inflation At -	3.5%
Cost-of-Living Adjustments -	None

The City of Lewisville is one of 821 municipalities having the benefit plan administered by TMRS. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Future Changes

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

**CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

Since its inception, TMRS has used the traditional Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be “committed” benefits (or likely to be guaranteed); as such, the TMRS Board has adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advanced funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the PUC method will be used.

In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result initially in higher required contributions and lower funded ratios. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate).

The City adopted the Updated Service Credit provision in 1997, on a repeating basis. Additionally at the same time, the City adopted Annuity Increases for its retirees on a repeating basis equal to 70% of the change in the consumer price index (CPI).

Using demographical data from the December 31, 2006 valuation, TMRS’ actuary has made calculations with the new actuarial assumptions. For Lewisville, those calculations resulted in estimated higher contribution rates, increased unfunded actuarial liabilities, and lower funded ratios.

This estimated calculation produced following results:

	12/31/06 Valuation Unit Credit Open Amortization	TMRS's Projection Projected Unit Credit Closed Amortization
Rate Calculated	13.17%	18.40%
Unfunded Actuarial Accrued Liability	22,641,270	40,371,990
Funded Status	77.2%	65.4%

Since these changes will increase the unfunded actuarial accrued liability, lower funding ratios and increase contribution rates for future years, the City is currently reviewing options. The City has not decided at this time to continue adopting Updated Service Credit and Annuity Increases

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

on an annually repeating basis, lower the percent of which it participates or a combination of both. Additional analysis will be performed by TMRS and the City prior to finalization of the budget for fiscal year 2008-2009.

7. COMMITMENTS AND CONTINGENCIES

Water Contract

The City purchases all of its raw water from the City of Dallas. The raw water rate for this contract during the fiscal year was \$0.4360 per \$1,000 gallons. Effective October 1, 2007, the rate became \$.3966 per 1,000 gallons. The City of Dallas reserves the right and power during the term of this contract to set reasonable revised rates from time to time.

Legal

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is presently not determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agreement. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial position.

8. OTHER POST EMPLOYMENT BENEFITS

For all employees hired prior to October 15, 1990, the City provided a fully paid life insurance policy equal to one and one-half times annual salary upon retirement at age 65 with ten years of service (prorated for retirees at age 65 with less than ten years of service). In July 2006, Council approved a plan to discontinue the one and one-half (1.5) annual salary life insurance benefit up to a maximum of \$100,000 for employees who retire at age 65 or older and were hired prior to October 15, 1990, effective March 1, 2007. This measure allowed all employees hired prior to October 15, 1990, who reached age 60 prior to September 30, 2006, and retired prior to March 1, 2007, to receive the 1.5 times salary life insurance benefit for the last time. Two employees retired and selected this benefit.

For all remaining employees, the City provides a \$15,000 fully paid life insurance policy upon retirement with ten years of service with the City of Lewisville. The City pays 100 percent of the premium cost for the life insurance policy.

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Expenditures for this benefit are recognized as employees retire and the insurance policy is purchased. The City recognized expenditures of \$124,771 for the year ended September 30, 2007 to purchase life insurance policies for fifteen eligible retirees.

9. COMPONENTS OF RESTRICTED ASSETS

Cash, interest receivable, investments and prepaid items	
Deposits	\$ 1,272,849
Money held in escrow	105,368
Revenue bond current debt service accounts	3,595,867
Revenue bond future debt service accounts	4,268,606
Revenue bond construction accounts	<u>14,587,040</u>
 Total	 <u>\$23,829,730</u>

The related liabilities payable from restricted assets at September 30, 2007 are as follows:

Deposits payable	\$1,272,849
Escrow payable	105,368
Accrued interest payable	240,774
Contracts and retainage payable	38,846
Deferred loss on refunding	(141,030)
Premium	67,532
Discount	(3,732)
Current maturities of revenue bonds	<u>5,625,000</u>
 Total	 <u>\$7,205,607</u>

The ordinance authorizing the Waterworks and Sewer System Revenue Bonds requires that the City establish a sinking fund (recorded in the revenue bond current debt service accounts) in an amount not less than the amount fully required to fully pay principal and interest payments as they come due. In addition, the ordinance requires that the City establish a reserve fund (recorded in the revenue bond future debt service accounts) to provide for payment of principal and interest in the event that other funds available for such purposes are insufficient. At September 30, 2007, the balances in both the sinking and reserve funds are sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of the Revenue Bonds be expended for making improvements and extensions to the City's combined waterworks and sanitary sewer system. The proceeds are maintained in the revenue bond and capital projects construction accounts until such time as needed to fund the construction program.

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

The amount of net assets restricted for revenue bond retirements is detailed as follows:

Restricted Assets	
Revenue bond current debt service accounts	\$3,595,867
Revenue bond future debt service accounts	4,268,606
	<u>\$7,864,473</u>
Less - Liabilities payable from restricted assets	
Accrued interest payable	\$ 240,774
Deferred loss on refunding	(141,030)
Premium	67,532
Discount	(3,732)
Current maturities of Revenue Bonds	5,625,000
	<u>\$5,788,544</u>
Reserved for revenue bond retirement	<u>\$2,075,929</u>

10. DEFERRED COMPENSATION PLAN

The City offers its employees a choice between two deferred compensation plans (the Plan) created in accordance with Internal Revenue Code Section 457. One Plan is administered and investments managed by Nationwide Retirement Solutions (NRS). The second Plan is administered by AIG Valic. The assets and liabilities amounted to \$19,228,650 and \$19,669,739 respectively at September 30, 2007. The plans include numerous types of investments as participants elect how their salary deferrals are invested. Investment options include the following: fixed annuities, variable annuities, and life insurance.

The Plans are available to all City employees and permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an 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 held in trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's management that the City has no liability for those losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The City provides limited administrative duties.

In accordance with GASB Statement No. 32, the deferred compensation plans are no longer included in the financial statements of the City.

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

11. LONG TERM LIABILITIES

General Obligation Bonds and Certificates of Obligations

During the year, \$18,725,000 of General Obligation Refunding and Improvement Bonds were issued for the purpose of constructing street improvements and jail facilities and refunding a portion of the City's outstanding debt. The City also issued \$26,220,000 in Certificates of Obligations of which \$18,180,000 was for the Parks and Library Development Corporation and will be used for constructing an athletic complex and related improvements. The remaining \$8,040,000 was issued for another component unit of the City, Tax Increment Reinvestment Zone Number 1, and will be used for constructing an arts activity center, parking lot and related improvements.

General Obligation Bonds and Certificates of Obligations are direct obligations and pledge the full faith and credit of the City. Bonds generally are issued as 16-year serial bonds, except for refunding issues, with level debt service requirements each year. The certificates are for 25- and 20-year terms maturing 2032 and 2027, respectively. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	2.00% - 5.50%	\$59,515,000

Annual debt service requirements to maturity for General Obligation Bonds, including interest of \$18,389,057 are as follows:

Year Ended <u>September 30</u>	General Obligation Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2008	\$ 4,995,000	\$ 2,819,366	\$ 7,814,366
2009	4,650,000	2,400,678	7,050,678
2010	4,725,000	2,194,334	6,919,334
2011	4,945,000	1,977,034	6,922,034
2012	4,820,000	1,758,910	6,578,910
2013-2017	21,975,000	5,609,336	27,584,336
2018-2022	12,215,000	1,599,649	13,814,649
2023	1,190,000	29,750	1,219,750
	<u>\$ 59,515,000</u>	<u>\$ 18,389,057</u>	<u>\$ 77,904,057</u>

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Revenue Bonds

The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service.

Revenue Bonds outstanding, at September 30, 2007, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water supply and waste water treatment	2.00% - 5.65%	\$42,510,000
Less-Current maturities payable from restricted assets		<u>5,625,000</u>
		<u>\$36,885,000</u>

Revenue bond debt service requirements to maturity, including interest of \$10,324,929 are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2008	5,625,000	1,799,561	7,424,561
2009	4,545,000	1,583,684	6,128,684
2010	4,325,000	1,387,350	5,712,350
2011	3,980,000	1,201,919	5,181,919
2012	3,760,000	1,028,864	4,788,864
2013-2017	14,590,000	2,880,666	17,470,666
2018-2022	<u>5,685,000</u>	<u>442,885</u>	<u>6,127,885</u>
	<u>\$ 42,510,000</u>	<u>\$ 10,324,929</u>	<u>\$ 52,834,929</u>

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2007, the City was in compliance with all significant limitations and restrictions.

During 2007, the City issued \$5,070,000 of General Obligation Refunding bonds, plus a cash contribution of \$107,000 to refund a portion of the City's outstanding debt. The net proceeds of the refunding, plus the contribution, amounted to \$5,398,353 and were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding, the City decreased its aggregated debt service payment to maturity by \$265,136.99 and realized an economic gain (difference between the present value of debt service payment on the old debt and the new debt) of \$200,067.05.

In prior years, the City 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

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At September 30, 2007, \$9,265,000 of outstanding General Obligation Bonds and \$3,875,000 of Water and Sewer Revenue Bonds are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending	Due Within One Year
Governmental activities:					
Bonds payable	\$ 51,330,000	\$ 18,725,000	\$ (10,540,000)	\$ 59,515,000	\$ 4,995,000
Less deferred amount on refunding	(580,415)	(213,531)	49,345	(744,601)	(63,973)
Premium	721,633	658,892	(64,332)	1,316,193	100,542
Arbitrage Payable	-	22,083	-	22,083	-
Compensated absences	5,249,004	4,023,662	(3,638,870)	5,633,796	3,881,431
Governmental activity long-term liabilities	<u>\$ 56,720,222</u>	<u>\$ 23,216,106</u>	<u>\$ (14,193,857)</u>	<u>\$ 65,742,471</u>	<u>\$ 8,913,000</u>
Business activities:					
Bonds payable	\$ 49,300,000	\$ -	\$ (6,790,000)	42,510,000	\$ 5,625,000
Less deferred amount on refunding	(1,080,519)	-	141,030	(939,489)	(141,030)
Premium	685,528	-	(67,532)	617,996	67,532
Discount	(58,630)	-	3,732	(54,898)	(3,732)
Arbitrage Payable	39,274	52,474	-	91,748	-
Compensated absences	599,774	380,999	(329,813)	650,960	387,849
Business activity long-term liabilities	<u>\$ 49,485,427</u>	<u>\$ 433,473</u>	<u>\$ (7,042,583)</u>	<u>\$ 42,876,317</u>	<u>\$ 5,935,619</u>

In general, the General fund has been used in prior years to liquidate other long-term liabilities for the governmental activities of the City.

Component Unit Bonded Indebtedness

On September 14, 2002 voters approved the imposition of an additional sales and use tax of one-quarter of one (0.25%) percent for parks and library purposes. The tax became effective on January 1, 2003 and collections began in April 2003. The sales tax is collected solely for the benefit of the Lewisville Parks and Library Development Corporation (a non-profit corporation) established by the City to administer sales tax collections and projects.

Proceeds of Certificates of Obligation issued in 2004 are being utilized to finance the construction of park facilities and library improvements.

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

Certificates of Obligation in the amount of \$26,220,000 were issued during the year of which \$18,180,000 relates to the Lewisville Parks and Library Development Corporation component unit. Proceeds will be used for constructing an athletic complex and related improvements. The remaining \$8,040,000 was issued for another component unit of the City, Tax Increment Reinvestment Zone Number 1 (TIRZ, also known as Old Town) and will be used for constructing an arts activity center, parking lot and related improvements.

Certificates of Obligation outstanding at September 30, 2007 for the Lewisville Parks and Library Development Corporation Component Unit are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Park and Library Improvements	3% - 5.25%	\$37,375,000

Annual debt service requirements on the aforementioned debt are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Certificates of Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2008	\$ 1,200,000	\$ 1,696,915	\$ 2,896,915
2009	1,245,000	1,654,978	2,899,978
2010	1,285,000	1,609,503	2,894,503
2011	1,335,000	1,560,811	2,895,811
2012	1,390,000	1,508,496	2,898,496
2013-2017	7,935,000	6,544,894	14,479,894
2018-2022	10,085,000	4,392,500	14,477,500
2023-2027	7,450,000	2,012,541	9,462,541
2028-2032	5,450,000	660,825	6,110,825
	<u>\$ 37,375,000</u>	<u>\$ 21,641,463</u>	<u>\$ 59,016,463</u>

Certificates of Obligation outstanding at September 30, 2007 for the Tax Increment Reinvestment Zone (Old Town) Component Unit are comprised of the following individual issue:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Arts Activity Center	3.6% - 4.5%	\$7,800,000

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Annual debt service requirements on the aforementioned debt are as follows:

Year Ended September 30	Certificates of Obligation		Total
	Principal	Interest	
2008	\$ -	\$ 349,379	\$ 349,379
2009	-	349,379	349,379
2010	-	349,379	349,379
2011	20,000	348,979	368,979
2012	40,000	347,779	387,779
2013-2017	1,240,000	1,614,293	2,854,293
2018-2022	2,435,000	1,227,557	3,662,557
2022-2027	4,065,000	526,558	4,591,558
	<u>\$ 7,800,000</u>	<u>\$ 5,113,303</u>	<u>\$ 12,913,303</u>

A summary of changes in discretely presented component unit long-term debt follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
LPLDC activities:					
Bonds Payable:					
Tax and Revenue C.O.	\$19,955,000	\$18,180,000	\$ (760,000)	\$37,375,000	\$ 1,200,000
Premium on issuance of debt	167,894	160,482	(11,257)	317,119	15,877
Compensated absences	10,985	18,095	(16,350)	12,730	8,771
LPLDC activities total:	<u>20,133,879</u>	<u>18,358,577</u>	<u>(787,607)</u>	<u>37,704,849</u>	<u>1,224,648</u>
TIRZ activities:					
Bonds Payable:					
Tax and Revenue C.O.	-	8,040,000	(240,000)	\$ 7,800,000	-
Premium on issuance of debt	-	21,325	(302)	\$ 21,023	1,066
TIRZ activities total:	<u>-</u>	<u>8,061,325</u>	<u>(240,302)</u>	<u>7,821,023</u>	<u>1,066</u>
Component unit long-term liabilities	<u>\$20,133,879</u>	<u>\$26,419,902</u>	<u>\$ (1,027,909)</u>	<u>\$45,525,872</u>	<u>\$ 1,225,714</u>

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

Bonded Indebtedness of Which the City Has No Liability

In addition to the outstanding General Obligation Bonds of the City and the Water and Sewer System Revenue Bonds, all of which are included in the financial statements of the City, the City has assisted in the issuance of:

\$12,860,000 Lewisville Housing Finance Corporation Housing Revenue Bonds
Series 1997

This issue is not a direct obligation of the City of Lewisville. The City only serves as a financing conduit for the borrower. The Bonds are special limited obligations of the Issuer, payable solely from, and secured only by, the revenues, and other security pledged therefore under the Indenture. The Bonds do not constitute an indebtedness or a loan of the credit of the State of Texas, City of Lewisville, Texas or any other municipality, county or other municipal or political corporation or subdivision of the state within the meaning of the constitutional or statutory provisions. Neither the faith and credit nor the taxing power of the City of Lewisville, Texas, the State of Texas or of any political subdivision thereof is pledged to the payment of the principal or purchase price of or interest on the Bonds. The Bonds do not create a moral obligation on the part of the State of Texas, the City of Lewisville, Texas, or any other municipality, County, or other municipal or political corporation or subdivision of the State of Texas and such governmental entities may not make payments with respect to the Bonds.

As of September 30, 2007, the Lewisville Housing Finance Corporation Housing Revenue Bonds were outstanding. The principal amount payable was \$11,365,000.

In addition, the City is the Issuer of the following Public Improvement Bond issues:

\$19,000,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 1998

\$18,150,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 2002

\$25,000,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 2004

\$10,350,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Capital Improvement Bonds, Series 2005

These issues, again, are not direct obligations of the City of Lewisville. They are Revenue Bonds issued for the Castle Hills Public Improvement District located in the City's extraterritorial jurisdiction.

CITY OF LEWISVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

The principal and interest payment on the bonds is from ad valorem taxes (contract revenues, billed and collected by the Denton County Fresh Water District). In the event contract revenues were ever insufficient to pay principal and interest, the City would levy and collect special assessments from property owners in the public improvement district.

At September 30, 2007, City of Lewisville, Texas Contract Revenue and Special Assessment Improvement Bonds outstanding aggregated was \$70,880,000.

12. RISK MANAGEMENT

The City established a limited risk management program for workers' compensation and healthcare coverage in 1988. Beginning September 1, 1990, liability and property and casualty risk funding was established within the fund. Life, accidental death and dismemberment and long-term disability coverage are fully insured but accounted for within the fund. Premiums are transferred into the Self-Insurance Internal Service Fund from all other operating funds and are available to pay claims, claim reserves, reinsurance excess coverage premiums, and any other premiums or administrative costs associated with the programs. During FY 2006-07, a total of \$1,360,128 was paid in life insurance and long-term disability premiums, reinsurance premiums, and administrative costs for workers' compensation, liability, and property/casualty claims. Workers' compensation liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not reported claims. The workers' compensation reinsurance provided excess coverage of \$400,000 per occurrence for sworn police and fire and \$300,000 per occurrence for all other positions. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. In July 1999, the property and casualty and liability insurance coverages were moved to a deductible program. Each line of coverage has a deductible per occurrence ranging from \$500-\$50,000.

During FY 2001-02, the City established a Health Insurance Risk Pool under Chapter 172 of the Texas Local Government Code. Since the establishment of the Risk Pool, premiums for healthcare have been transferred into the Risk Pool from all other operating funds and are available to pay claims, claim reserves, reinsurance excess coverage premiums, and the administrative costs of the medical/dental plan. For the plan year beginning October 1, 2006, the healthcare reinsurance provided excess coverage (beyond \$100,000 per occurrence) and an annual aggregate stop loss of approximately \$4,580,323 per plan year limit. The healthcare liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not reported claims. During FY 2006-07, total expenses for claims, reinsurance premiums, and administrative costs for healthcare amounted to \$4,824,663.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated annually by an outside actuary who takes into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities for the year ended September 30, 2007 are as follows:

	<u>2007</u>	<u>2006</u>
Claims payable beginning of year	\$ 1,448,656	\$ 1,636,748
Incurred claims	5,496,830	4,631,585
Claims payments	<u>(5,215,757)</u>	<u>(4,819,677)</u>
Claims payable end of year	<u>\$ 1,729,729</u>	<u>\$ 1,448,656</u>

13. PRIOR PERIOD ADJUSTMENT

In the prior year, the General Capital Projects Fund's balances reflected assets associated with the component unit, the Tax Increment Reinvestment Zone (Old Town). The prior period restatement of \$353,171 was made to properly place these assets with the component unit.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF LEWISVILLE , TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT A-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property and other taxes	\$ 40,514,855	\$ 40,514,855	\$ 43,432,930	\$ 2,918,075
Licenses and permits	1,474,171	1,474,171	2,393,345	919,174
Charges for services	4,361,226	4,361,226	5,212,302	851,076
Recreation	1,121,629	1,121,629	1,083,171	(38,458)
Fines and forfeitures	2,794,987	2,794,987	2,680,535	(114,452)
Investment earnings	850,000	850,000	1,089,247	239,247
Miscellaneous	466,025	466,025	360,199	(105,826)
Total revenues	<u>51,582,893</u>	<u>51,582,893</u>	<u>56,251,729</u>	<u>4,668,836</u>
EXPENDITURES				
Current				
General government	1,244,645	1,316,549	1,231,535	85,014
Mayor and council	78,961	78,961	75,602	3,359
Administrative and legal	2,116,502	2,116,502	2,086,636	29,866
Community relations/tourism	456,333	456,333	430,937	25,396
Police	15,947,617	15,986,705	15,845,417	141,288
Fire	13,071,767	13,079,021	12,976,754	102,267
Public services	4,100,019	4,100,019	4,052,419	47,600
Parks and leisure	5,932,198	5,982,059	5,818,283	163,776
Community development	4,727,905	4,732,905	4,535,755	197,150
Finance	1,165,019	1,181,378	1,159,020	22,358
Human resources	676,191	676,191	668,773	7,418
Information technology services	1,797,583	1,812,833	1,733,158	79,675
Municipal court	923,502	923,502	918,353	5,149
Capital outlay	227,183	1,282,961	1,203,167	79,794
Total expenditures	<u>52,465,425</u>	<u>53,725,919</u>	<u>52,735,809</u>	<u>990,110</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(882,532)</u>	<u>(2,143,026)</u>	<u>3,515,920</u>	<u>5,658,946</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,932,250	2,932,250	4,885,362	1,953,112
Transfers out	(5,576,209)	(8,328,209)	(8,324,602)	3,607
Proceeds from sale of assets	-	-	14,171	14,171
Total other financing sources (uses)	<u>(2,643,959)</u>	<u>(5,395,959)</u>	<u>(3,425,069)</u>	<u>1,970,890</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(3,526,491)</u>	<u>(7,538,985)</u>	<u>90,851</u>	<u>7,629,836</u>
FUND BALANCES, beginning	<u>26,675,057</u>	<u>26,675,057</u>	<u>26,675,057</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 23,148,566</u>	<u>\$ 19,136,072</u>	<u>\$ 26,765,908</u>	<u>\$ 7,629,836</u>

BUDGET BASIS OF ACCOUNTING

The City adopts its budget of the General Fund on the modified accrual basis of accounting by department.

**COMBINING AND
INDIVIDUAL FUND
STATEMENTS
AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the primary fund of the City. This fund is used to account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation, principal, and interest indebtedness from general governmental resources.

GENERAL CAPITAL PROJECTS FUND

General Capital Projects Fund is used to account for acquisition and construction of major capital facilities financed by general government resources as outlined in the City's five-year capital improvement plan and comprehensive development code required improvements.



**CITY OF LEWISVILLE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT B-1

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 476,612	\$ 1,133,549
Investments	22,756,651	22,127,024
Receivables (net of allowances for uncollectables of \$3,554,684 in 2007 and \$4,277,447 in 2006)		
Taxes	4,983,207	4,974,561
Accounts	2,122,731	1,792,019
Unbilled accounts	190,804	188,448
Interest	157,106	130,581
Court	166,381	564,200
Due from other funds	217,686	95,523
Due from other governments	3,223	-
Prepaid items	271,000	252,581
Total assets	<u><u>\$ 31,345,401</u></u>	<u><u>\$ 31,258,486</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 968,342	\$ 983,002
Accrued liabilities	1,966,703	1,649,850
Deposits payable	9,250	6,700
Deferred revenues	1,579,203	1,753,722
Money held in escrow	55,995	187,903
Due to other funds	-	2,252
Total liabilities	<u>4,579,493</u>	<u>4,583,429</u>
Fund balances		
Reserved for prepaid items	271,000	252,581
Reserved for encumbrances	222,778	209,551
Unrestricted, undesignated	26,272,130	26,212,925
Total fund balances	<u>26,765,908</u>	<u>26,675,057</u>
 Total liabilities and fund balances	 <u><u>\$ 31,345,401</u></u>	 <u><u>\$ 31,258,486</u></u>

**CITY OF LEWISVILLE , TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR FISCAL YEARS ENDED
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT B-2

	<u>2007</u>	<u>2006</u>
REVENUES		
Property and other taxes	\$ 43,432,930	\$ 41,544,574
Licenses and permits	2,393,345	2,070,156
Charges for services	5,212,302	4,858,787
Recreation	1,083,171	1,135,231
Fines and forfeitures	2,680,535	2,826,234
Investment earnings	1,089,247	944,033
Miscellaneous	360,199	4,270,216
Total revenues	<u>56,251,729</u>	<u>57,649,231</u>
EXPENDITURES		
Current		
General government	7,385,661	6,833,294
Culture, parks and recreation	5,818,283	5,772,824
Public safety	29,740,524	28,038,716
Public services	8,588,174	8,404,690
Capital outlay	1,203,167	207,943
Total expenditures	<u>52,735,809</u>	<u>49,257,467</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,515,920</u>	<u>8,391,764</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	4,885,362	3,001,283
Transfers out	(8,324,602)	(4,602,060)
Proceeds from sale of assets	14,171	-
Total other financing sources (uses)	<u>(3,425,069)</u>	<u>(1,600,777)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	90,851	6,790,987
FUND BALANCES, beginning	<u>26,675,057</u>	<u>19,884,070</u>
FUND BALANCES, ending	<u><u>\$ 26,765,908</u></u>	<u><u>\$ 26,675,057</u></u>

**CITY OF LEWISVILLE, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT C-1

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 43,450	\$ 81,102
Investments	2,090,775	1,588,297
Receivables (net of allowances for uncollectables of \$193,069 in 2007 and \$230,410 in 2006)		
Taxes	79,142	117,745
Interest	14,314	9,349
Prepaid items	<u>2,562</u>	<u>2,362</u>
Total assets	<u><u>\$ 2,230,243</u></u>	<u><u>\$ 1,798,855</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued liabilities	\$ 83,334	\$ 23,932
Deferred revenues	<u>79,142</u>	<u>117,745</u>
Total liabilities	<u>162,476</u>	<u>141,677</u>
Fund balances		
Reserved for prepaid items	2,562	2,362
Reserved for debt service	<u>2,065,205</u>	<u>1,654,816</u>
Total fund balance	<u>2,067,767</u>	<u>1,657,178</u>
Total liabilities and fund balance	<u><u>\$ 2,230,243</u></u>	<u><u>\$ 1,798,855</u></u>

**CITY OF LEWISVILLE, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT C-2

	<u>2007</u>	<u>2006</u>
REVENUES		
Taxes	\$ 7,851,731	\$ 7,507,045
Investment earnings	138,839	117,362
Total revenues	<u>7,990,570</u>	<u>7,624,407</u>
EXPENDITURES		
Debt Service		
Principal	5,335,000	7,163,197
Interest and fiscal charges	2,194,185	2,579,752
Total expenditures	<u>7,529,185</u>	<u>9,742,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>461,385</u>	<u>(2,118,542)</u>
OTHER FINANCING SOURCES (USES)		
Transfer In	13,966	177,627
Premium on issuance of bonds	263,591	-
Issuance of refunding bonds	5,070,000	-
Payment to refunding bond escrow agent	(5,398,353)	-
Total other financing sources (uses)	<u>(50,796)</u>	<u>177,627</u>
NET CHANGE IN FUND BALANCES	410,589	(1,940,915)
FUND BALANCES, beginning	<u>1,657,178</u>	<u>3,598,093</u>
FUND BALANCES, ending	<u><u>\$ 2,067,767</u></u>	<u><u>\$ 1,657,178</u></u>

**CITY OF LEWISVILLE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT C-3

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,370,771	\$ 7,370,771	\$ 7,851,731	\$ 480,960
Investment earnings	61,704	61,704	138,839	77,135
Total revenues	<u>7,432,475</u>	<u>7,432,475</u>	<u>7,990,570</u>	<u>558,095</u>
EXPENDITURES				
Debt Service				
Principal	7,630,172	5,335,000	5,335,000	-
Interest and fiscal charges	13,500	2,194,186	2,194,185	1
Total expenditures	<u>7,643,672</u>	<u>7,529,186</u>	<u>7,529,185</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(211,197)</u>	<u>(96,711)</u>	<u>461,385</u>	<u>558,096</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	13,966	13,966	-
Premium on issuance of bonds	-	263,591	263,591	-
Issuance of refunding bonds	-	5,070,000	5,070,000	-
Payment to refunding bond escrow agent	-	(5,398,353)	(5,398,353)	-
Total other financing sources (uses)	<u>-</u>	<u>(50,796)</u>	<u>(50,796)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(211,197)</u>	<u>(147,507)</u>	<u>410,589</u>	<u>558,096</u>
FUND BALANCES, beginning	<u>1,657,178</u>	<u>1,657,178</u>	<u>1,657,178</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 1,445,981</u>	<u>\$ 1,509,671</u>	<u>\$ 2,067,767</u>	<u>\$ 558,096</u>

**CITY OF LEWISVILLE, TEXAS
GENERAL CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT D-1

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 1,083,698	\$ 1,584,224
Investments	52,151,297	31,025,331
Receivables		
Interest	357,040	182,607
Other	315,267	120,985
Prepaid items	2,225	324
Total assets	<u><u>\$ 53,909,527</u></u>	<u><u>\$ 32,913,471</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 2,498,305	\$ 363,062
Money held in escrow	5,639,917	2,394,494
Retainage payable	183,440	192,336
Total liabilities	<u>8,321,662</u>	<u>2,949,892</u>
Fund balances		
Reserved for prepaid items	2,225	324
Reserved for encumbrances	10,064,497	4,280,793
Reserved for capital projects	35,521,143	25,682,462
Total fund balances	<u>45,587,865</u>	<u>29,963,579</u>
 Total liabilities and fund balances	 <u><u>\$ 53,909,527</u></u>	 <u><u>\$ 32,913,471</u></u>

**CITY OF LEWISVILLE, TEXAS
GENERAL CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT D-2

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 2,254,765	\$ 1,125,848
Contributions	3,205,708	3,499,030
Miscellaneous	61	363,883
Total revenues	<u>5,460,534</u>	<u>4,988,761</u>
EXPENDITURES		
Debt Service		
Interest and fiscal charges	99,975	95,000
Capital Outlay	13,171,007	13,075,478
Total expenditures	<u>13,270,982</u>	<u>13,170,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,810,448)</u>	<u>(8,181,717)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	11,384,677	4,535,818
Transfers out	(1,647,073)	(177,627)
Issuance of general obligation bonds	13,655,000	6,805,000
Premium on issuance of general obligation bonds	395,301	-
Proceeds from sale of assets	-	755,000
Total other financing sources (uses)	<u>23,787,905</u>	<u>11,918,191</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>15,977,457</u>	<u>3,736,474</u>
FUND BALANCES, beginning	29,963,579	26,227,105
Prior period adjustment	(353,171)	-
FUND BALANCES, beginning, as restated	<u>29,610,408</u>	<u>26,227,105</u>
FUND BALANCES, ending	<u><u>\$ 45,587,865</u></u>	<u><u>\$ 29,963,579</u></u>



MAJOR PROPRIETARY ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the periodic determination of revenues earned, expenses incurred, and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

WATER AND SEWER UTILITY ENTERPRISE FUND

To account for the water and sewer services provided to the City's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing, and collection. Council intent is that costs of providing the services to the general public on a continuing basis is financed primarily through user charges in a manner similar to a private business enterprise.

CITY OF LEWISVILLE, TEXAS
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash	\$ 1,504,311	\$ 1,329,093
Investments	26,875,086	26,764,440
Receivables (net of allowances for uncollectables of \$173,058 in 2007 and \$645,287 in 2006)		
Accounts	1,453,064	2,103,352
Unbilled accounts	2,213,232	2,327,064
Interest	235,076	179,795
Due from other funds	71,175	2,303
Prepaid items	2,077	4,356
Restricted assets		
Cash	4,440,439	4,476,196
Investments	19,267,984	25,463,980
Interest receivable	118,332	130,318
Prepaid items	2,975	-
Total currents assets	<u>56,183,751</u>	<u>62,780,897</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>710,329</u>	<u>799,506</u>
Capital assets		
Land	2,344,365	2,111,660
Land improvements	106,700	106,700
Buildings	588,419	588,418
Other improvements	452,000	436,291
Water system	120,622,771	114,453,774
Sewer system	89,362,953	86,869,780
Machinery and equipment	3,381,637	3,097,101
Construction in progress	7,804,781	4,491,223
Total capital assets	<u>224,663,626</u>	<u>212,154,947</u>
Less - Accumulated depreciation	<u>(51,983,931)</u>	<u>(47,333,065)</u>
Capital assets, net of accumulated depreciation	<u>172,679,695</u>	<u>164,821,882</u>
 Total noncurrent assets	 <u>173,390,024</u>	 <u>165,621,388</u>
 Total assets	 <u>\$ 229,573,775</u>	 <u>\$ 228,402,285</u>

LIABILITIES AND NET ASSETS	<u>2007</u>	<u>2006</u>
Current liabilities		
Current liabilities payable from restricted assets		
Deposits payable	\$ 1,272,849	\$ 1,241,584
Accrued interest payable	240,774	275,726
Contracts and retainage payable	38,846	448,699
Money held in escrow	105,368	-
Current maturities of revenue bonds	5,625,000	6,790,000
Deferred loss on refunding	(141,030)	(141,030)
Premium	67,532	67,532
Discount	(3,732)	(3,732)
Total current liabilities payable from restricted assets	<u>7,205,607</u>	<u>8,678,779</u>
Accounts payable	680,979	735,813
Accrued liabilities	314,910	212,887
Compensated absences	387,849	382,717
Due to other funds	-	56,712
Total current liabilities	<u>8,589,345</u>	<u>10,066,908</u>
Noncurrent liabilities		
Revenue bond payable	36,885,000	42,510,000
Compensated absences	263,111	217,057
Arbitrage payable	91,748	39,274
Deferred loss on refunding	(798,459)	(939,489)
Premium	550,464	617,996
Discount	(51,166)	(54,898)
Total noncurrent liabilities	<u>36,940,698</u>	<u>42,389,940</u>
Total liabilities	<u>45,530,043</u>	<u>52,456,848</u>
Net assets		
Invested in capital assets, net of related debt	145,843,454	137,038,948
Restricted		
For revenue bond retirements	2,075,929	1,576,475
Unrestricted	36,124,349	37,330,014
Total net assets	<u>\$ 184,043,732</u>	<u>\$ 175,945,437</u>

**CITY OF LEWISVILLE, TEXAS
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS FOR FISCAL YEARS ENDED
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT E-2

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services		
Water Sales	\$ 13,427,828	\$ 15,903,483
Sewer service	9,309,817	9,642,970
Tap fees	92,628	60,070
Industrial charges	106,137	81,003
Wholesale sewage treatment	403,247	372,032
Wholesale water sales	9,304	17,128
Reconnect and sample fees	100,118	77,886
Total charges for sales and service	<u>23,449,079</u>	<u>26,154,572</u>
Miscellaneous	34,210	35,593
Total operating revenues	<u>23,483,289</u>	<u>26,190,165</u>
OPERATING EXPENSES		
Cost of sales and services, net of reimbursements	6,749,587	7,173,222
Administrative	6,456,092	6,311,289
Depreciation	4,726,850	4,261,735
Total operating expenses	<u>17,932,529</u>	<u>17,746,246</u>
Total operating income	<u>5,550,760</u>	<u>8,443,919</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	2,775,365	2,313,353
Interest expense	(1,773,348)	(1,887,241)
Amortization	(166,407)	(166,507)
Gain on disposal of assets	33,103	-
Arbitrage refund	13,241	-
Total non-operating revenues (expenses)	<u>881,954</u>	<u>259,605</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>6,432,714</u>	<u>8,703,524</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	15,747	-
Transfers out	(2,958,882)	(2,965,612)
Contributions from other funds	-	588,616
Contributions from property owners	2,360,572	2,104,194
Contributions - impact fees	2,248,144	1,802,700
Total transfers and capital contributions	<u>1,665,581</u>	<u>1,529,898</u>
CHANGE IN NET ASSETS	8,098,295	10,233,422
NET ASSETS, beginning	175,945,437	165,712,015
NET ASSETS, ending	<u><u>\$ 184,043,732</u></u>	<u><u>\$ 175,945,437</u></u>



**CITY OF LEWISVILLE, TEXAS
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 24,384,042	\$ 25,513,203
Cash received from transactions with other funds	(125,584)	83,802
Cash paid to employees for services	(4,795,619)	(4,566,818)
Cash paid for goods and services	(8,669,760)	(9,439,928)
	<u>10,793,079</u>	<u>11,590,259</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	15,747	-
Transfers out to other funds	(2,915,089)	(2,965,153)
	<u>(2,899,342)</u>	<u>(2,965,153)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(10,004,370)	(5,876,813)
Proceeds from the sale of equipment	33,103	-
Proceeds from the sale of revenue bonds	-	3,940,281
Principal paid on revenue bond maturities	(6,790,000)	(6,335,000)
Impact fees	2,248,144	1,802,700
Interest paid	(2,058,573)	(2,219,713)
Bond issuance cost paid	-	(76,873)
	<u>(16,571,696)</u>	<u>(8,765,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(28,290,475)	(41,686,227)
Proceeds from sale and maturities of investments	34,375,825	37,461,564
Interest received	2,732,070	2,271,154
	<u>8,817,420</u>	<u>(1,953,509)</u>
NET INCREASE (DECREASE) IN CASH	139,461	(2,093,821)
CASH, beginning of year	<u>5,805,289</u>	<u>7,899,110</u>
CASH, end of year	<u>\$ 5,944,750</u>	<u>\$ 5,805,289</u>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 1,504,311	\$ 1,329,093
Restricted cash and cash equivalents at end of year	4,440,439	4,476,196
TOTAL CASH AT END OF YEAR	<u>\$ 5,944,750</u>	<u>\$ 5,805,289</u>

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 5,550,760	\$ 8,443,919
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	4,726,850	4,261,735
Provision for uncollectible accounts	(472,229)	89,716
Change in assets and liabilities		
(Increase) decrease in accounts receivable	1,236,349	(812,129)
(Increase) decrease in prepaid expenses	(696)	(121)
(Increase) decrease in due from other funds	(68,872)	55,061
Increase (decrease) in accounts payable and contracts payable	51,309	(123,237)
Increase (decrease) in accrued liabilities	102,023	24,560
Increase (decrease) in deposits payable	31,265	45,451
Increase (decrease) in contracts and retainage payable	(410,628)	(542,607)
Increase (decrease) in arbitrage payable	52,474	39,274
Increase (decrease) in compensated absences	51,186	79,896
Increase (decrease) in due to other funds	(56,712)	28,741
Total adjustments	<u>5,242,319</u>	<u>3,146,340</u>
Net cash provided by (used in) operating activities	<u>\$ 10,793,079</u>	<u>\$ 11,590,259</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
From contributions of capital assets	\$ 2,360,572	\$ 2,692,810
Increase in fair value of investments	245,615	248,534



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for particular purposes. The City has thirteen Special Revenue Funds as follows:

HOTEL/MOTEL TAX FUND

To account for tax revenue collected as a percentage of gross receipts for all temporary room rentals in all hotel and motel establishments within the City. Funds are expended to promote tourism and culture in the City.

RECREATION ACTIVITY FUND

To account for revenues collected from recreation users for specific events. Funds are expended on costs associated with the specific events' operations.

GRANT FUND

To account for revenues derived from federal and state granting agencies. The funds are expended for grant-related purposes.

PUBLIC IMPROVEMENT DISTRICT TAX FUND

To account for special revenue for an area specific purpose. Funds are expended on costs associated with the specified improvements.

MUNICIPAL COURT SECURITY FUND

To account for Municipal Court fees assessed to provide for court security.

MUNICIPAL COURT TECHNOLOGY FUND

To account for Municipal Court fees assessed to finance the purchase of technological enhancements for Municipal Court.

POLICE ASSET FORFEITURE FUND

To account for funds received under the Controlled Substances Act of the State of Texas with expenditures restricted to use solely in the investigation of any alleged violations of the criminal laws of the state and donations for the same purpose.

EMPLOYEE BENEVOLENT FUND

To account for funds received from employee concessions with expenditures controlled by employee committee.

FIRE AND POLICE TRAINING FUND

To allocate revenue from training tower rentals to ongoing maintenance of the facility as well as police firearms simulator rentals and maintenance costs.

LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION FUND

To account for grant revenue received from the Comptroller's Office exclusively for the training of police officers. Uses can include materials, classes, registration costs, etc.



NON-MAJOR GOVERNMENTAL FUNDS

DONATIONS FUND

To account for revenues derived from the solicitation and acceptance of donations. Funds are expended for donation-related purposes only.

POLICE FEDERAL FORFEITURE FUND

To account for federally forfeited cash, property, proceeds, and any interest earned thereon received as part of the Federal Equitable Sharing Agreement between local law enforcement agencies, the Department of Justice, and the Department of Treasury for cooperating in investigations with respect to asset forfeiture and money laundering investigations and prosecutions.

RECORDS MANAGEMENT FUND

To account for records management fees assessed to cover expenditures related to the electronic scanning and storing of vital records.

**CITY OF LEWISVILLE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

Special Revenues

	<u>Hotel/Motel Tax</u>	<u>Recreation Activity</u>	<u>Grant</u>	<u>Public Improvement District</u>	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>
ASSETS						
Cash	\$ 35,064	\$ 10,216	\$ -	\$ 159,193	\$ 1,823	\$ 7,209
Investments	1,687,200	153,724	-	-	87,728	346,907
Receivables						
Accounts	167,515	-	461,206	-	-	-
Interest	11,564	1,073	585	-	602	2,375
Due from other governments	-	-	26,787	-	-	-
Prepaid items	3,723,472	2,431	3,532	-	-	-
Total assets	<u>\$ 5,624,815</u>	<u>\$ 167,444</u>	<u>\$ 492,110</u>	<u>\$ 159,193</u>	<u>\$ 90,153</u>	<u>\$ 356,491</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts and contracts payable	\$ 46,397	\$ 8,789	\$ 49,421	\$ -	\$ 1,237	\$ 110
Deferred revenues	-	-	4,000	-	-	-
Retainage payable	-	-	18,217	-	-	-
Due to other funds	2,000,000	-	240,156	1,430	-	-
Total liabilities	<u>2,046,397</u>	<u>8,789</u>	<u>311,794</u>	<u>1,430</u>	<u>1,237</u>	<u>110</u>
Fund balances						
Reserved for prepaid items	3,545,518	2,431	3,532	-	-	-
Reserved for encumbrances	32,900	2,067	176,784	2,600	-	-
Unreserved, undesignated	-	154,157	-	155,163	88,916	356,381
Total fund balances	<u>3,578,418</u>	<u>158,655</u>	<u>180,316</u>	<u>157,763</u>	<u>88,916</u>	<u>356,381</u>
Total liabilities and fund balances	<u>\$ 5,624,815</u>	<u>\$ 167,444</u>	<u>\$ 492,110</u>	<u>\$ 159,193</u>	<u>\$ 90,153</u>	<u>\$ 356,491</u>

EXHIBIT F-1

<u>Police Asset Forfeiture</u>	<u>Employee Benevolent</u>	<u>Fire and Police Training</u>	<u>LEOSE</u>	<u>Donations</u>	<u>Police Federal Forfeiture</u>	<u>Records Management</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 7,457	\$ 374	\$ 510	\$ 225	\$ 3,032	\$ 1,111	\$ 85	\$ 226,299
117,861	18,010	24,540	10,825	145,971	53,464	4,051	2,650,281
3,318	1,701	-	-	2,786	-	-	636,526
806	124	168	74	1,002	366	-	18,739
-	-	-	-	-	-	-	26,787
-	-	-	2,228	100	-	-	3,731,763
\$ 129,442	\$ 20,209	\$ 25,218	\$ 13,352	\$ 152,891	\$ 54,941	\$ 4,136	\$ 7,290,395
\$ 3,260	\$ 42	\$ -	\$ -	\$ 1,226	\$ -	\$ -	\$ 110,482
-	-	-	-	-	-	-	4,000
-	-	-	-	-	-	-	18,217
-	-	-	-	-	-	-	2,241,586
3,260	42	-	-	1,226	-	-	2,374,285
-	-	-	2,228	100	-	-	3,553,809
48,119	-	-	-	-	-	-	262,470
78,063	20,167	25,218	11,124	151,565	54,941	4,136	1,099,831
126,182	20,167	25,218	13,352	151,665	54,941	4,136	4,916,110
\$ 129,442	\$ 20,209	\$ 25,218	\$ 13,352	\$ 152,891	\$ 54,941	\$ 4,136	\$ 7,290,395

**CITY OF LEWISVILLE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

Special Revenues

	<u>Hotel/Motel Tax</u>	<u>Recreation Activity</u>	<u>Grant</u>	<u>Public Improvement District</u>	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>
REVENUES						
Taxes	\$ 1,606,115	\$ -	\$ -	\$ (4,319)	\$ -	\$ -
Recreation	-	302,017	-	-	-	-
Investment earnings	72,135	7,687	11,662	309	4,336	17,043
Grants						
Culture, parks and recreation	-	-	10,305	-	-	-
Public safety	-	-	588,798	-	-	-
Public services	-	-	1,256,152	-	-	-
Miscellaneous	60	1,879	-	-	58,101	77,459
Total revenues	<u>1,678,310</u>	<u>311,583</u>	<u>1,866,917</u>	<u>(4,010)</u>	<u>62,437</u>	<u>94,502</u>
EXPENDITURES						
Current						
General government	1,025,752	-	-	2,725	-	-
Culture, parks and recreation	-	287,466	10,305	-	-	-
Public safety	-	-	313,536	-	27,087	78,493
Public services	-	-	1,107,934	-	-	-
Capital Outlay	-	-	468,884	-	-	-
Total expenditures	<u>1,025,752</u>	<u>287,466</u>	<u>1,900,659</u>	<u>2,725</u>	<u>27,087</u>	<u>78,493</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>652,558</u>	<u>24,117</u>	<u>(33,742)</u>	<u>(6,735)</u>	<u>35,350</u>	<u>16,009</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	80,420	-	-	-
Transfers out	-	-	(300,000)	(1,560)	(35,607)	-
Proceeds of sale of assets	719	-	-	-	-	-
Total other financing sources (uses)	<u>719</u>	<u>-</u>	<u>(219,580)</u>	<u>(1,560)</u>	<u>(35,607)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	653,277	24,117	(253,322)	(8,295)	(257)	16,009
FUND BALANCES, beginning	<u>2,925,141</u>	<u>134,538</u>	<u>433,638</u>	<u>166,058</u>	<u>89,173</u>	<u>340,372</u>
FUND BALANCES, ending	<u>\$ 3,578,418</u>	<u>\$ 158,655</u>	<u>\$ 180,316</u>	<u>\$ 157,763</u>	<u>\$ 88,916</u>	<u>\$ 356,381</u>

EXHIBIT F-2

<u>Police Asset Forfeiture</u>	<u>Employee Benevolent</u>	<u>Fire and Police Training</u>	<u>LEOSE</u>	<u>Donations</u>	<u>Police Federal Forfeiture</u>	<u>Records Management</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,601,796
-	-	-	-	-	-	-	302,017
6,113	800	1,414	566	7,140	2,379	23	131,607
-	-	-	-	-	-	-	10,305
-	-	-	-	-	-	-	588,798
-	-	-	-	-	-	-	1,256,152
49,429	6,343	11,250	10,529	145,785	40,304	-	401,139
55,542	7,143	12,664	11,095	152,925	42,683	23	4,291,814
-	4,536	-	-	82,040	-	4,445	1,119,498
-	-	-	-	2,699	-	-	300,470
15,968	-	13,362	17,812	14,962	-	-	481,220
-	-	-	-	410	-	-	1,108,344
-	-	-	-	5,009	-	-	473,893
15,968	4,536	13,362	17,812	105,120	-	4,445	3,483,425
39,574	2,607	(698)	(6,717)	47,805	42,683	(4,422)	808,389
-	-	-	-	-	-	-	80,420
-	-	-	-	-	-	-	(337,167)
-	-	-	-	-	-	-	719
-	-	-	-	-	-	-	(256,028)
39,574	2,607	(698)	(6,717)	47,805	42,683	(4,422)	552,361
86,608	17,560	25,916	20,069	103,860	12,258	8,558	4,363,749
\$ 126,182	\$ 20,167	\$ 25,218	\$ 13,352	\$ 151,665	\$ 54,941	\$ 4,136	\$ 4,916,110

**CITY OF LEWISVILLE, TEXAS
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-3

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 35,064	\$ 301,115
Investments	1,687,200	1,001,036
Receivables		
Accounts	167,515	121,206
Interest	11,564	5,892
Prepaid items	3,723,472	3,767,947
Total assets	<u>\$ 5,624,815</u>	<u>\$ 5,197,196</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 46,397	\$ 22,055
Due to other funds	2,000,000	2,250,000
Total liabilities	<u>2,046,397</u>	<u>2,272,055</u>
 Fund balances		
Reserved for prepaid items	3,545,518	2,867,778
Reserved for encumbrances	32,900	57,363
Total fund balances	<u>3,578,418</u>	<u>2,925,141</u>
 Total liabilities and fund balances	<u>\$ 5,624,815</u>	<u>\$ 5,197,196</u>

**CITY OF LEWISVILLE , TEXAS
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-4

	<u>2007</u>	<u>2006</u>
REVENUES		
Taxes	\$ 1,606,115	\$ 1,480,548
Investment earnings	72,135	38,309
Miscellaneous	60	37,611
Total revenues	<u>1,678,310</u>	<u>1,556,468</u>
EXPENDITURES		
Current		
General government	<u>1,025,752</u>	<u>636,889</u>
Total expenditures	<u>1,025,752</u>	<u>636,889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>652,558</u>	<u>919,579</u>
OTHER FINANCING SOURCES (USES)		
Proceeds of sale of assets	<u>719</u>	<u>-</u>
Total other financing sources (uses)	<u>719</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	653,277	919,579
FUND BALANCES, beginning	<u>2,925,141</u>	<u>2,005,562</u>
FUND BALANCES, ending	<u>\$ 3,578,418</u>	<u>\$ 2,925,141</u>

**CITY OF LEWISVILLE , TEXAS
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,376,459	\$ 1,376,459	\$ 1,606,115	\$ 229,656
Investment earnings	75,000	75,000	72,135	(2,865)
Miscellaneous	-	-	60	60
Total revenues	<u>1,451,459</u>	<u>1,451,459</u>	<u>1,678,310</u>	<u>226,851</u>
EXPENDITURES				
Current				
General government	<u>1,027,596</u>	<u>1,094,959</u>	<u>1,025,752</u>	<u>69,207</u>
Total expenditures	<u>1,027,596</u>	<u>1,094,959</u>	<u>1,025,752</u>	<u>69,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>423,863</u>	<u>356,500</u>	<u>652,558</u>	<u>296,058</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	-	250,000
Proceeds of sale of assets	-	-	719	719
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>719</u>	<u>250,719</u>
NET CHANGES IN FUND BALANCES				
	173,863	106,500	653,277	546,777
FUND BALANCES (DEFICIT), beginning				
	<u>2,925,141</u>	<u>2,925,141</u>	<u>2,925,141</u>	<u>-</u>
FUND BALANCES, ending				
	<u>\$ 3,099,004</u>	<u>\$ 3,031,641</u>	<u>\$ 3,578,418</u>	<u>\$ 546,777</u>

**CITY OF LEWISVILLE , TEXAS
RECREATION ACTIVITY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-6

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 10,216	\$ 13,647
Investments	153,724	129,997
Receivables		
Interest	1,073	765
Prepaid items	2,431	2,054
Total assets	<u>\$ 167,444</u>	<u>\$ 146,463</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 8,789	\$ 11,925
Total liabilities	<u>8,789</u>	<u>11,925</u>
Fund balances		
Reserved for prepaid items	2,431	2,054
Reserved for encumbrances	2,067	-
Unreserved, undesignated	154,157	132,484
Total fund balances	<u>158,655</u>	<u>134,538</u>
 Total liabilities and fund balances	 <u>\$ 167,444</u>	 <u>\$ 146,463</u>

**CITY OF LEWISVILLE , TEXAS
RECREATION ACTIVITY SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-7

	<u>2007</u>	<u>2006</u>
REVENUES		
Recreation	\$ 302,017	\$ 291,100
Investment earnings	7,687	5,423
Miscellaneous	1,879	1,574
Total revenues	<u>311,583</u>	<u>298,097</u>
EXPENDITURES		
Current		
Culture, parks and recreation	<u>287,466</u>	<u>274,865</u>
Total expenditures	<u>287,466</u>	<u>274,865</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,117	23,232
FUND BALANCES, beginning	<u>134,538</u>	<u>111,306</u>
FUND BALANCES, ending	<u>\$ 158,655</u>	<u>\$ 134,538</u>

**CITY OF LEWISVILLE , TEXAS
RECREATION ACTIVITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Recreation	\$ 297,961	\$ 297,961	\$ 302,017	\$ 4,056
Investment earnings	2,283	2,283	7,687	5,404
Miscellaneous	4,740	4,740	1,879	(2,861)
Total revenues	<u>304,984</u>	<u>304,984</u>	<u>311,583</u>	<u>6,599</u>
EXPENDITURES				
Current				
Culture, parks and recreation	<u>297,961</u>	<u>297,961</u>	<u>287,466</u>	<u>10,495</u>
Total expenditures	<u>297,961</u>	<u>297,961</u>	<u>287,466</u>	<u>10,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,023	7,023	24,117	17,094
FUND BALANCES, beginning	<u>134,538</u>	<u>134,538</u>	<u>134,538</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 141,561</u>	<u>\$ 141,561</u>	<u>\$ 158,655</u>	<u>\$ 17,094</u>

**CITY OF LEWISVILLE , TEXAS
GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-9

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ -	\$ 8,834
Investments	-	173,009
Receivables		
Accounts	461,206	259,220
Interest	585	4,787
Due from other governments	26,787	-
Prepaid items	3,532	250
Total assets	<u>\$ 492,110</u>	<u>\$ 446,100</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 49,421	\$ 12,462
Retainage payable	18,217	-
Due to other funds	240,156	-
Deferred revenue	4,000	-
Total liabilities	<u>311,794</u>	<u>12,462</u>
Fund balances		
Reserved for prepaid items	3,532	250
Reserved for encumbrances	176,784	433,388
Total fund balances	<u>180,316</u>	<u>433,638</u>
 Total liabilities and fund balances	 <u>\$ 492,110</u>	 <u>\$ 446,100</u>

**CITY OF LEWISVILLE , TEXAS
GRANT SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-10

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 11,662	\$ 31,937
Grants		
Culture, parks and recreation	10,305	10,512
Public safety	588,798	384,964
Public services	1,256,152	730,845
Total revenues	<u>1,866,917</u>	<u>1,158,258</u>
EXPENDITURES		
Current		
Culture, parks and recreation	10,305	10,510
Public safety	313,536	218,566
Public services	1,107,934	644,454
Capital outlay	468,884	103,845
Total expenditures	<u>1,900,659</u>	<u>977,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(33,742)</u>	<u>180,883</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	80,420	66,242
Transfers out	(300,000)	-
Total other financing sources (uses)	<u>(219,580)</u>	<u>66,242</u>
NET CHANGE IN FUND BALANCES	(253,322)	247,125
FUND BALANCES, beginning	<u>433,638</u>	<u>186,513</u>
FUND BALANCES, ending	<u>\$ 180,316</u>	<u>\$ 433,638</u>

**CITY OF LEWISVILLE , TEXAS
GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 7,947	\$ 7,947	\$ 11,662	\$ 3,715
Grants				
Culture, parks and recreation	-	10,305	10,305	-
Public safety	152,585	584,069	588,798	4,729
Public services	595,068	1,952,360	1,256,152	(696,208)
Total revenues	<u>755,600</u>	<u>2,554,681</u>	<u>1,866,917</u>	<u>(687,764)</u>
EXPENDITURES				
Current				
Culture, parks and recreation	-	10,305	10,305	-
Public safety	218,332	311,653	313,536	(1,883)
Public services	613,348	1,744,209	1,107,934	636,275
Capital outlay	-	449,763	468,884	(19,121)
Total expenditures	<u>831,680</u>	<u>2,515,930</u>	<u>1,900,659</u>	<u>615,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(76,080)</u>	<u>38,751</u>	<u>(33,742)</u>	<u>(72,493)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	84,027	84,027	80,420	(3,607)
Transfers out	-	(300,000)	(300,000)	-
Total other financing sources (uses)	<u>84,027</u>	<u>(215,973)</u>	<u>(219,580)</u>	<u>(3,607)</u>
NET CHANGE IN FUND BALANCES	7,947	(177,222)	(253,322)	(76,100)
FUND BALANCES, beginning	<u>433,638</u>	<u>433,638</u>	<u>433,638</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 441,585</u>	<u>\$ 256,416</u>	<u>\$ 180,316</u>	<u>\$ (76,100)</u>

**CITY OF LEWISVILLE , TEXAS
PUBLIC IMPROVEMENT DISTRICT TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-12

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 159,193	\$ 149,039
Receivables		
Assessments	-	21,134
Total assets	<u>\$ 159,193</u>	<u>\$ 170,173</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	\$ 1,430	\$ 4,115
Total liabilities	<u>1,430</u>	<u>4,115</u>
 Fund balances		
Reserved for encumbrances	2,600	6,105
Unreserved, undesignated	155,163	159,953
Total fund balances	<u>157,763</u>	<u>166,058</u>
 Total liabilities and fund balances	<u>\$ 159,193</u>	<u>\$ 170,173</u>

**CITY OF LEWISVILLE , TEXAS
PUBLIC IMPROVEMENT DISTRICT TAX SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-13

	<u>2007</u>	<u>2006</u>
REVENUES		
Taxes	\$ (4,319)	\$ 15,191
Investment earnings	309	823
Total revenues	<u>(4,010)</u>	<u>16,014</u>
EXPENDITURES		
Current		
General government	2,725	5,735
Total expenditures	<u>2,725</u>	<u>5,735</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,735)</u>	<u>10,279</u>
OTHER FINANCING USES		
Transfers out	(1,560)	(1,560)
Total other financing uses	<u>(1,560)</u>	<u>(1,560)</u>
NET CHANGE IN FUND BALANCES	(8,295)	8,719
FUND BALANCES, beginning	<u>166,058</u>	<u>157,339</u>
FUND BALANCES, ending	<u>\$ 157,763</u>	<u>\$ 166,058</u>

**CITY OF LEWISVILLE , TEXAS
PUBLIC IMPROVEMENT DISTRICT TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-14

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,191	\$ 15,191	\$ (4,319)	\$ (19,510)
Investment earnings	1,000	1,000	309	(691)
Total revenues	<u>16,191</u>	<u>16,191</u>	<u>(4,010)</u>	<u>(20,201)</u>
EXPENDITURES				
Current				
General government	<u>18,240</u>	<u>21,045</u>	<u>2,725</u>	<u>18,320</u>
Total expenditures	<u>18,240</u>	<u>21,045</u>	<u>2,725</u>	<u>18,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(2,049)</u>	<u>(4,854)</u>	<u>(6,735)</u>	<u>(1,881)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,560)</u>	<u>(1,560)</u>	<u>(1,560)</u>	<u>-</u>
Total other financing uses	<u>(1,560)</u>	<u>(1,560)</u>	<u>(1,560)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	(3,609)	(6,414)	(8,295)	(1,881)
FUND BALANCES, beginning				
	<u>166,058</u>	<u>166,058</u>	<u>166,058</u>	<u>-</u>
FUND BALANCES, ending				
	<u>\$ 162,449</u>	<u>\$ 159,644</u>	<u>\$ 157,763</u>	<u>\$ (1,881)</u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-15

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 1,823	\$ 4,319
Investments	87,728	84,587
Receivables		
Interest	602	498
Prepaid items	-	610
Total assets	<u>\$ 90,153</u>	<u>\$ 90,014</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 1,237	\$ 841
Total liabilities	<u>1,237</u>	<u>841</u>
Fund balances		
Reserved for prepaid items	-	610
Unreserved, undesignated	88,916	88,563
Total fund balances	<u>88,916</u>	<u>89,173</u>
 Total liabilities and fund balances	 <u>\$ 90,153</u>	 <u>\$ 90,014</u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-16

	<u>2007</u>	<u>2006</u>
REVENUES		
Security fee	\$ 58,101	\$ 58,563
Investment earnings	4,336	3,784
Total revenues	<u>62,437</u>	<u>62,347</u>
EXPENDITURES		
Current		
Public safety	27,087	33,370
Total expenditures	<u>27,087</u>	<u>33,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>35,350</u>	<u>28,977</u>
OTHER FINANCING USES		
Transfers out	<u>(35,607)</u>	<u>(34,570)</u>
Total other financing uses	<u>(35,607)</u>	<u>(34,570)</u>
NET CHANGE IN FUND BALANCES	(257)	(5,593)
FUND BALANCES, beginning	<u>89,173</u>	<u>94,766</u>
FUND BALANCES, ending	<u>\$ 88,916</u>	<u>\$ 89,173</u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-17

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Security fee	\$ 60,000	\$ 60,000	\$ 58,101	\$ (1,899)
Investment earnings	2,600	2,600	4,336	1,736
Total revenues	<u>62,600</u>	<u>62,600</u>	<u>62,437</u>	<u>(163)</u>
EXPENDITURES				
Current				
Public safety	40,605	40,605	27,087	13,518
Total expenditures	<u>40,605</u>	<u>40,605</u>	<u>27,087</u>	<u>13,518</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,995</u>	<u>21,995</u>	<u>35,350</u>	<u>13,355</u>
OTHER FINANCING USES				
Transfers out	<u>(35,607)</u>	<u>(35,607)</u>	<u>(35,607)</u>	<u>-</u>
Total other financing uses	<u>(35,607)</u>	<u>(35,607)</u>	<u>(35,607)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(13,612)</u>	<u>(13,612)</u>	<u>(257)</u>	<u>13,355</u>
FUND BALANCES, beginning	<u>89,173</u>	<u>89,173</u>	<u>89,173</u>	<u>-</u>
FUND BALANCES, ending	<u><u>\$ 75,561</u></u>	<u><u>\$ 75,561</u></u>	<u><u>\$ 88,916</u></u>	<u><u>\$ 13,355</u></u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-18

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 7,209	\$ 16,443
Investments	346,907	322,033
Receivables		
Interest	2,375	1,896
Total assets	<u>\$ 356,491</u>	<u>\$ 340,372</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	<u>\$ 110</u>	<u>\$ -</u>
Total liabilities	<u>110</u>	<u>-</u>
Fund balances		
Unreserved, undesignated	<u>356,381</u>	<u>340,372</u>
Total fund balances	<u>356,381</u>	<u>340,372</u>
 Total liabilities and fund balances	 <u>\$ 356,491</u>	 <u>\$ 340,372</u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-19

	<u>2007</u>	<u>2006</u>
REVENUES		
Technology fee	\$ 77,459	\$ 78,521
Investment earnings	17,043	13,063
Total revenues	<u>94,502</u>	<u>91,584</u>
EXPENDITURES		
Current		
Public safety	78,493	51,799
Total expenditures	<u>78,493</u>	<u>51,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,009	39,785
FUND BALANCES, beginning	<u>340,372</u>	<u>300,587</u>
FUND BALANCES, ending	<u><u>\$ 356,381</u></u>	<u><u>\$ 340,372</u></u>

**CITY OF LEWISVILLE , TEXAS
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-20

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Technology fee	\$ 78,955	\$ 78,955	\$ 77,459	\$ (1,496)
Investment earnings	7,500	7,500	17,043	9,543
Total revenues	<u>86,455</u>	<u>86,455</u>	<u>94,502</u>	<u>8,047</u>
EXPENDITURES				
Current				
Public safety	108,493	108,493	78,493	30,000
Capital outlay	11,625	11,625	-	11,625
Total expenditures	<u>120,118</u>	<u>120,118</u>	<u>78,493</u>	<u>41,625</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,663)	(33,663)	16,009	49,672
FUND BALANCES, beginning	<u>340,372</u>	<u>340,372</u>	<u>340,372</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 306,709</u>	<u>\$ 306,709</u>	<u>\$ 356,381</u>	<u>\$ 49,672</u>

**CITY OF LEWISVILLE , TEXAS
POLICE ASSET FORFEITURE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-21

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 7,457	\$ 13,395
Investments	117,861	139,266
Receivables		
Accounts	3,318	-
Interest	806	820
Total assets	<u>\$ 129,442</u>	<u>\$ 153,481</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 3,260	\$ 66,873
Total liabilities	<u>3,260</u>	<u>66,873</u>
 Fund balances		
Reserved for encumbrances	48,119	-
Unreserved, undesignated	78,063	86,608
Total fund balances	<u>126,182</u>	<u>86,608</u>
 Total liabilities and fund balances	<u>\$ 129,442</u>	<u>\$ 153,481</u>

**CITY OF LEWISVILLE , TEXAS
POLICE ASSET FORFEITURE SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-22

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 6,113	\$ 3,968
Miscellaneous	49,429	7,312
Total revenues	<u>55,542</u>	<u>11,280</u>
EXPENDITURES		
Current		
Public safety	15,968	3,003
Total expenditures	<u>15,968</u>	<u>3,003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,574</u>	<u>8,277</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets	-	354
Total other financing sources (uses)	<u>-</u>	<u>354</u>
NET CHANGE IN FUND BALANCES	39,574	8,631
FUND BALANCES, beginning	<u>86,608</u>	<u>77,977</u>
FUND BALANCES, ending	<u>\$ 126,182</u>	<u>\$ 86,608</u>

**CITY OF LEWISVILLE , TEXAS
POLICE ASSET FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-23

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 2,500	\$ 2,500	\$ 6,113	\$ 3,613
Miscellaneous	3,000	3,000	49,429	46,429
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>55,542</u>	<u>50,042</u>
EXPENDITURES				
Current				
Public safety	10,000	80,000	15,968	64,032
Total expenditures	<u>10,000</u>	<u>80,000</u>	<u>15,968</u>	<u>64,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(4,500)	(74,500)	39,574	114,074
FUND BALANCES, beginning				
	<u>86,608</u>	<u>86,608</u>	<u>86,608</u>	<u>-</u>
FUND BALANCES, ending				
	<u><u>\$ 82,108</u></u>	<u><u>\$ 12,108</u></u>	<u><u>\$ 126,182</u></u>	<u><u>\$ 114,074</u></u>

**CITY OF LEWISVILLE , TEXAS
EMPLOYEE BENEVOLENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-24

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 374	\$ 855
Investments	18,010	16,758
Receivables		
Accounts	1,701	-
Interest	124	100
Total assets	<u>\$ 20,209</u>	<u>\$ 17,713</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ 42	\$ 153
Total liabilities	<u>42</u>	<u>153</u>
Fund balances		
Unreserved, undesignated	<u>20,167</u>	<u>17,560</u>
Total fund balances	<u>20,167</u>	<u>17,560</u>
 Total liabilities and fund balances	 <u>\$ 20,209</u>	 <u>\$ 17,713</u>

**CITY OF LEWISVILLE , TEXAS
EMPLOYEE BENEVOLENT SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-25

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 800	\$ 688
Miscellaneous	6,343	3,524
Total revenues	<u>7,143</u>	<u>4,212</u>
EXPENDITURES		
Current		
General government	4,536	3,999
Total expenditures	<u>4,536</u>	<u>3,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,607	213
FUND BALANCES, beginning	<u>17,560</u>	<u>17,347</u>
FUND BALANCES, ending	<u><u>\$ 20,167</u></u>	<u><u>\$ 17,560</u></u>

**CITY OF LEWISVILLE , TEXAS
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEETS
 SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-26

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 510	\$ 1,274
Investments	24,540	24,933
Receivables		
Interest	168	147
Other	-	35
Total assets	<u>\$ 25,218</u>	<u>\$ 26,389</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ -	\$ 473
Total liabilities	<u>-</u>	<u>473</u>
Fund Balances		
Unreserved, undesignated	<u>25,218</u>	<u>25,916</u>
Total fund balances	<u>25,218</u>	<u>25,916</u>
 Total liabilities and fund balances	 <u>\$ 25,218</u>	 <u>\$ 26,389</u>

**CITY OF LEWISVILLE , TEXAS
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
 ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-27

	<u>2007</u>	<u>2006</u>
REVENUES		
Charges for services	\$ 11,250	\$ 15,938
Investment earnings	1,414	846
Total revenues	<u>12,664</u>	<u>16,784</u>
EXPENDITURES		
Current		
Public safety	13,362	3,658
Total expenditures	<u>13,362</u>	<u>3,658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(698)	13,126
FUND BALANCES, beginning	<u>25,916</u>	<u>12,790</u>
FUND BALANCES, ending	<u><u>\$ 25,218</u></u>	<u><u>\$ 25,916</u></u>

**CITY OF LEWISVILLE , TEXAS
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-28

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 12,822	\$ 12,822	\$ 11,250	\$ (1,572)
Investment earnings	200	200	1,414	1,214
Total revenues	<u>13,022</u>	<u>13,022</u>	<u>12,664</u>	<u>(358)</u>
EXPENDITURES				
Current				
Public safety	<u>24,200</u>	<u>24,200</u>	<u>13,362</u>	<u>10,838</u>
Total expenditures	<u>24,200</u>	<u>24,200</u>	<u>13,362</u>	<u>10,838</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,178)	(11,178)	(698)	10,480
FUND BALANCES, beginning	<u>25,916</u>	<u>25,916</u>	<u>25,916</u>	<u>-</u>
FUND BALANCES, ending	<u><u>\$ 14,738</u></u>	<u><u>\$ 14,738</u></u>	<u><u>\$ 25,218</u></u>	<u><u>\$ 10,480</u></u>

**CITY OF LEWISVILLE , TEXAS
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-29

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 225	\$ 930
Investments	10,825	18,207
Receivables		
Interest	74	107
Prepaid items	2,228	1,025
Total assets	<u>\$ 13,352</u>	<u>\$ 20,269</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	\$ -	\$ 200
Total liabilities	<u>-</u>	<u>200</u>
 Fund balances		
Reserved for prepaid items	2,228	1,025
Unreserved, undesignated	11,124	19,044
Total fund balances	<u>13,352</u>	<u>20,069</u>
 Total liabilities and fund balances	<u>\$ 13,352</u>	<u>\$ 20,269</u>

**CITY OF LEWISVILLE , TEXAS
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION
SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-30

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 566	\$ 875
Miscellaneous	10,529	10,244
Total revenues	<u>11,095</u>	<u>11,119</u>
EXPENDITURES		
Current		
Public safety	17,812	24,828
Total expenditures	<u>17,812</u>	<u>24,828</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,717)	(13,709)
FUND BALANCES, beginning	<u>20,069</u>	<u>33,778</u>
FUND BALANCES, ending	<u><u>\$ 13,352</u></u>	<u><u>\$ 20,069</u></u>

**CITY OF LEWISVILLE , TEXAS
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-31

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 538	\$ 538	\$ 566	\$ 28
Miscellaneous	10,000	10,000	10,529	529
Total revenues	<u>10,538</u>	<u>10,538</u>	<u>11,095</u>	<u>557</u>
EXPENDITURES				
Current				
Public safety	<u>19,497</u>	<u>19,497</u>	<u>17,812</u>	<u>1,685</u>
Total expenditures	<u>19,497</u>	<u>19,497</u>	<u>17,812</u>	<u>1,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,959)	(8,959)	(6,717)	2,242
FUND BALANCES, beginning	<u>20,069</u>	<u>20,069</u>	<u>20,069</u>	<u>-</u>
FUND BALANCES, ending	<u>\$ 11,110</u>	<u>\$ 11,110</u>	<u>\$ 13,352</u>	<u>\$ 2,242</u>

**CITY OF LEWISVILLE , TEXAS
DONATIONS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-32

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 3,032	\$ 5,048
Investments	145,971	98,842
Receivables		
Accounts	2,786	-
Interest	1,002	677
Prepaid items	100	100
Total assets	<u>\$ 152,891</u>	<u>\$ 104,667</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts and contracts payable	<u>\$ 1,226</u>	<u>\$ 807</u>
Total liabilities	<u>1,226</u>	<u>807</u>
Fund balances		
Reserved for prepaid items	100	100
Reserved for encumbrances	-	17,990
Unreserved, undesignated	<u>151,565</u>	<u>85,770</u>
Total fund balances	<u>151,665</u>	<u>103,860</u>
 Total liabilities and fund balances	 <u>\$ 152,891</u>	 <u>\$ 104,667</u>

**CITY OF LEWISVILLE , TEXAS
DONATIONS SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-33

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 7,140	\$ 4,809
Miscellaneous	145,785	111,915
Total revenues	<u>152,925</u>	<u>116,724</u>
EXPENDITURES		
Current		
General government	82,040	60,676
Culture, parks and recreation	2,699	483
Public safety	14,962	26,778
Public services	410	-
Capital outlay	5,009	7,200
Total expenditures	<u>105,120</u>	<u>95,137</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	47,805	21,587
FUND BALANCES, beginning	<u>103,860</u>	<u>82,273</u>
FUND BALANCES, ending	<u>\$ 151,665</u>	<u>\$ 103,860</u>

**CITY OF LEWISVILLE , TEXAS
POLICE FEDERAL FORFEITURE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-34

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 1,111	\$ 592
Investments	53,464	11,598
Receivables		
Interest	366	68
Total assets	<u>\$ 54,941</u>	<u>\$ 12,258</u>
 FUND BALANCES		
Unreserved, undesignated	<u>\$ 54,941</u>	<u>\$ 12,258</u>
Total fund balances	<u>\$ 54,941</u>	<u>\$ 12,258</u>

**CITY OF LEWISVILLE , TEXAS
POLICE FEDERAL FORFEITURE SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-35

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 2,379	\$ 434
Miscellaneous	40,304	2,040
Total revenues	<u>42,683</u>	<u>2,474</u>
FUND BALANCES, beginning	<u>12,258</u>	<u>9,784</u>
FUND BALANCES, ending	<u><u>\$ 54,941</u></u>	<u><u>\$ 12,258</u></u>

**CITY OF LEWISVILLE , TEXAS
RECORDS MANAGEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-36

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 85	\$ 416
Investments	4,051	8,142
Total assets	<u>\$ 4,136</u>	<u>\$ 8,558</u>
 FUND BALANCES		
Unreserved, undesignated	\$ 4,136	\$ 8,558
Total fund balances	<u>\$ 4,136</u>	<u>\$ 8,558</u>

**CITY OF LEWISVILLE , TEXAS
RECORDS MANAGEMENT SPECIAL REVENUE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS
ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT F-37

	<u>2007</u>	<u>2006</u>
REVENUES		
Investment earnings	\$ 23	\$ -
Total revenues	<u>23</u>	<u>-</u>
EXPENDITURES		
Current		
General government	4,445	3,129
Total expenditures	<u>4,445</u>	<u>3,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,422)	(3,129)
FUND BALANCES, beginning	<u>8,558</u>	<u>11,687</u>
FUND BALANCES, ending	<u><u>\$ 4,136</u></u>	<u><u>\$ 8,558</u></u>

**CITY OF LEWISVILLE , TEXAS
RECORDS MANAGEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT F-38

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 23	\$ 23
Total revenues	-	-	23	23
EXPENDITURES				
Current				
General government	7,775	7,775	4,445	3,330
Total expenditures	7,775	7,775	4,445	3,330
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,775)	(7,775)	(4,422)	3,353
FUND BALANCES, beginning	8,558	8,558	8,558	-
FUND BALANCES, ending	\$ 783	\$ 783	\$ 4,136	\$ 3,353



INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a user charge basis.

SELF INSURANCE RISK FUND

To account for the funds accumulated for defined risk of workers' compensation, unemployment and liability/property casualty programs. Revenues are from premiums charged to departments and funds are disbursed accordingly to program expenses such as claim payments, administrative costs and reinsurance premiums.

HEALTH INSURANCE RISK POOL FUND

To account for the funds accumulated from premium charges to departments and employees for health and dental coverage programs. Expenses include claim payments, administrative costs, and reinsurance premiums. This fund was established in July 2002.

MAINTENANCE AND REPLACEMENT FUND

To provide for fleet maintenance services for City departments and account for the purchase of all vehicles, computers, and radios operated by the City. Departments pay monthly charges to provide funds for future replacement of capital outlay as well as reimburse fund for current fleet repairs and maintenance.

CITY OF LEWISVILLE , TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2006

	Self Insurance Risk
	<u> </u>
ASSETS	
Current assets	
Cash	\$ 214,574
Investments	8,400,333
Receivables	
Accounts	-
Interest	57,603
Other	4,050
Due from other funds	-
Inventory of supplies, at cost	-
Prepaid items	41,211
Total current assets	<u>8,717,771</u>
Capital assets	
Other improvements	146,476
Machinery and equipment	438,328
Vehicles	-
Accumulated depreciation	(427,638)
Capital assets, net of accumulated depreciation	<u>157,166</u>
Total assets	<u>8,874,937</u>
LIABILITIES	
Current liabilities	
Accounts payable	17,045
Incurred but not reported claim reserve	1,182,225
Accrued liabilities	-
Due to other funds	-
Total liabilities	<u>1,199,270</u>
NET ASSETS	
Invested in capital assets	157,166
Unrestricted	7,518,501
Net assets	<u>\$ 7,675,667</u>

EXHIBIT G-1

Health Insurance Risk Pool	Maintenance and Replacement	Totals	
		September 30, 2007	September 30, 2006
\$ 620,748	\$ 74,101	\$ 909,423	\$ 1,602,728
4,480,925	3,565,619	16,446,877	17,202,204
-	13,495	13,495	6,468
20,550	24,671	102,824	98,239
1,816	-	5,866	27,660
-	2,000,000	2,000,000	2,250,000
-	80,276	80,276	126,487
21,893	97	63,201	45,156
5,145,932	5,758,259	19,621,962	21,358,942
-	-	146,476	146,476
-	3,248,297	3,686,625	3,620,163
-	15,827,625	15,827,625	14,079,152
-	(13,097,866)	(13,525,504)	(12,286,550)
-	5,978,056	6,135,222	5,559,241
5,145,932	11,736,315	25,757,184	26,918,183
85,713	5,390	108,148	225,144
547,504	-	1,729,729	1,448,656
-	57,726	57,726	56,730
-	47,275	47,275	34,747
633,217	110,391	1,942,878	1,765,277
-	5,978,056	6,135,222	5,559,241
4,512,715	5,647,868	17,679,084	19,593,665
\$ 4,512,715	\$ 11,625,924	\$ 23,814,306	\$ 25,152,906

**CITY OF LEWISVILLE , TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007 WITH
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

	Self Insurance Risk
	<u> </u>
OPERATING REVENUES	
Charges for sales and services	\$ 2,039,223
Miscellaneous	-
Total operating revenues	<u>2,039,223</u>
 OPERATING EXPENSES	
Cost of sales and services, net of reimbursements	2,006,694
Administrative	-
Depreciation	29,192
Total operating expenses	<u>2,035,886</u>
 Operating income (loss)	<u>3,337</u>
 NONOPERATING REVENUES	
Investment earnings	422,182
Gain (loss) on disposal of assets	-
Total nonoperating revenues	<u>422,182</u>
 INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>425,519</u>
 TRANSFERS AND CAPITAL CONTRIBUTIONS	
Transfers in	-
Transfers out	(1,000,000)
Intragovernmental contributions	-
Contributions from other funds	-
Total transfers and capital contributions	<u>(1,000,000)</u>
 CHANGE IN NET ASSETS	(574,481)
 NET ASSETS, beginning	<u>8,250,148</u>
 NET ASSETS, ending	<u><u>\$ 7,675,667</u></u>

EXHIBIT G-2

Health Insurance Risk Pool	Maintenance and Replacement	Totals	
		September 30, 2007	September 30, 2006
\$ 5,633,769	\$ 1,901,539	\$ 9,574,531	\$ 8,984,712
-	55,654	55,654	14,361
<u>5,633,769</u>	<u>1,957,193</u>	<u>9,630,185</u>	<u>8,999,073</u>
4,397,196	4,770	6,408,660	5,490,824
427,467	596,354	1,023,821	1,056,113
-	1,630,060	1,659,252	1,403,778
<u>4,824,663</u>	<u>2,231,184</u>	<u>9,091,733</u>	<u>7,950,715</u>
<u>809,106</u>	<u>(273,991)</u>	<u>538,452</u>	<u>1,048,358</u>
227,744	184,562	834,488	743,055
-	111,090	111,090	72,412
<u>227,744</u>	<u>295,652</u>	<u>945,578</u>	<u>815,467</u>
<u>1,036,850</u>	<u>21,661</u>	<u>1,484,030</u>	<u>1,863,825</u>
-	43,794	43,794	459
-	(2,156,242)	(3,156,242)	-
-	27,581	27,581	32,758
-	262,237	262,237	1,033,349
<u>-</u>	<u>(1,822,630)</u>	<u>(2,822,630)</u>	<u>1,066,566</u>
1,036,850	(1,800,969)	(1,338,600)	2,930,391
<u>3,475,865</u>	<u>13,426,893</u>	<u>25,152,906</u>	<u>22,222,515</u>
<u>\$ 4,512,715</u>	<u>\$ 11,625,924</u>	<u>\$ 23,814,306</u>	<u>\$ 25,152,906</u>

**CITY OF LEWISVILLE, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2006**

	Self Insurance Risk	Health Insurance Risk Pool
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transactions with other funds	\$ 2,053,677	\$ 5,641,109
Cash paid to employees for services	-	-
Cash paid for goods and services	(958,403)	(439,718)
Cash paid for claims	(759,194)	(4,456,563)
Cash received for miscellaneous items	-	-
Net cash provided by (used in) operating activities	<u>336,080</u>	<u>744,828</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	-	-
Transfers out to other funds	(1,000,000)	-
Cash (paid) received on interfund loan	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,000,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	-
Proceeds from the sale of equipment	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(9,701,970)	(3,156,795)
Proceeds from sale and maturities of investments	9,696,911	1,721,511
Interest received	414,871	221,343
Net cash provided by (used in) investing activities	<u>409,812</u>	<u>(1,213,941)</u>
NET INCREASE (DECREASE) IN CASH	(254,108)	(469,113)
CASH, beginning of year	<u>468,682</u>	<u>1,089,861</u>
CASH, end of year	<u><u>\$ 214,574</u></u>	<u><u>\$ 620,748</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,337	\$ 809,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	29,192	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	14,454	7,340
(Increase) decrease in due from other funds	-	-
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	(5,697)	(12,251)
Increase (decrease) in accounts and claims payable	294,794	(59,367)
Increase (decrease) in accrued liabilities	-	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in due to other funds	-	-
Total adjustments	<u>332,743</u>	<u>(64,278)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 336,080</u></u>	<u><u>\$ 744,828</u></u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
From contributions of capital assets	\$ -	\$ -
Increase in fair value of investments	49,177	13,372

Maintenance and Replacement	Totals	
	September 30, 2007	September 30, 2006
\$ 1,916,983	\$ 9,611,769	\$ 8,900,116
(280,746)	(280,746)	(239,975)
(354,561)	(1,752,682)	(1,406,098)
-	(5,215,757)	(4,819,677)
55,654	55,654	14,066
<u>1,337,330</u>	<u>2,418,238</u>	<u>2,448,432</u>
43,794	43,794	-
(2,156,242)	(3,156,242)	-
250,000	250,000	250,000
<u>(1,862,448)</u>	<u>(2,862,448)</u>	<u>250,000</u>
(1,945,415)	(1,945,415)	(2,418,598)
111,090	111,090	95,922
<u>(1,834,325)</u>	<u>(1,834,325)</u>	<u>(2,322,676)</u>
(5,435,186)	(18,293,951)	(11,236,616)
7,630,856	19,049,278	9,351,069
193,689	829,903	713,685
<u>2,389,359</u>	<u>1,585,230</u>	<u>(1,171,862)</u>
29,916	(693,305)	(796,106)
44,185	1,602,728	2,398,834
<u>\$ 74,101</u>	<u>\$ 909,423</u>	<u>\$ 1,602,728</u>
<u>\$ (273,991)</u>	<u>\$ 538,452</u>	<u>\$ 1,048,358</u>
1,630,060	1,659,252	1,403,778
(7,027)	14,767	(16,068)
22,471	22,471	(22,325)
46,211	46,211	8,208
(96)	(18,044)	57,123
(71,350)	164,077	6,057
996	996	9,358
-	-	(11,949)
(9,944)	(9,944)	(34,108)
<u>1,611,321</u>	<u>1,879,786</u>	<u>1,400,074</u>
<u>\$ 1,337,330</u>	<u>\$ 2,418,238</u>	<u>\$ 2,448,432</u>
\$ 306,032	\$ 306,032	\$ 1,066,566
21,664	84,213	76,879

**CITY OF LEWISVILLE , TEXAS
 SELF-INSURANCE RISK INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF NET ASSETS
 SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-4

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash	\$ 214,574	\$ 468,682
Investments	8,400,333	8,395,274
Receivables		
Interest	57,603	50,292
Other	4,050	18,504
Prepaid items	41,211	35,514
Total current assets	<u>8,717,771</u>	<u>8,968,266</u>
Noncurrent assets		
Capital assets		
Other improvements	146,476	146,476
Machinery and equipment	438,328	438,328
Accumulated depreciation	(427,638)	(398,446)
Capital assets, net of accumulated depreciation	<u>157,166</u>	<u>186,358</u>
Total assets	<u>8,874,937</u>	<u>9,154,624</u>
LIABILITIES		
Current liabilities		
Accounts payable	17,045	6,734
Incurred but not reported claim reserve	1,182,225	897,742
Total liabilities	<u>1,199,270</u>	<u>904,476</u>
NET ASSETS		
Invested in capital assets	157,166	186,358
Unrestricted	7,518,501	8,063,790
Total net assets	<u>\$ 7,675,667</u>	<u>\$ 8,250,148</u>

**CITY OF LEWISVILLE , TEXAS
 SELF-INSURANCE RISK INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS FOR THE YEARS ENDED
 SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-5

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services	\$ 2,039,223	\$ 1,885,116
OPERATING EXPENSES		
Costs of sales and services		
Life insurance	284,913	185,900
Workers' compensation	1,029,444	217,906
Long term disability	60,384	57,357
Liability and property/casualty	604,936	602,835
Unemployment benefits	6,475	2,392
Employee assistance program	20,542	20,134
Depreciation	29,192	22,941
Total cost of sales and services, net of reimbursements	<u>2,035,886</u>	<u>1,109,465</u>
Operating income (loss)	<u>3,337</u>	<u>775,651</u>
NONOPERATING REVENUES		
Investment earnings	422,182	348,122
Total nonoperating revenues	<u>422,182</u>	<u>348,122</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>425,519</u>	<u>1,123,773</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers out	<u>(1,000,000)</u>	<u>-</u>
Total transfers and capital contributions	<u>(1,000,000)</u>	<u>-</u>
CHANGE IN NET ASSETS	(574,481)	1,123,773
NET ASSETS, beginning	<u>8,250,148</u>	<u>7,126,375</u>
NET ASSETS, ending	<u>\$ 7,675,667</u>	<u>\$ 8,250,148</u>

**CITY OF LEWISVILLE, TEXAS
 SELF-INSURANCE RISK INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-6

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transactions with other funds	\$ 2,053,677	\$ 1,868,168
Cash paid for goods and services	(958,403)	(820,572)
Cash paid for claims	(759,194)	(430,759)
	<u>336,080</u>	<u>616,837</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(1,000,000)	-
	<u>(1,000,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(146,476)
	<u>-</u>	<u>(146,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(9,701,970)	(5,302,837)
Proceeds from sale and maturities of investments	9,696,911	4,429,748
Interest received	414,871	332,543
	<u>409,812</u>	<u>(540,546)</u>
NET INCREASE (DECREASE) IN CASH	(254,108)	(70,185)
CASH, beginning of year	<u>468,682</u>	<u>538,867</u>
CASH, end of year	<u>\$ 214,574</u>	<u>\$ 468,682</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,337	\$ 775,651
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	29,192	22,941
Change in assets and liabilities		
(Increase) decrease in accounts receivable	14,454	(16,948)
(Increase) decrease in prepaid expenses	(5,697)	61,650
Increase (decrease) in accounts and claims payable	294,794	(226,457)
	<u>332,743</u>	<u>(158,814)</u>
Total adjustments	<u>332,743</u>	<u>(158,814)</u>
Net cash provided by (used in) operating activities	<u>\$ 336,080</u>	<u>\$ 616,837</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
Increase in fair value of investments	\$ 49,177	\$ 38,439

**CITY OF LEWISVILLE , TEXAS
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-7

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash	\$ 620,748	\$ 1,089,861
Investments	4,480,925	3,045,641
Receivables		
Other	1,816	9,156
Interest	20,550	14,149
Prepaid items	21,893	9,642
Total assets	<u>5,145,932</u>	<u>4,168,449</u>
LIABILITIES		
Current liabilities		
Accounts payable	85,713	141,670
Incurred but not reported claims reserve	547,504	550,914
Total liabilities	<u>633,217</u>	<u>692,584</u>
NET ASSETS		
Unrestricted	4,512,715	3,475,865
Total net assets	<u>\$ 4,512,715</u>	<u>\$ 3,475,865</u>

**CITY OF LEWISVILLE , TEXAS
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-8

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services	\$ 5,633,769	\$ 5,278,020
OPERATING EXPENSES		
Health claims administration	427,467	384,515
Group health insurance	4,397,196	4,404,300
Total operating expenses	<u>4,824,663</u>	<u>4,788,815</u>
Operating income	<u>809,106</u>	<u>489,205</u>
NONOPERATING REVENUES		
Investment earnings	227,744	150,160
Total nonoperating revenues	<u>227,744</u>	<u>150,160</u>
CHANGE IN NET ASSETS	1,036,850	639,365
NET ASSETS, beginning	<u>3,475,865</u>	<u>2,836,500</u>
NET ASSETS, ending	<u>\$ 4,512,715</u>	<u>\$ 3,475,865</u>

**CITY OF LEWISVILLE, TEXAS
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-9

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transactions with other funds	\$ 5,641,109	\$ 5,273,419
Cash paid for goods and services	(439,718)	(252,606)
Cash paid for claims	(4,456,563)	(4,388,918)
	<u>744,828</u>	<u>631,895</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,156,795)	(2,294,687)
Proceeds from sale and maturities of investments	1,721,511	1,198,870
Interest received	221,343	143,979
	<u>(1,213,941)</u>	<u>(951,838)</u>
NET INCREASE (DECREASE) IN CASH	(469,113)	(319,943)
CASH, beginning of year	<u>1,089,861</u>	<u>1,409,804</u>
CASH, end of year	<u><u>\$ 620,748</u></u>	<u><u>\$ 1,089,861</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 809,106	\$ 489,205
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Change in assets and liabilities		
(Increase) decrease in accounts receivable	7,340	7,348
(Increase) decrease in prepaid expenses	(12,251)	(9,027)
Increase (decrease) in accounts and claims payable	(59,367)	156,318
Increase (decrease) in deferred revenue	-	(11,949)
	<u>(64,278)</u>	<u>142,690</u>
Total adjustments	<u>(64,278)</u>	<u>142,690</u>
Net cash provided by (used in) operating activities	<u><u>\$ 744,828</u></u>	<u><u>\$ 631,895</u></u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
Increase in fair value of investments	\$ 13,372	\$ 9,237

**CITY OF LEWISVILLE , TEXAS
 MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF NET ASSETS
 SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-10

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Cash	\$ 74,101	\$ 44,185
Investments	3,565,619	5,761,289
Receivables		
Accounts	13,495	6,468
Interest	24,671	33,798
Due from other funds	2,000,000	2,250,000
Inventory of supplies, at cost	80,276	126,487
Prepaid items	97	-
Total current assets	<u>5,758,259</u>	<u>8,222,227</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	3,248,297	3,181,835
Vehicles	15,827,625	14,079,152
Accumulated depreciation	<u>(13,097,866)</u>	<u>(11,888,104)</u>
Capital assets, net of accumulated depreciation	<u>5,978,056</u>	<u>5,372,883</u>
Total assets	<u>\$ 11,736,315</u>	<u>\$ 13,595,110</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 5,390	\$ 76,740
Accrued liabilities	57,726	56,730
Due to other funds	47,275	34,747
Total liabilities	<u>110,391</u>	<u>168,217</u>
NET ASSETS		
Invested in capital assets	5,978,056	5,372,883
Unrestricted	5,647,868	8,054,010
Net assets	<u>\$ 11,625,924</u>	<u>\$ 13,426,893</u>

**CITY OF LEWISVILLE , TEXAS
 MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS FOR THE FISCAL YEARS ENDED
 SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-11

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services	\$ 1,901,539	\$ 1,821,576
Miscellaneous	55,654	14,361
Total operating revenues	<u>1,957,193</u>	<u>1,835,937</u>
OPERATING EXPENSES		
Cost of sales and services	4,770	-
Administrative	596,354	671,598
Depreciation	1,630,060	1,380,837
Total operating expenses	<u>2,231,184</u>	<u>2,052,435</u>
Operating income (loss)	<u>(273,991)</u>	<u>(216,498)</u>
NONOPERATING REVENUES		
Investment earnings	184,562	244,773
Gain on disposal of assets	111,090	72,412
Total nonoperating revenues	<u>295,652</u>	<u>317,185</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>21,661</u>	<u>100,687</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS		
Transfers in	43,794	459
Transfers out	(2,156,242)	-
Intragovernmental contributions	27,581	32,758
Contributions from other funds	262,237	1,033,349
Total transfers and capital contributions	<u>(1,822,630)</u>	<u>1,066,566</u>
CHANGES IN NET ASSETS	<u>(1,800,969)</u>	<u>1,167,253</u>
NET ASSETS, beginning	<u>13,426,893</u>	<u>12,259,640</u>
NET ASSETS, ending	<u>\$ 11,625,924</u>	<u>\$ 13,426,893</u>

**CITY OF LEWISVILLE, TEXAS
MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

EXHIBIT G-12

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transactions with other funds	\$ 1,916,983	\$ 1,758,529
Cash paid to employees for services	(280,746)	(239,975)
Cash paid for goods and services	(354,561)	(332,920)
Cash received for miscellaneous items	<u>55,654</u>	<u>14,066</u>
Net cash provided by (used in) operating activities	<u>1,337,330</u>	<u>1,199,700</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	43,794	-
Transfers out to other funds	(2,156,242)	-
Cash (paid) received on interfund loan	<u>250,000</u>	<u>250,000</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,862,448)</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,945,415)	(2,272,122)
Proceeds from the sale of equipment	<u>111,090</u>	<u>95,922</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,834,325)</u>	<u>(2,176,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,435,186)	(3,639,092)
Proceeds from sale and maturities of investments	7,630,856	3,722,451
Interest received	<u>193,689</u>	<u>237,163</u>
Net cash provided by (used in) investing activities	<u>2,389,359</u>	<u>320,522</u>
NET INCREASE (DECREASE) IN CASH	29,916	(405,978)
CASH, beginning of year	<u>44,185</u>	<u>450,163</u>
CASH, end of year	<u>\$ 74,101</u>	<u>\$ 44,185</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (273,991)	\$ (216,498)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	1,630,060	1,380,837
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(7,027)	(6,468)
(Increase) decrease in due from other funds	22,471	(22,325)
(Increase) decrease in inventory	46,211	8,208
(Increase) decrease in prepaid expenses	(96)	4,500
Increase (decrease) in accounts payable	(71,350)	76,196
Increase (decrease) in accrued liabilities	996	9,358
Increase (decrease) in due to other funds	<u>(9,944)</u>	<u>(34,108)</u>
Total adjustments	<u>1,611,321</u>	<u>1,416,198</u>
Net cash provided by (used in) operating activities	<u>\$ 1,337,330</u>	<u>\$ 1,199,700</u>
NON CASH INVESTING AND FINANCING ACTIVITIES		
From contributions of capital assets	\$ 306,032	\$ 1,066,566
Increase in fair value of investments	21,664	29,203

AGENCY FUND

Agency funds are custodial in nature and do not involve measurement of results of operations.

CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT DEBT SERVICE AGENCY FUND

To account for bond proceeds and related debt associated with the issuance of bonds held by the City as an agent for the Public Improvement District.



**CITY OF LEWISVILLE , TEXAS
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT
 DEBT SERVICE AGENCY FUND
 COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
 SEPTEMBER 30, 2007 AND 2006**

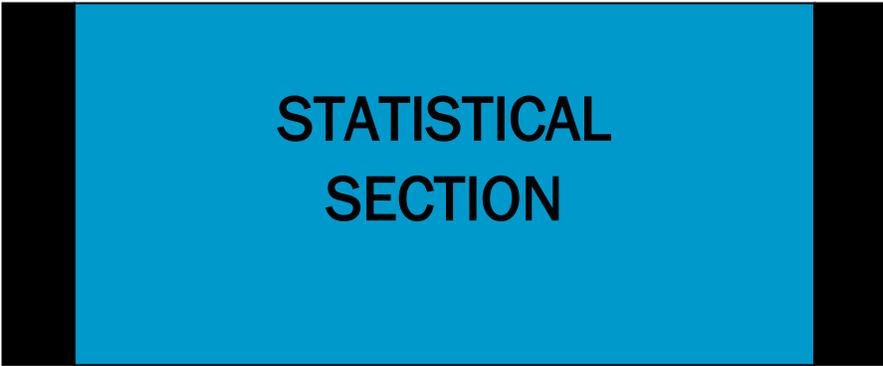
EXHIBIT H-1

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 2,499,834	\$ 1,262,705
Investments	1,550,676	1,520,159
Receivables		
Interest	16,942	12,568
Total assets	<u>\$ 4,067,452</u>	<u>\$ 2,795,432</u>
LIABILITIES		
Due to debt holders	<u>\$ 4,067,452</u>	<u>\$ 2,795,432</u>
Total liabilities	<u>\$ 4,067,452</u>	<u>\$ 2,795,432</u>

**CITY OF LEWISVILLE, TEXAS
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT DEBT SERVICE AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

EXHIBIT H-2

	<u>Balance Oct. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2007</u>
ASSETS				
Cash	\$ 1,262,705	\$ 6,039,123	\$ (4,801,994)	\$ 2,499,834
Investments	1,520,159	30,517	-	1,550,676
Receivables				
Interest	12,568	16,942	(12,568)	16,942
Total assets	<u>\$ 2,795,432</u>	<u>\$ 6,086,582</u>	<u>\$ (4,814,562)</u>	<u>\$ 4,067,452</u>
LIABILITIES				
Due to debt holders	\$ 2,795,432	\$ 6,006,549	\$ (4,734,529)	\$ 4,067,452
Total liabilities	<u>\$ 2,795,432</u>	<u>\$ 6,006,549</u>	<u>\$ (4,734,529)</u>	<u>\$ 4,067,452</u>



**STATISTICAL
SECTION**

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	165-169
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property and sales tax.</i>	170-176
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	178-183
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	184-185
Operating Information	
<i>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.</i>	186-188



TABLE 1

CITY OF LEWISVILLE, TEXAS
NET ASSETS BY COMPONENT
Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 162,966,125	\$ 180,296,129	\$ 188,596,925	\$ 215,782,928	\$ 239,332,939	\$ 256,515,336
Restricted	9,338,234	6,655,568	3,158,418	2,954,825	1,446,727	1,725,352
Unrestricted	27,696,551	23,612,790	34,498,004	41,578,455	46,779,350	44,731,063
Total governmental activities net assets	\$ 200,000,910	\$ 210,564,487	\$ 226,253,347	\$ 260,316,208	\$ 287,559,016	\$ 302,971,751
Business-type activities						
Invested in capital assets, net of related debt	\$ 108,656,568	\$ 111,479,911	\$ 117,454,232	\$ 130,190,472	\$ 137,038,948	\$ 145,843,454
Restricted	2,848,796	2,413,643	2,132,858	1,845,879	1,576,475	2,075,929
Unrestricted	29,999,852	34,563,635	34,124,375	33,789,667	37,687,853	36,677,712
Total business-type activities	\$ 141,505,216	\$ 148,457,189	\$ 153,711,465	\$ 165,826,018	\$ 176,303,276	\$ 184,597,095
Primary government						
Invested in capital assets, net of related debt	\$ 271,622,693	\$ 291,776,040	\$ 306,051,157	\$ 345,973,400	\$ 376,371,887	\$ 402,358,790
Restricted	12,187,030	9,069,211	5,291,276	4,800,704	3,023,202	3,801,281
Unrestricted	57,696,403	58,176,425	68,622,379	75,368,122	84,467,203	81,408,775
Total primary government	\$ 341,506,126	\$ 359,021,676	\$ 379,964,812	\$ 426,142,226	\$ 463,862,292	\$ 487,568,846

Source: Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

TABLE 2

CITY OF LEWISVILLE, TEXAS
 CHANGES IN NET ASSETS
 Last Six Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities						
General government	\$ 8,309,866	\$ 9,129,240	\$ 8,320,410	\$ 9,767,189	\$ 13,392,249	\$ 9,848,489
Culture, parks and recreation	6,185,985	6,065,231	6,266,618	6,309,552	6,199,881	7,139,298
Public safety	23,659,747	24,321,112	25,824,358	27,664,557	28,182,352	30,491,917
Public services	12,618,057	13,222,999	15,564,147	15,182,968	13,667,907	18,569,013
Public improvement district	1,367,079	41,027	-	-	-	-
Interest on long-term debt	2,356,867	2,176,088	2,738,681	3,300,061	2,202,454	2,257,685
Total governmental activities expenses	\$ 54,497,601	\$ 54,955,697	\$ 58,714,214	\$ 62,224,327	\$ 63,644,843	\$ 68,306,402
Business-type activities						
Water and sewer	\$ 15,766,749	\$ 17,620,430	\$ 16,708,528	\$ 17,108,879	\$ 19,556,158	\$ 19,676,760
Total business-type activities expenses	\$ 15,766,749	\$ 17,620,430	\$ 16,708,528	\$ 17,108,879	\$ 19,556,158	\$ 19,676,760
Total primary government expenses	\$ 70,264,350	\$ 72,576,127	\$ 75,422,742	\$ 79,333,206	\$ 83,201,001	\$ 87,983,162
Program Revenues						
Governmental activities						
Charges for services						
General government	\$ 1,367,974	\$ 1,192,637	\$ 2,379,433	\$ 2,769,731	\$ 3,309,296	\$ 3,622,179
Culture, parks & recreation	1,645,140	1,628,845	1,489,037	1,511,722	1,612,039	1,537,244
Public safety	3,416,714	3,293,367	3,666,332	4,500,082	4,695,193	4,560,499
Public services	1,875,590	1,675,907	1,542,101	1,524,658	1,816,495	2,118,574
Operating grants and contributions	1,199,113	1,615,985	8,440,210	13,842,626	1,281,838	2,109,623
Capital grants and contributions	11,778,697	9,519,693	7,643,587	23,363,428	17,673,122	12,977,908
Total governmental activities program revenues	\$ 21,283,228	\$ 18,926,434	\$ 25,160,700	\$ 47,512,247	\$ 30,387,983	\$ 26,926,027
Business-type activities						
Charges for services						
Water and sewer	\$ 20,797,360	\$ 21,683,318	\$ 21,677,904	\$ 22,653,761	\$ 26,184,466	\$ 23,449,079
Capital grants and contributions	3,901,120	4,208,168	2,243,826	5,006,041	4,495,510	4,608,716
Total business-type activities program revenues	\$ 24,698,480	\$ 25,891,486	\$ 23,921,730	\$ 27,659,802	\$ 30,679,976	\$ 28,057,795
Total primary government program revenues	\$ 45,981,708	\$ 44,817,920	\$ 49,082,430	\$ 75,172,049	\$ 61,067,959	\$ 54,983,822
Net (Expense)/Revenue						
Governmental activities	\$ (33,214,373)	\$ (36,029,263)	\$ (33,553,514)	\$ (14,712,080)	\$ (33,256,860)	\$ (41,380,375)
Business-type activities	8,931,731	8,271,056	7,213,202	10,550,923	11,123,818	8,381,035
Total primary government net expense	\$ (24,282,642)	\$ (27,758,207)	\$ (26,340,312)	\$ (4,161,157)	\$ (22,133,042)	\$ (32,999,340)

CITY OF LEWISVILLE, TEXAS
 CHANGES IN NET ASSETS
 Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

TABLE 2

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental activities						
Taxes						
Property taxes	\$ 20,663,206	\$ 21,736,069	\$ 22,737,306	\$ 23,305,174	\$ 25,125,486	\$ 26,257,705
Sales taxes	16,236,120	16,242,070	16,970,465	17,284,149	18,113,568	19,216,744
Other taxes	94,192	147,819	179,804	201,297	1,074,299	1,043,749
Franchise taxes	4,234,012	4,318,129	4,276,869	4,485,406	4,599,447	4,435,578
Occupancy taxes	1,182,639	1,135,962	1,178,478	1,348,761	1,480,548	1,606,115
Penalties and interest	151,149	196,223	202,683	252,204	231,016	209,514
Investment earnings	2,754,709	1,680,425	699,017	1,518,114	2,350,326	3,614,454
Gain (loss) on disposal of assets	64,153	-	43,925	77,563	470	(2,424,552)
Miscellaneous	274,250	165,850	336,007	589,133	4,558,898	243,839
Transfers	451,192	2,389,605	2,617,820	(286,860)	2,965,612	2,943,135
Total governmental activities	\$ 46,105,622	\$ 48,012,152	\$ 49,242,374	\$ 48,774,941	\$ 60,499,670	\$ 57,146,281
Business-type activities						
Investment earnings	\$ 1,721,322	\$ 1,057,404	\$ 626,967	\$ 1,225,226	\$ 2,313,351	\$ 2,775,365
Intergovernmental contributions	-	-	300,467	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	33,103
Miscellaneous	51,978	13,118	529,186	51,544	5,701	47,451
Transfers	(451,192)	(2,389,605)	(2,617,820)	286,860	(2,965,612)	(2,943,135)
Total business-type activities	\$ 1,322,108	\$ (1,319,083)	\$ (1,161,200)	\$ 1,563,630	\$ (646,560)	\$ (87,216)
Total primary government	\$ 47,427,730	\$ 46,693,069	\$ 48,081,174	\$ 50,338,571	\$ 59,853,110	\$ 57,059,065
Change in Net Assets						
Governmental activities	\$ 12,891,249	\$ 11,982,889	\$ 15,688,860	\$ 34,062,861	\$ 27,242,810	\$ 15,765,906
Business-type activities	10,253,839	6,951,973	6,052,002	12,114,553	10,477,258	8,293,819
Total primary government	\$ 23,145,088	\$ 18,934,862	\$ 21,740,862	\$ 46,177,414	\$ 37,720,068	\$ 24,059,725

Source: Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

CITY OF LEWISVILLE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Six Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

TABLE 3

	2002	2003	2004	2005	2006	2007
General fund						
Reserved	\$ 519,919	\$ 227,089	\$ 750,570	\$ 512,805	\$ 462,132	\$ 493,778
Unreserved	12,188,815	15,856,222	17,363,344	19,371,265	26,212,925	26,272,130
Total general fund	<u>\$ 12,708,734</u>	<u>\$ 16,083,311</u>	<u>\$ 18,113,914</u>	<u>\$ 19,884,070</u>	<u>\$ 26,675,057</u>	<u>\$ 26,765,908</u>
All other governmental funds						
Reserved for						
Prepaid items	\$ 9,963	\$ 6,955	\$ 10,379	\$ 2,018,037	\$ 2,874,503	\$ 3,558,596
Encumbrances	9,443,300	5,468,943	3,759,595	5,226,719	4,795,639	10,326,967
Debt service	6,507,055	6,655,568	3,574,856	3,595,602	1,654,816	2,065,205
Capital projects	33,146,033	21,870,842	30,121,292	24,295,028	25,682,462	35,521,143
Unreserved, reported in						
Special revenue funds	(966,210)	(900,116)	2,062,957	866,024	977,086	1,099,831
Total all other governmental funds	<u>\$ 48,140,141</u>	<u>\$ 33,102,192</u>	<u>\$ 39,529,079</u>	<u>\$ 36,001,410</u>	<u>\$ 35,984,506</u>	<u>\$ 52,571,742</u>

Source: Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

CITY OF LEWISVILLE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Six Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

TABLE 4

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Revenues						
Property and other taxes	\$ 42,522,054	\$ 43,682,642	\$ 45,587,753	\$ 47,035,823	\$ 50,547,358	\$ 52,886,457
Licenses and permits	1,909,545	1,711,484	1,632,628	1,578,864	2,070,156	2,393,345
Charges for services	2,215,730	2,321,726	4,048,211	4,140,027	4,858,787	5,212,302
Recreation	1,449,901	1,402,512	1,290,580	1,332,438	1,426,331	1,385,188
Fines	1,975,469	2,414,448	2,488,340	2,686,299	2,826,234	2,680,535
Investment earnings	2,139,777	1,193,299	538,541	1,154,775	2,350,327	3,614,458
Grants						
Culture, parks and recreation	13,256	11,780	9,749	9,741	10,512	10,305
Public safety	221,582	200,270	199,699	559,031	384,964	588,798
Public services	889,755	1,200,842	1,029,873	1,557,993	730,845	1,256,152
Contributions and donations	4,970,537	2,676,258	10,689,358	12,803,249	3,499,030	3,205,708
Miscellaneous	560,513	448,786	601,293	1,084,302	4,961,341	761,399
Total revenues	\$ 58,868,119	\$ 57,264,047	\$ 68,116,025	\$ 73,942,542	\$ 73,665,885	\$ 73,994,647
Expenditures						
General government	\$ 6,857,933	\$ 6,424,676	\$ 6,958,931	\$ 8,181,298	\$ 7,543,722	\$ 8,505,159
Culture, parks and recreation	5,463,464	5,463,904	5,783,662	5,689,354	6,058,682	6,118,753
Public safety	22,262,598	23,279,103	25,422,485	26,960,074	28,400,718	30,221,744
Public services	7,846,700	8,369,365	8,525,945	9,101,845	9,049,144	9,696,518
Capital outlay	22,597,369	23,342,345	15,030,177	26,532,611	16,527,094	14,848,067
Debit service:						
Principal	3,575,000	4,050,000	7,608,634	4,846,032	7,163,197	5,335,000
Interest and fiscal charges	2,488,690	2,128,073	2,413,005	2,376,104	2,674,752	2,294,160
Total expenditures	\$ 71,091,754	\$ 73,057,466	\$ 71,742,839	\$ 83,687,318	\$ 77,417,309	\$ 77,019,401
Excess (deficiency) of revenues over (under) expenditures	\$ (12,223,635)	\$ (15,793,419)	\$ (3,626,814)	\$ (9,744,776)	\$ (3,751,424)	\$ (3,024,754)
Other financing sources (uses)						
Transfers in						
Transfers out	\$ 15,484,416	\$ 6,041,322	\$ 6,523,247	\$ 6,192,216	\$ 7,780,970	\$ 16,364,425
Proceeds from refunding bonds	(15,033,224)	(3,145,717)	(3,801,884)	(3,210,986)	(4,815,817)	(10,308,842)
Proceeds from general obligation bonds	7,670,000	14,206,096	6,860,000	4,790,000	6,805,000	13,655,000
Proceeds from certificates of obligation	-	-	2,475,000	-	-	-
Payments to refunding bond escrow agent	-	(12,108,060)	-	(10,201,721)	-	(5,398,353)
Premium on issuance of general obligation bonds	-	-	27,941	762,754	-	658,892
Proceeds from sale of assets	-	-	-	-	755,354	14,890
Total other financing sources (uses)	\$ 8,121,192	\$ 4,993,641	\$ 12,084,304	\$ 7,987,263	\$ 10,525,507	\$ 20,056,012
Net change in fund balances	\$ (4,102,443)	\$ (10,799,778)	\$ 8,457,490	\$ (1,757,513)	\$ 6,774,083	\$ 17,031,258
Debt service as a percentage of noncapital expenditures	12.2%	12.4%	17.5%	11.8%	16.0%	12.3%

Notes: Debt service percentage is based on noncapital expenditures to the extent of capital outlay capitalized for the government-wide statement of net assets. See Exhibit 6 of CAFRs for further information.

Source: Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

TABLE 5

CITY OF LEWISVILLE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Less: Property Under Freeze	Less: TIRZ Zone 1 Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property & Other					
1998	\$ 2,523,863,323	\$ 522,322,844	\$ 183,024,345	-	-	\$ 2,863,161,822	0.48949
1999	2,927,434,618	498,987,514	226,957,231	-	-	3,199,464,901	0.46783
2000	3,279,832,761	641,491,622	273,674,543	-	-	3,647,649,840	0.45183
2001	3,766,067,134	744,466,491	414,756,251	-	-	4,095,777,374	0.45105
2002	4,146,678,406	875,947,037	461,362,981	-	-	4,561,262,462	0.45050
2003	4,385,802,772	828,211,133	460,564,166	-	5,247,964	4,748,201,775	0.45050
2004	4,707,742,831	848,715,965	522,296,755	-	29,866,358	5,004,295,683	0.45050
2005	4,821,098,766	978,286,841	573,637,347	-	35,297,446	5,190,450,814	0.45050
2006	5,111,584,596	988,050,320	635,339,154	109,383,097	50,036,866	5,304,875,799	0.45679
2007	5,303,672,869	1,017,510,806	677,304,019	131,762,437	65,376,309	5,446,740,910	0.45679

Source: Denton Central Appraisal District, Certified Valuations

TABLE 6

**CITY OF LEWISVILLE TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct & Overlapping Rates
	Operating/General Rate	General Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County		
1998	0.31513	0.17436	0.48949	1.5160	0.2559		2.2614
1999	0.32002	0.14781	0.46783	1.6100	0.24875		2.3266
2000	0.31878	0.13305	0.45183	1.5671	0.23504		2.2540
2001	0.32097	0.13008	0.45105	1.6100	0.23193		2.2930
2002	0.32046	0.13004	0.45050	1.6700	0.25193		2.3724
2003	0.31581	0.13469	0.45050	1.7700	0.24897		2.4695
2004	0.31581	0.13469	0.45050	1.7700	0.24717		2.4677
2005	0.31641	0.13409	0.45050	1.7700	0.25480		2.4753
2006	0.32107	0.13572	0.45679	1.7700	0.24648		2.4733
2007	0.32184	0.13495	0.45679	1.6400	0.23192		2.3287

Source: City of Lewisville, Lewisville Independent School District, Denton County Tax Office

TABLE 7

CITY OF LEWISVILLE, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
(Unaudited)

	2007			1998		
	Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Value
	Wal-Mart Real Estate Business Trust	\$ 59,236,278	1.09%	Texas Instruments, Inc	\$ 67,763,458	2.37%
	Verizon Southwest	59,106,990	1.09%	Vista Ridge Joint Venture	45,611,426	1.59%
	Vista Ridge Joint Venture	52,141,203	0.96%	Jefferson at Round Grove LP	39,527,895	1.38%
	Teachers Insurance Annuity Association	47,181,227	0.87%	Vista Ridge OP&F Inc	37,807,522	1.32%
	Texas-New Mexico Power Company	40,448,410	0.74%	Texas New Mexico Power Company	35,375,930	1.24%
	Kir Lewisville LP P/S	39,512,180	0.73%	General Telephone Company	34,520,500	1.21%
	Columbia Medical Center Lewisville	36,920,377	0.68%	Southwest Prop LP P/S	29,593,669	1.03%
	Sysco Food Services of Dallas LP	33,961,937	0.62%	Crescent Real Estate Equities	17,092,862	0.60%
	DDR MDT Lakepoint Crossing LP	30,634,566	0.56%	Acquiport Somerset, Inc	14,264,701	0.50%
	Ballantyne Partners Ltd	25,368,439	0.47%	HCA Health Services of Texas, Inc	12,271,432	0.43%
	TOTAL	\$ 424,511,607	7.79%	TOTAL	\$ 333,829,395	11.66%

Source: Denton Central Appraisal District

TABLE 8

CITY OF LEWISVILLE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Amount	Amount	Amount	Percentage of Fiscal Year Levy		Amount	Percentage of Adjusted Levy
1998	\$ 14,320,737	\$ 10,390	\$ 14,331,127	\$ 14,193,977	99.11%	\$ 90,065	\$ 14,284,042	99.67%
1999	15,452,995	27,220	15,480,215	15,295,994	98.98%	151,055	15,447,049	99.79%
2000	16,778,186	17,230	16,795,416	16,564,598	98.73%	192,099	16,756,697	99.77%
2001	18,799,829	37,562	18,837,391	18,598,798	98.93%	184,692	18,783,490	99.71%
2002	20,766,871	79,413	20,846,284	20,493,339	98.68%	280,035	20,773,374	99.65%
2003	21,752,602	62,161	21,814,763	21,476,523	98.73%	269,941	21,746,464	99.69%
2004	22,831,246	18,723	22,849,969	22,541,885	98.73%	218,612	22,760,497	99.61%
2005	23,542,373	(4,930)	23,537,443	23,292,813	98.94%	170,104	23,462,917	99.68%
2006	25,246,156	(85,950)	25,160,206	24,949,844	98.83%	132,918	25,082,762	99.69%
2007	26,677,093	-	26,677,093	26,470,497	99.23%	-	26,470,497	99.23%

Source: Denton County Appraisal District and Denton County Tax Office

**CITY OF LEWISVILLE, TEXAS
GROSS SALES BY CATEGORY
Last Five Calendar Years
(Unaudited)**

TABLE 9

	Fiscal Year				
	2003	2004	2005	2006	2007
Construction	\$ 302,851,926	\$ 269,407,092	\$ 271,345,345	\$ 325,521,361	\$ 428,975,430
Manufacturing	639,700,970	577,502,805	651,749,063	891,564,228	829,222,026
Transportation, Warehousing	231,302,301	495,269,595	355,601,064	22,331,869	25,941,784
Wholesale Trade	318,982,975	334,301,142	374,468,902	492,483,851	546,277,231
Retail Trade	1,834,374,078	1,844,092,385	1,919,947,937	2,027,046,759	2,091,888,382
Finance, Insurance and Information	70,963,311	77,259,548	69,693,167	72,708,565	58,684,886
Real Estate, Rental and Leasing	26,345,090	32,156,100	54,857,322	39,287,358	55,201,502
Professional, Scientific and Technical Services	68,045,077	72,626,579	88,493,369	150,989,059	151,893,983
Admin. Support, Waste Mgmt, Remediation Services	92,881,630	97,175,211	200,665,461	292,811,541	158,959,087
Educational Services	2,731,051	1,221,464	1,300,212	3,510,020	7,222,172
Health Care and Social Assistance	3,154,591	4,280,367	5,698,121	5,586,377	5,232,521
Arts, Entertainment and Recreation	32,093,731	32,702,023	38,462,571	46,842,409	56,154,449
Accommodation and Food Services	160,112,893	165,856,056	178,596,005	199,071,846	203,938,455
Other Services	73,644,530	76,483,948	76,126,157	81,208,086	91,832,953
Other, including industries with less than four entities	95,264,742	78,305,983	76,944,820	79,133,007	55,438,461
Total	<u>\$ 3,952,448,896</u>	<u>\$ 4,158,640,298</u>	<u>\$ 4,363,949,516</u>	<u>\$ 4,730,096,336</u>	<u>\$ 4,766,863,322</u>
City direct sales tax rate	1.25%	1.25%	1.25%	1.25%	1.25%

Notes:

The North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. Beginning with 2003, the Texas Comptroller of Public Accounts is reporting categories under NAICS. Prior years reporting under NAICS is not available.

The Comptroller's Office is prohibited from releasing information as to the amount of sales of particular taxpayers in the State of Texas. The Other category above represents those NAICS categories with fewer than four (4) taxpayers in an industry and industries with small gross sales. Among the industries included in the Other category are Agriculture, Forestry, Fishing, Hunting, Mining, Quarrying, Oil and Gas Extraction, Utilities, Management of Companies & Enterprises and Public Administration.

Source: Texas Comptroller of Public Accounts, quarterly historical reports of gross sales.

TABLE 10

**CITY OF LEWISVILLE TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	City Direct Rates			Overlapping Rates	Total Direct & Overlapping Rates
	General Fund	Parks and Library Development Corporation	Denton Co. Transit Authority		
1998	1.00%	-	-	-	1.00%
1999	1.00%	-	-	-	1.00%
2000	1.00%	-	-	-	1.00%
2001	1.00%	-	-	-	1.00%
2002	1.00%	-	-	-	1.00%
2003	1.00%	0.25%	-	-	1.25%
2004	1.00%	0.25%	0.50%	0.50%	1.75%
2005	1.00%	0.25%	0.50%	0.50%	1.75%
2006	1.00%	0.25%	0.50%	0.50%	1.75%
2007	1.00%	0.25%	0.50%	0.50%	1.75%

Source: Texas Comptroller of Public Accounts

TABLE 11

CITY OF LEWISVILLE, TEXAS
 PRINCIPAL SALES TAX PAYERS
 Current Year and Nine Years Ago
 (Unaudited)

Calendar year 2007						Calendar Year 1998					
Industry	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Industry	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total		
OTHER	851	9.74%	\$ 1,976,287	8.06%	OTHER	768	12.47%	\$ 4,350,248	28.17%		
Full-Service Restaurants	139	1.59%	1,324,213	5.40%	Department Stores	7	0.11%	1,068,541	6.92%		
Department Stores (except Discount Store)	13	0.15%	1,323,384	5.40%	Lumber, Other Bldg Materials Dealers	32	0.52%	580,535	3.76%		
Discount Department Stores	7	0.08%	985,546	4.02%	Eating Places	149	2.42%	548,975	3.55%		
Department Stores (Other)	4	0.05%	856,501	3.49%	Full-Service Restaurants	44	0.71%	441,555	2.86%		
Home Centers	7	0.08%	826,734	3.37%	Household Appliance Stores	28	0.45%	411,174	2.66%		
Limited-Service Restaurants	97	1.11%	664,434	2.71%	Miscellaneous Retail Stores	485	7.87%	390,745	2.53%		
Hydroelectric Power Generation	5	0.06%	625,795	2.55%	Computer and Software Stores	145	2.35%	321,465	2.08%		
Wireless Telecommunications Carriers (E)	65	0.74%	601,371	2.45%	Telephone Communications	120	1.95%	300,973	1.95%		
Household Appliance Stores	32	0.37%	572,409	2.33%	Family Clothing Stores	30	0.49%	269,968	1.75%		
Total	1,220	13.96%	\$ 9,756,673	39.80%	Total	1,808	29.35%	\$ 8,684,178	56.23%		

Notes: The Comptrollers Office is prohibited from releasing information as to the amounts of sales or use tax paid by a particular taxpayer in the State of Texas. Therefore, the categories presented above are intended to provide alternative information regarding the sources of the City's sales tax revenue. The OTHER category above represents those NAICS or SIC classifications with fewer than four (4) taxpayers in a classification. In order to keep the identity of these taxpayers confidential, classifications with fewer than four (4) taxpayers are combined as "OTHER" and represented together as one classification.

Source: Texas Comptroller of Public Accounts



CITY OF LEWISVILLE, TEXAS
COMBINED SCHEDULE OF BONDS
September 30, 2007
(Unaudited)

<u>Issue</u>	<u>Interest</u>		<u>Date</u>	
	<u>Rates</u>	<u>Payment Dates</u>	<u>Issued</u>	<u>Maturity</u>
General Obligation Bonds-				
Series 1999	4.20 - 5.25	02/15 & 08/15	05/15/99	02/15/2015
Series 2000	5.25 - 5.40	02/15 & 08/15	05/15/00	02/15/2009
Series 2001	4.00 - 5.50	02/15 & 08/15	04/01/01	02/15/2013
Series 2002	4.75 - 5.25	02/15 & 08/15	04/01/02	02/15/2014
Series 2002 Refunding	3.50 - 4.00	02/15 & 08/15	12/15/02	02/15/2012
Series 2003	2.00 - 4.25	02/15 & 08/15	05/01/03	02/15/2019
Series 2004	4.00 - 5.25	02/15 & 08/15	06/01/04	02/15/2020
Series 2005	3.00 - 5.00	02/15 & 08/15	04/15/05	02/15/2021
Series 2006	4.00 - 5.00	02/15 & 08/15	05/15/06	02/15/2022
Series 2007 Refunding	4.00 - 5.00	02/15 & 08/15	5/15/07	02/15/2023
Total General Obligation Bonds				
Revenue Bonds-				
Series 1997	5.20 - 5.65	02/15 & 08/15	04/01/97	02/15/2013
Series 1998	4.60 - 4.90	02/15 & 08/15	05/01/98	02/15/2011
Series 1999	4.35 - 5.00	02/15 & 08/15	06/01/99	02/15/2015
Series 1999 Sub. Lien	2.65 - 4.55	02/15 & 08/15	07/01/99	08/15/2019
Series 2000	5.25 - 5.40	02/15 & 08/15	05/15/00	02/15/2009
Series 2002	3.00 - 5.00	02/15 & 08/15	02/15/02	02/15/2013
Series 2002-A	4.75 - 5.25	02/15 & 08/15	04/01/02	02/15/2018
Series 2003	2.00 - 4.50	02/15 & 08/15	05/01/03	02/15/2019
Series 2003-A	2.00 - 4.00	02/15 & 08/15	08/15/03	02/15/2012
Series 2005	3.00 - 5.00	02/15 & 08/15	04/15/05	02/15/2021
Series 2006	4.00 - 4.63	02/15 & 08/15	05/15/06	02/15/2022
Total Revenue Bonds				
Total Bonds Payable				

TABLE 12

Annual Serial Payments	Bonds			Requirements Fiscal Year Ended September 30, 2008		Option Date
	Issued	Retired/ Defeased	Outstanding	Principal	Interest	
165,000 - 695,000	\$ 8,220,000.00	\$ 6,465,000.00	\$ 1,755,000.00	\$ 260,000.00	\$ 77,815.00	02/15/08
385,000 - 465,000	7,325,000	6,420,000	905,000	440,000	36,880	02/15/10
470,000 - 595,000	8,110,000	4,935,000	3,175,000	470,000	138,343	02/15/10
325,000 - 680,000	7,735,000	4,330,000	3,405,000	420,000	152,040	02/15/11
420,000 - 555,000	11,335,000	8,390,000	2,945,000	815,000	101,500	N/A
40,000 - 200,000	2,440,000	460,000	1,980,000	135,000	72,681	02/15/13
250,000 - 595,000	6,860,000	915,000	5,945,000	350,000	255,906	02/15/14
365,000 - 1,645,000	14,445,000	430,000	14,015,000	1,265,000	638,077	02/15/16
140,000 - 595,000	6,805,000	140,000	6,665,000	330,000	284,886	02/15/17
510,000 - 2,235,000	18,725,000	-	18,725,000	510,000	1,061,238	02/15/18
	<u>92,000,000</u>	<u>32,485,000</u>	<u>59,515,000</u>	<u>4,995,000</u>	<u>2,819,366</u>	
190,000 - 1,225,000	10,140,000	8,115,000	2,025,000	765,000	89,483	02/15/07
235,000 - 310,000	4,000,000	2,860,000	1,140,000	265,000	48,545	02/15/09
125,000 - 650,000	7,805,000	5,370,000	2,435,000	625,000	101,144	02/15/08
355,000 - 700,000	9,950,000	3,160,000	6,790,000	455,000	295,905	N/A
365,000 - 440,000	7,000,000	6,140,000	860,000	420,000	34,995	02/15/10
185,000 - 2,145,000	11,810,000	10,265,000	1,545,000	770,000	49,262	N/A
355,000 - 745,000	8,500,000	1,980,000	6,520,000	460,000	306,592	02/15/11
225,000 - 380,000	4,600,000	930,000	3,670,000	245,000	140,313	02/15/13
60,000 - 750,000	4,870,000	1,670,000	3,200,000	665,000	107,900	N/A
220,000 - 1,345,000	11,475,000	970,000	10,505,000	765,000	466,300	02/15/16
180,000 - 340,000	4,000,000	180,000	3,820,000	190,000	159,122	02/15/17
	<u>84,150,000</u>	<u>41,640,000</u>	<u>42,510,000</u>	<u>5,625,000</u>	<u>1,799,561</u>	
	<u>\$ 176,150,000</u>	<u>\$ 74,125,000</u>	<u>\$ 102,025,000</u>	<u>\$ 10,620,000</u>	<u>\$ 4,618,927</u>	

TABLE 13

CITY OF LEWISVILLE, TEXAS
 RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Water and Sewer Revenue Bonds					
1998	\$ 32,864,780	\$ -	\$ -	\$ 50,425,000	\$ 83,289,780	\$ 1,204	6.87 %	\$ 1,204	
1999	35,239,780	-	-	59,605,000	94,844,780	1,270	6.32	1,270	
2000	39,299,780	-	-	62,485,000	101,784,780	1,309	6.23	1,309	
2001	44,029,780	-	3,500,000	57,825,000	105,354,780	1,307	5.84	1,307	
2002	48,299,780	-	3,390,000	61,155,000	112,844,780	1,385	6.32	1,385	
2003	46,574,780	-	3,390,000	60,455,000	110,419,780	1,317	5.50	1,317	
2004	49,216,146	2,475,000	-	54,340,000	106,031,146	1,234	5.33	1,234	
2005	49,213,197	2,475,000	-	51,635,000	103,323,197	1,169	5.00	1,169	
2006	51,330,000	-	-	49,300,000	100,630,000	1,129	4.77	1,129	
2007	59,515,000	-	-	42,510,000	102,025,000	1,114	4.35	1,114	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements and on Table 12.

*See Table 17 for personal income and population data.

TABLE 14

CITY OF LEWISVILLE, TEXAS
 RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	General Bonded Debt Outstanding							Percentage of Taxable Assessed Value of Property*	Per Capita**
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Less Available Debt Service Funds	Net General Bonded Debt			
1998	\$ 32,864,780	\$ -	\$ -	\$ 32,864,780	\$ 5,267,153	\$ 27,597,627	0.96 %	\$ 399	
1999	35,239,780	-	-	35,239,780	5,580,963	29,658,817	0.93	397	
2000	39,299,780	-	-	39,299,780	5,898,916	33,400,864	0.92	430	
2001	44,029,780	-	3,500,000	47,529,780	6,327,193	41,202,587	1.01	511	
2002	48,299,780	-	3,390,000	51,689,780	6,507,055	45,182,725	0.99	554	
2003	46,574,780	-	3,390,000	49,964,780	6,655,568	43,309,212	0.91	517	
2004	49,216,146	2,475,000	-	51,691,146	3,574,856	48,116,290	0.96	560	
2005	49,213,197	2,475,000	-	51,688,197	3,595,602	48,092,595	0.93	544	
2006	51,330,000	-	-	51,330,000	1,654,816	49,675,184	0.94	558	
2007	59,515,000	-	-	59,515,000	2,065,205	57,449,795	1.05	628	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
 No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter.
 * See Table 5 for property value data.
 ** See Table 17 for population data.

TABLE 15

CITY OF LEWISVILLE, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2007
 (Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Lewisville Independent School District	\$ 722,827,443	27.67%	\$ 200,006,353
Coppell Independent School District	142,872,164	0.51%	728,648
Denton County	273,559,740	15.49%	42,374,404
Dallas County	186,401,552	0.02%	37,280
Dallas County Community College District	93,485,000	0.02%	18,697
Dallas County Hospital District	-	0.02%	-
Denton County Levee Improvement District #1	4,380,000	73.85%	3,234,630
Denton County RUD #1	18,530,000	88.39%	16,378,667
Subtotal, overlapping debt			262,778,680
City of Lewisville (direct debt)	59,515,000	100.00%	59,515,000
Total direct and overlapping debt			<u>\$ 322,293,680</u>

Source: Non-City debt information provided by First Southwest Company

**CITY OF LEWISVILLE, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)**

TABLE 16

Fiscal Year	Total Revenues	Less: Operating Expenses	Net Available Revenue	Waterworks and Sewer System Revenue Bonds		Maximum P & I Requirement	Times Coverage
				Average Annual Requirement	Times Coverage		
1998	\$ 25,157,018	\$ 9,009,429	\$ 16,147,589	\$ 3,866,414	4.176	\$ 6,460,339	2.499
1999	24,727,522	9,230,742	15,496,780	4,012,635	3.862	7,424,844	2.087
2000	26,607,378	9,565,021	17,042,357	4,421,127	3.855	8,102,090	2.103
2001	25,154,951	10,774,241	14,380,710	4,236,740	3.394	8,102,090	1.775
2002	24,337,623	10,640,851	13,696,772	4,712,362	2.907	8,807,526	1.555
2003	24,122,765	11,205,166	12,917,599	4,849,160	2.664	9,168,901	1.409
2004	23,973,197	11,605,378	12,367,819	4,583,375	2.698	9,168,901	1.349
2005	25,215,347	12,002,786	13,212,561	4,041,010	3.270	8,520,251	1.551
2006	30,306,218	13,484,511	16,821,707	3,855,683	4.363	8,855,999	1.899
2007	28,506,798	13,205,679	15,301,119	3,522,329	4.344	7,424,561	2.061

Source: Comprehensive Annual Financial Reports and Fiscal Year Operating Budgets

CITY OF LEWISVILLE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

TABLE 17

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1998	69,200	\$ 1,212,455	\$ 17,521	*	12,765	1.8%
1999	74,700	1,501,205	20,096	*	12,135	1.7%
2000	77,737	1,634,149	21,022	30.0	12,651	1.9%
2001	80,609	1,803,082	22,368	*	11,152	2.7%
2002	81,500	1,786,146	21,916	*	12,581	4.3%
2003	83,850	2,008,980	23,959	*	13,035	4.4%
2004	85,950	1,989,405	23,146	*	13,272	3.7%
2005	88,350	2,068,524	23,413	31.6	13,513	4.1%
2006	89,100	2,110,957	23,692	32.3	13,676	4.0%
2007	91,550	2,345,053	25,615	*	14,702	3.6%

Sources: Estimated population provided by the North Central Texas Council of Governments; US Census population used in census years.

Personal income (total effective buying income) provided yearly from Sales and Marketing Management, "Survey of Buying Power."

For those years not available, per capita income provided by the American Community Survey.

School enrollment (for schools located in Lewisville) provided by Lewisville Independent School District.

Unemployment rates provided on the Texas Workforce Commission website, annual rate, current year estimated.

* Prior year median age only available in census years. Beginning 2005, provided by the American Community Survey.

2007 not available.

**CITY OF LEWISVILLE, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)**

TABLE 18

	2007		1998		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Vista Ridge Mall (all outlets)	2,000	3.49%	Raytheon TI Systems	3,000	7.10%
EMC Mortgage Company	1,800	3.14%	Lewisville Independent School District (Lewisville employment only)	1,251	2.96%
Lewisville Independent School District (Lewisville employment only)	1,592	2.78%	Xerox Corporation	1,100	2.60%
Nationstar Mortgage	1,400	2.44%	Columbia Medical Center	650	1.54%
Wal-Mart (all City locations)	1,083	1.89%	City of Lewisville	595	1.41%
Lewisville Medical Center	800	1.40%	School of Tomorrow	380	0.90%
HSBC	680	1.19%	Chippenhook Ltd	350	0.83%
City of Lewisville	662	1.15%	Dillard's	300	0.71%
SYSCO Foods	569	0.99%	L D Brinkman	295	0.70%
Xerox Corporation	512	0.89%	Wal-Mart	290	0.69%
Total	11,098	19.36%	Total	8,211	19.44%

Source: City of Lewisville Economic Development, Texas Workforce Commission, North Central Texas Council of Governments, Budget Department

TABLE 19

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government and Administration and Legal	35.7	37.2	43.7	52.0	56.0	56.0	55.0	59.0	58.3	57.0
Public Safety	271.8	287.1	310.8	313.0	321.0	320.0	324.0	325.0	338.0	341.0
Public Services	126.7	123.2	126.0	125.0	126.0	125.0	123.0	123.0	124.0	123.0
Community Development	54.8	58.5	58.5	60.0	61.0	61.0	61.0	63.0	65.7	70.0
Parks and Leisure	60.0	62.0	63.0	66.0	69.0	68.0	68.0	67.0	71.0	72.0
Total	549.0	568.0	602.0	616.0	633.0	630.0	631.0	637.0	657.0	663.0

Source: City Budget Office

CITY OF LEWISVILLE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
(Unaudited)

TABLE 20

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Public Records	N/A	1,805	1,657	3,246	5,931	7,354	8,743	11,747	17,879	12,953
Number of telephone information requests	4,242	3,501	3,532	5,382	5,889	5,005	5,490	6,398	6,141	6,896
Birth and death certificates issued										
Culture, parks & recreation										
Parks and Leisure										
Number registered for recreation programs	N/A	N/A	N/A	N/A	4,484	3,915	3,912	2,723	2,749	3,752
Public swim admissions	N/A	32,952	31,766	27,858	22,923	22,772	21,292	55,329	63,915	59,422
Library visits	282,330	268,710	295,268	325,787	336,840	311,403	297,676	295,255	291,141	398,160
Library volumes circulated	451,182	497,661	515,919	567,949	574,541	527,803	495,406	463,666	447,449	719,620
Lake park day use area attendance	114,391	95,573	98,593	123,432	131,523	110,574	110,572	171,007	160,113	119,781
Public safety										
Police										
Number of employees	159	169	181	182	189	184	186	186	193	194
Calls for service	54,547	57,777	61,462	60,593	58,666	59,177	62,597	63,570	63,813	61,949
Part 1 crimes	3,821	3,797	3,362	3,433	4,320	4,420	4,478	4,305	3,610	3,238
Number of accidents	2,723	2,917	3,046	3,075	3,000	2,904	2,870	2,838	2,863	2,695
Fire										
Number of employees	103	106	118	121	122	125	126	127	133	134
Number of fire incidents	2,201	2,201	2,615	2,870	2,816	2,904	2,910	2,909	3,258	3,098
Number of EMS incidents	4,038	4,580	4,649	4,874	4,866	4,874	4,674	5,153	5,373	5,557
Public services										
Public Services										
Concrete paving repair (cubic yards)	N/A	N/A	N/A	N/A	1,107	1,285	1,475	1,279	1,225	1,211
Concrete utility cut repair (cubic yards)	N/A	N/A	N/A	N/A	418	336	319	420	709	457
Asphalt pothole repair (tons)	N/A	N/A	N/A	N/A	201	205	426	81	83	100
Community Development										
Building Permits Issued	1,434	1,140	1,299	927	833	1,081	818	844	948	766
Municipal Water System										
Number of Customers	17,872	18,622	19,612	19,701	19,783	19,486	19,630	19,955	20,560	20,781
Average Daily Water Consumption (MGD)	12.10	12.10	13.29	12.00	12.00	12.00	12.47	13.85	16.03	13.34
System Capacity (MGD)	27	27	27	27	27	32	32	38	38	38
Number of water main breaks	N/A	131	130	119	98	94	73	93	212	106
Sewer System										
System Treatment Capacity (MGD)	12	12	12	12	12	12	12	12	15	15
Sanitation (residential)										
Residential Refuse Collected (tons)	17,369	28,299	38,433	32,659	32,525	35,941	31,846	27,523	27,691	28,765
Commercial Refuse Collected (tons)	75,910	81,826	89,772	115,566	133,517	115,661	120,535	112,205	104,929	108,242

Source: City Departments

Notes:

The decrease in tonnage for pothole repairs is due to the volume of asphalt street rehabilitation projects completed from 2003-2005.

In summer of 2005, two new pools opened.

For 2007, Lake park attendance was down due to park being closed two summer months due to flooding.

The Library was expanded during the 2006 and 2007 fiscal years.

CITY OF LEWISVILLE, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

TABLE 21

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Culture, parks & recreation										
Parks and Leisure										
Number of Parks	20	27	27	27	27	30	32	32	32	32
Parks (acres)	624	950	950	950	950	961	1,240	1,240	1,240	1,240
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Lighted Ball Diamonds	23	23	23	23	23	23	23	23	23	23
Lighted Tennis Courts	4	4	4	4	4	4	4	4	4	4
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Senior Citizens Center	1	1	1	1	1	1	1	1	1	1
Public safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	85	95
Fire Stations	5	5	6	6	6	6	6	6	6	6
Public services										
Public Services										
Streets - Paved (miles)	519	510	537	537	547	538	538	565	573	573
Alleys - Paved (miles)	69	69	71	73	76	78	80	83	85	85
Number of Street Lights	2,103	4,500	4,515	4,515	4,515	2,600	2,600	2,142	2,173	2,184
Water and Sewer										
Water Mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	385	394
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,295	2,376
Sanitary Sewer (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	305	307

Source: City Departments
 Notes: N/A - Data not available