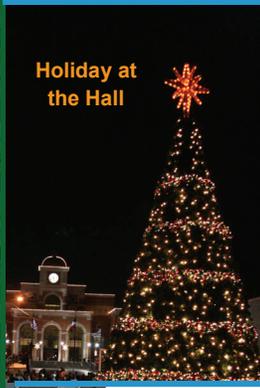




Motorcycle Toy Run



Holiday at the Hall



Farmer's Market



Parade on Main St.



The Great Race

# CITY OF LEWISVILLE, TEXAS

## Comprehensive Annual Financial Report

for the fiscal year ended September 30, 2008



Doggie Dive-In



Western Day



Cinco de Mayo



Legends of Texas Historic Presentation

**CITY OF LEWISVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*for the fiscal year ended September 30, 2008*



Prepared by the  
**FINANCE DEPARTMENT**



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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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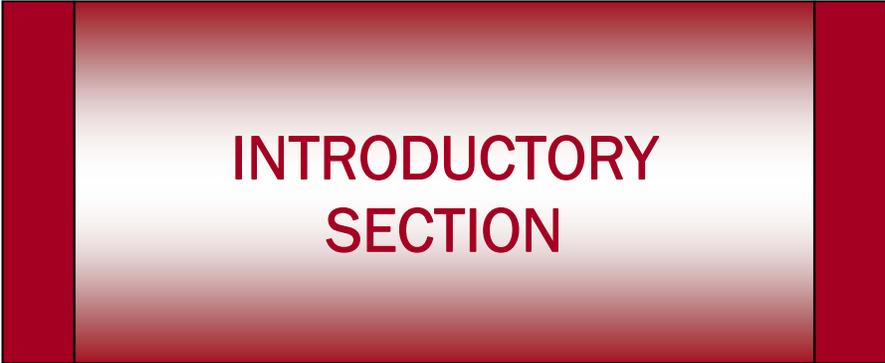
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**INTRODUCTORY  
SECTION**



March 6, 2009

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, 2008, 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, 2008, 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, 2008, 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 99.6% from 46,521 to an estimated 92,850 in 2008. 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:

- Hilton Garden Inn & Convention Center, a six-story, 161-room hotel with 25,000 square feet convention center located in the Vista Ridge Business Park opened August 2007, providing Lewisville with a new venue for larger meetings and events.
- Lake Vista Seven is a new 240,000 square foot office building that was completed the summer of 2008 and ready for occupancy.
- Lake Vista Pointe, a new 160,000 square foot office building was recently constructed by Holt Lunsford in the Vista Ridge Business Park. Leasing is currently underway for a large user.
- The Apparel Group, a clothing manufacturer and distributor, constructed a 180,000 square foot building in the Austin Ranch Development. The Apparel Group relocated its corporate offices from Addison, Texas to Lewisville and currently employs 136 people.
- Majestic Airport Center is a new office/industrial development that is currently under construction in southwest Lewisville. When complete, this development will have seven buildings totaling 2.8 million square feet.
- Lakeside Office 1, a new 98,000 square feet 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. This call center occupies 50,000 square feet with 350 employees. Twelve additional tenants occupy this building that is currently over 95% occupied.
- Crossroads Centre is Lewisville's newest business park development located east of IH-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 warehouse/distribution buildings with 606,776 square feet of space. Alcatel-Lucent, a telecommunications provider, is a major tenant occupying 485,000 square feet with 30 employees.
- ConVergence Office Campus, the former Texas Instruments facility, is currently undergoing renovations. The facility, which will total approximately one million square feet upon completion, currently has four tenants: GMAC Residential, Fidelity Investments, Texas Instruments and the corporate headquarters of Overhead Door Company. The most recent addition to ConVergence, Fidelity Investments, opened its office in fall 2007 and employs approximately 1,200. This property has 100 acres of undeveloped land which is currently being master planned for future development.
- The City of Lewisville continues to revitalize Old Town Lewisville.
  - The City observed the fourth anniversary of the Old Town City Hall in October 2007.

- The City of Lewisville has allocated 27 facade and retail improvement grants to establishments in the Old Town area totaling approximately \$399,988.
- Blaylock Development is currently developing Lynn Square, an eight building development totaling more than 27,000 square feet of medical office space, one block from the Medical Center of Lewisville.
- Sundquist Plaza, a 14,000 square foot two-story building that will be a mixed use development of office and retail was completed the spring of 2008. The second floor is partially occupied with 7,000 square feet of office space. The first floor is being finished for a restaurant and banquet facility.
- Construction began in 2008 on the City of Lewisville Arts and Activities Center with completion scheduled in summer 2009. The 38,000 square foot arts center will feature a 300 seat theater, gallery space, a rehearsal hall, classrooms and a courtyard.

## 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. Future development includes construction of the aforementioned 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 September 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 IH-35E, 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. The rail line is expected to be operational in December of 2010.

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, the total amount of ELAP funding received is slightly over \$8M for the Garden Ridge Boulevard, Fox Avenue and Valley Ridge projects.

**Other Major Roadway Projects**—IH-35E is scheduled to be widened to 10-14 lanes between SH-121 and the City of Corinth. This project may be funded in part through tolls collected on the recently completed SH-121. Construction is scheduled to begin in 2010 with completion anticipated to take five years.

**Railroad Street Athletic Complex**—Construction began in 2006 on the largest capital project in the City's history, a \$29.1M park and athletic complex that will include three lakes, hike and bike trails, ten soccer fields, four baseball fields, four youth football fields, a dog park, a skate park, vehicular parking, concession and restroom facilities. Designed with a railroad theme, the 287-acre park will include these developed areas as well as many acres remaining in its natural state. Railroad Park is expected to open in the fall of 2009.

## **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 January or 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 a work session, which is 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 2008-09 and the preceding five fiscal years is reflected in the following table:

<u>Purpose</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
General Fund	0.32156	0.32184	0.32184	0.32107	0.31641	0.31581
Debt Service Fund	<u>0.11865</u>	<u>0.11866</u>	<u>0.13495</u>	<u>0.13572</u>	<u>0.13409</u>	<u>0.13469</u>
Total Tax Rate	<u><u>0.44021</u></u>	<u><u>0.44050</u></u>	<u><u>0.45679</u></u>	<u><u>0.45679</u></u>	<u><u>0.45050</u></u>	<u><u>0.45050</u></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 Central Appraisal District of the county in which the property exists. The City of Lewisville’s jurisdiction is predominately in Denton County, but also extends into Dallas County. Therefore, both the Denton Central Appraisal District and the Dallas Central Appraisal District provide values to the city based upon county lines. The City of Lewisville and other

taxing jurisdictions in the counties provide a pro rata share of the budgeted expenditures incurred by the respective appraisal district based upon individual levy. In fiscal year 2007-08, the City's payments to the districts for appraisal services were \$255,291, an increase of \$16,325, or 6.8%, from the amount paid by the City in 2006-07. Beginning in October 1997, the City contracted with Denton County for tax collection services. The 2007-08 cost was \$20,427.

**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 9-30-08 (Net of Debt Service)	\$61,171,881
Estimated Population	92,850
G. O. Debt per Capita	\$659
Net G. O. Debt per Assessed Value	.99%

The City's underlying bond ratings at September 30, 2008 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>
Standard & Poor's	AA+	AA
Fitch Ratings	AA	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, 2008, the portfolio consisted of:

<u>Year to Maturity</u>	<u>Percent of Portfolio</u>
0-1	68.52%
1-2	31.48%

*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 3.60% in 2008.

**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, 2008, 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, 2007. 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 19 consecutive years (fiscal years ended 1989-2007). 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



Brenda Martin, CPA  
Director of Finance

# 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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

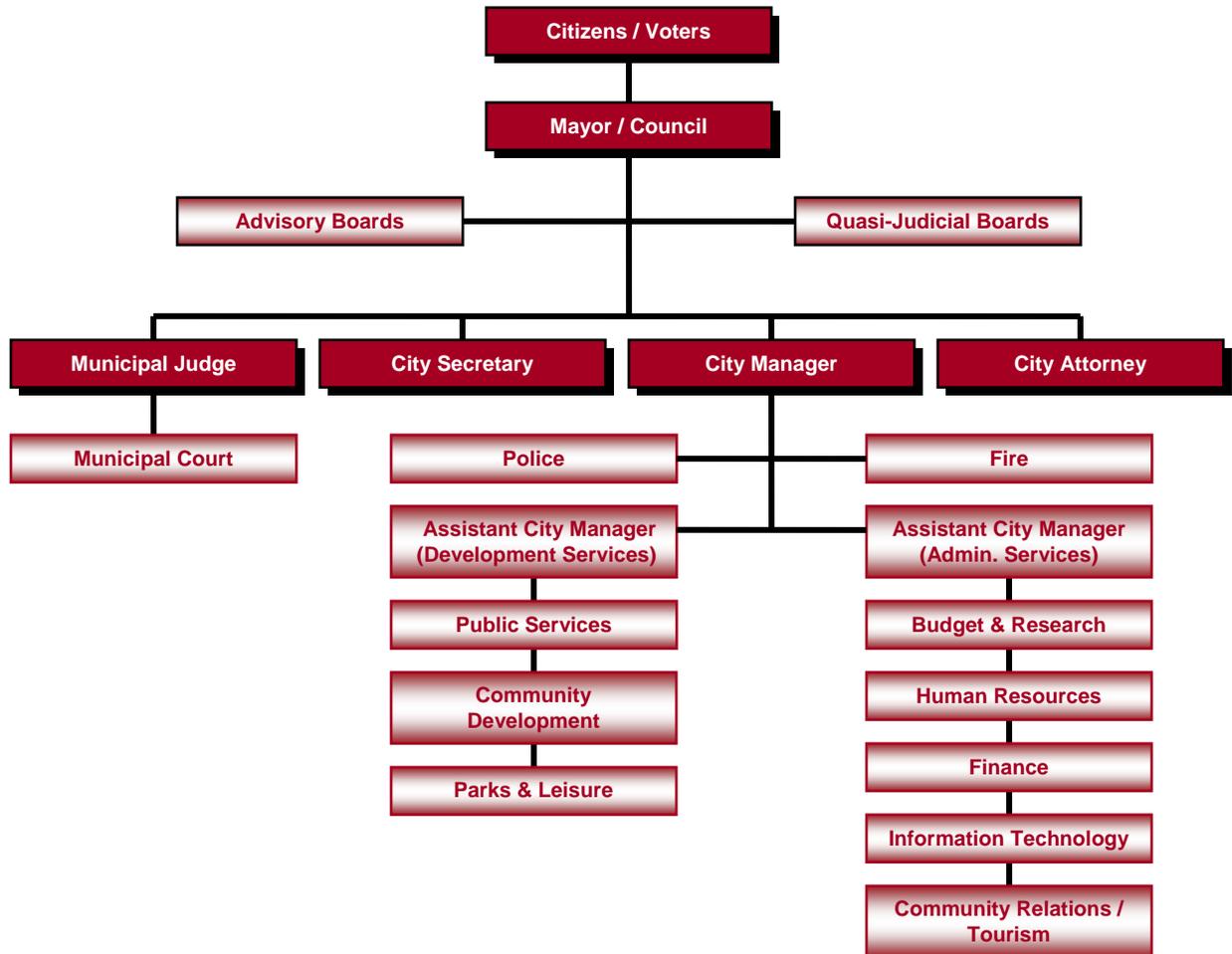
A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

# CITY OF LEWISVILLE, TEXAS – ORGANIZATIONAL CHART

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**CITY OF LEWISVILLE, TEXAS – PRINCIPAL OFFICIALS**

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**Elected Officials**

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Mayor .....Gene Carey  
Mayor Pro Tem .....David Thornhill  
Deputy Mayor Pro Tem ..... Lathan Watts  
Councilman ..... Greg Tierney  
Councilman ..... Rudy Durham  
Councilman ..... Dean Ueckert

**Appointed Officials**

---

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

**Assistant City Managers**

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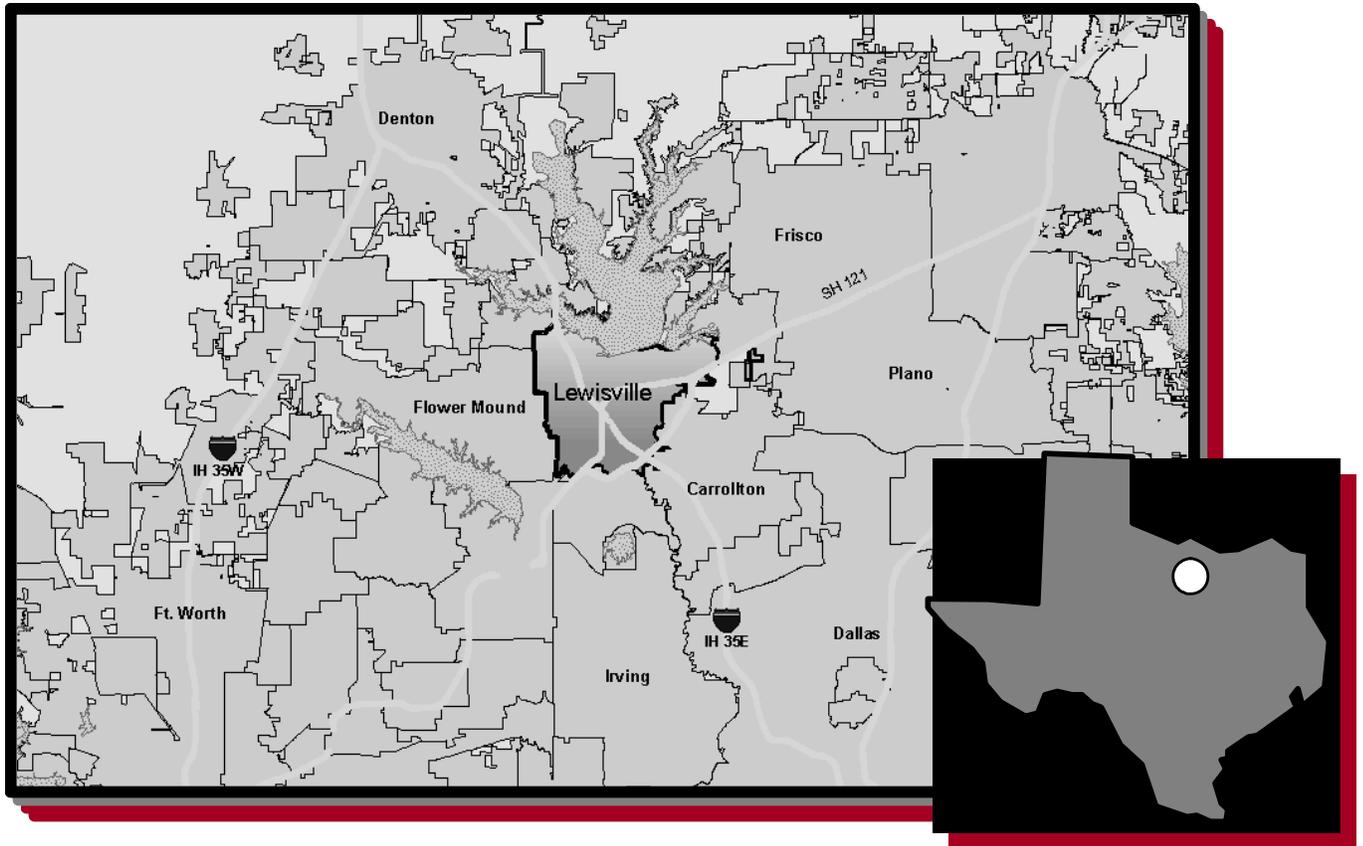
Development ..... Steven L. Bacchus  
Administrative Services ..... Donna Barron

**Department Directors**

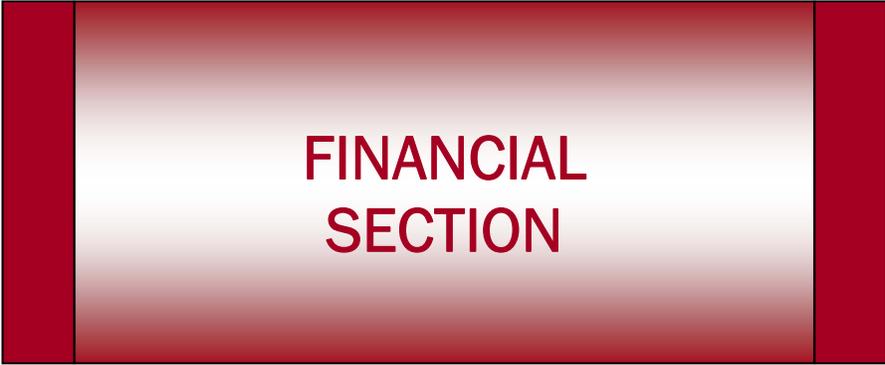
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Budget and Research ..... Gina Thompson  
Community Development ..... Eric Ferris  
Community Relations and Tourism ..... James Kunke  
Economic Development ..... Nika Reinecke  
Finance ..... Lauren Crowley  
Fire ..... Richard Lasky  
Human Resources ..... 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**

*L.L.P.*

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, 2008, which collectively comprise 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, 2008 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 February 26, 2009 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 29 and the budgetary comparison schedule-general fund (pages 83 and 84), 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.

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12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321*

WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

DALLAS

OFFICES IN  
FORT WORTH

HOUSTON

City of Lewisville, Texas  
February 26, 2009

Page Two

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City'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  
February 26, 2009

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, 2008. 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, 2008 by \$539,095,150 (net assets). Of this amount, \$88,533,177 (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 \$51,526,304 for the year ended September 30, 2008.
- As of September 30, 2008, the City of Lewisville's governmental funds reported combined ending fund balances of \$91,091,130, an increase of \$11,753,480 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$31,175,630 or approximately 57 percent of total general fund expenditures.
- The City's total outstanding bonds (excluding component unit debt) increased \$7,400,000 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 \$8,715,000 of General Obligation Bonds and \$10,300,000 of Waterworks and Sewer System Revenue 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 six 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), the Lewisville Local Government Corporation 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-

CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008

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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 nineteen 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, the general capital projects fund and the Castle Hills PID capital projects fund, all of which are considered to be major funds. Data from the other fifteen 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 separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The activities of these funds are 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 these funds are 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 \$539,095,150 as of September 30, 2008. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$199,798,979. 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 (83.1 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, 2008**

**Table 1  
Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 123,330,469	\$ 112,173,594	\$ 65,938,784	\$ 57,447,443	\$ 189,269,253	\$ 169,621,037
Capital assets	300,378,020	270,395,773	183,997,683	172,679,695	484,375,703	443,075,468
Total assets	423,708,489	382,569,367	249,936,467	230,127,138	673,644,956	612,696,505
Non-current liabilities	70,168,831	65,742,471	46,625,442	42,876,317	116,794,273	108,618,788
Other liabilities	14,243,487	13,855,145	3,512,046	2,653,726	17,755,533	16,508,871
Total liabilities	84,412,318	79,597,616	50,137,488	45,530,043	134,549,806	125,127,659
Net assets:						
Invested in capital assets, net of related debt	287,096,412	256,515,336	159,684,492	145,843,454	446,780,904	402,358,790
Restricted	1,756,591	1,725,352	2,024,478	2,075,929	3,781,069	3,801,281
Unrestricted	50,443,168	44,731,063	38,090,009	36,677,712	88,533,177	81,408,775
Total net assets	\$ 339,296,171	\$ 302,971,751	\$ 199,798,979	\$ 184,597,095	\$ 539,095,150	\$ 487,568,846

**Governmental Activities**

The City's general revenues increased when compared to the prior year by 6.3% or \$3,599,420. The primary reasons for this increase were the prior year's disposal book loss due to the demolition of three buildings and an increase in property tax valuations and additions to new property throughout the City in the current year. Assessed value of the property in the City increased by \$710.1 million or 13% as compared to the prior year. For 2008, the City lowered slightly their tax rate to \$0.44050 per \$100 assessed valuation. Partially offsetting these increases was a decrease in investment earnings and a flattening of sales tax revenues. Investment earnings decreased \$1,086,755 or 1.7%, largely due to lower yields. The changes in the City's general revenues are as follows (Table 2):

**Table 2  
General Revenues**

	2008	2007	Increase (decrease)
Property taxes	\$ 28,174,604	\$ 26,467,219	\$ 1,707,385
Sales taxes	18,932,595	19,216,744	(284,149)
Hotel/motel taxes	1,830,230	1,606,115	224,115
Other taxes	1,119,792	1,043,749	76,043
Franchise taxes	4,803,626	4,435,578	368,048
Investment earnings	5,302,964	6,389,719	(1,086,755)
Gain (loss) on disposal of assets	14,067	(2,391,449)	2,405,516
Miscellaneous	480,607	291,390	189,217
Total general revenues	\$ 60,658,485	\$ 57,059,065	\$ 3,599,420

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

Governmental activities increased the City's net assets by \$36,324,420. The key elements of this increase are as follows:

**Table 3  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Revenues						
Program revenues:						
Charges for service	\$ 13,280,112	\$ 11,838,496	\$ 25,340,886	\$ 23,449,079	\$ 38,620,998	\$ 35,287,575
Operating grants and contributions	1,136,855	2,109,623	-	-	1,136,855	2,109,623
Capital grants and contributions	35,595,714	12,977,908	11,228,765	4,608,716	46,824,479	17,586,624
General revenues:						
Property taxes	28,174,604	26,467,219	-	-	28,174,604	26,467,219
Other taxes	26,686,243	26,302,186	-	-	26,686,243	26,302,186
Other	3,713,131	1,433,741	2,084,507	2,855,919	5,797,638	4,289,660
Total revenues	108,586,659	81,129,173	38,654,158	30,913,714	147,240,817	112,042,887
Expenses:						
General government	10,697,346	9,848,489	-	-	10,697,346	9,848,489
Culture, parks and recreati	7,927,455	7,139,298	-	-	7,927,455	7,139,298
Public safety	33,721,041	30,491,917	-	-	33,721,041	30,491,917
Public services	19,409,072	18,569,013	20,378,432	19,676,760	39,787,504	38,245,773
Interest on long-term debt	3,581,167	2,257,685	-	-	3,581,167	2,257,685
Total expenses	75,336,081	68,306,402	20,378,432	19,676,760	95,714,513	87,983,162
Increase in net assets before transfers	33,250,578	12,822,771	18,275,726	11,236,954	51,526,304	24,059,725
Transfers	3,073,842	2,943,135	(3,073,842)	(2,943,135)	-	-
Increase in net assets	36,324,420	15,765,906	15,201,884	8,293,819	51,526,304	24,059,725
Net assets beginning of fiscal year	302,971,751	287,559,016	184,597,095	176,303,276	487,568,846	463,862,292
Prior-period adjustment	-	(353,171)	-	-	-	(353,171)
Net assets ending of fiscal year	\$ 339,296,171	\$ 302,971,751	\$ 199,798,979	\$ 184,597,095	\$ 539,095,150	\$ 487,568,846

The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$33,721,041. These expenses were offset by revenues of \$5,422,367, 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 \$27,750,037. Other significant governmental expenses for the City include public services which incurred \$19,409,072 in expenses, of which \$6,556,542 represented personnel expenses and the general government activity which incurred \$10,697,346 in expenses, of which \$5,039,902 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, 2008**

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government departments. The Parks and Leisure Services Department incurred \$7,927,455 in expenses and \$4,669,716 represented their personnel charges.

**Business-type Activities**

Business-type activities increased the City's net assets by \$15,201,884. 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 \$25,340,886. Non-cash capital contributions from developers and cash receipts in the form of development impact fees amounted to \$11,228,765. Developer contributions are public improvement infrastructure projects that are completed by the developer. The charges for services exceeded expenses by \$4.96 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of fiscal year 2008, the City had \$484.4 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Improvements	\$ 178,976,438	\$ 164,661,051	\$ 435,168	\$ 453,341	\$ 179,411,606	\$ 165,114,392
Land	40,647,579	38,743,371	2,368,892	2,344,365	43,016,471	41,087,736
Buildings	41,055,641	42,417,434	851,793	350,174	41,907,434	42,767,608
Equipment	11,692,305	12,463,433	1,290,346	1,521,269	12,982,651	13,984,702
Construction in progress	28,006,057	12,110,484	13,998,058	7,804,781	42,004,115	19,915,265
Water	-	-	96,631,680	94,105,507	96,631,680	94,105,507
Sewer	-	-	68,421,746	66,100,258	68,421,746	66,100,258
<b>Totals</b>	<b>\$ 300,378,020</b>	<b>\$ 270,395,773</b>	<b>\$ 183,997,683</b>	<b>\$ 172,679,695</b>	<b>\$ 484,375,703</b>	<b>\$ 443,075,468</b>

CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008

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Major capital asset additions for 2007-2008 include:

Westlake Park II Streets	\$ 6,063,654
Fox Avenue	3,829,721
Concrete Street Rehabilitation	2,004,108
Valley Ridge SE Waterline	1,124,421
Neighborhood Rehabilitation	772,659
Asphalt Rehabilitation	771,346
Park Development & Acquisition	755,249
Sidewalk Maintenance Improvements	721,686
Inflow/Infiltration Replacement	559,161
Kealy Administration Building	526,763
Traffic Improvements	330,000
Irving Water Pipeline	326,867
Video Security System	259,268
North Old Town Streets	165,793
Alley Rehabilitation	162,403
Radio Communications System	155,772
Annex Atrium	139,365
License Plate Scanning System	112,852
New Fire Station Roofs	106,717
Playground Equipment	97,564
Library Expansion	92,394
Livescan Workstations	84,300
Trail Development	64,365
Vista Ridge Athletic Fields	59,566
Cable System Equipment	48,677
Network Expansion	42,877
Wastewater Treatment Plant Improvements	41,746
	<u>\$ 19,419,294</u>

The City's fiscal year 2009 capital improvement program authorizes it to spend \$108.51 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 \$108.51 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 2008-2009 consist of \$4.11 million of transfers from water and sewer operating funds for water and sewer line

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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improvements. Street and drainage improvements in 2008-2009 consist of \$2,997,060 in General Fund transfers to fund a variety of street, alley, sidewalk, traffic improvements and corridor beautification projects. Municipal/technology improvements in 2008-2009 of \$205,939 are funded through new transfers to fund several technological improvements including Phase 4 of document imaging, network infrastructure upgrades, wireless management system, Citrix office upgrade, additional Arc GIS licenses and network printers.

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 \$109.4 million in general obligation and revenue bonds outstanding as compared to \$102.0 million at the end of the prior fiscal year, an increase of 7.3 percent as shown in Table 5.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds (backed by the City)	\$ 63,235	\$ 59,515	\$ -	\$ -	\$ 63,235	\$ 59,515
Revenue bonds (backed by fee revenues)	-	-	46,190	42,510	46,190	42,510
Totals	<u>\$ 63,235</u>	<u>\$ 59,515</u>	<u>\$ 46,190</u>	<u>\$ 42,510</u>	<u>\$ 109,425</u>	<u>\$ 102,025</u>

During the current fiscal year, the City issued debt dated June 2008. The new debt resulted from the issuance of General Obligation Bonds in the amount of \$8.715 million and Waterworks and Sewer System Revenue Bonds of \$10.3 million. The General Obligation debt provided funds for the construction of street and drainage improvements. The Revenue Bonds provided funds for the construction of improvements and extensions to the City's waterworks and sewer system. 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 and an AA rating from Fitch Ratings, both of which are national rating agencies. The City's Water and Sewer Revenue Bonds carry an AA rating from both Standard and Poor's and Fitch Ratings. 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

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is .99%.

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, 2008, the governmental funds of the City reported a combined fund balance of \$91.1 million, a \$11.8 million increase from the previous year.

- The City's General Fund balance of \$31.5 million exceeded the prior year fund balance by \$4,763,447. This resulted in a positive variance of \$6.28 million when compared to the final amended budget of \$25.25 million. Significant budgetary variances between the final amended budget and the actual results can be summarized as follows:
  - Tax revenue was \$1.5 million higher than estimated due to an increase in total assessed value of \$710.1 million on property resulting in \$385,446 in additional revenue. Sales tax revenue was \$530,413 higher than previous year's estimated sales tax revenue, of which the current year's budget was based upon. Other taxes, mainly franchise, came in \$584,346 higher than expected due to a full year of collection of a new cable franchise.
  - Licenses and Permits revenue was \$495,285 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.
  - Charges for services revenue was \$674,847 higher than budgeted primarily due to commercial garbage and landfill host fee receipts being higher than anticipated.
  - Transfers In revenue provided \$2,436,590 for the General Fund that had not been budgeted. Reimbursement was received for a prior year funding of construction costs in the amount of \$2,400,000.
  - When combined, Police, Fire, Community Development and Information Technology Services departments had lower than expected expenditures resulting in a variance of

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2008**

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\$903,869. This variance is primarily due to consultant contract reductions and salary savings from employee vacancies.

- The General Capital Projects Fund accounts for a large portion of this increase with bond proceeds of \$8.715 million and transfers from the General Fund and internal service funds of \$6.5 million. These sources had not been fully expended by year end in the construction of City projects, thereby increasing fund balance \$4.9 million.
- The Castle Hills PID Capital Projects Fund became a major fund this year with spending of \$17.1 million on capital outlay and interest and fiscal charges. By the end of the year, unspent funds increased fund balance by \$1.6 million.
- The Hotel/Motel Fund balance increased \$418,582 over the previous year. This amount was a result of an increase in tax revenues received over expenditures.

The City's Water and Sewer Fund net assets of \$199.3 million increased by \$15.3 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 \$22.1 million decreased by \$1.7 million from the prior year net asset balance. The decrease is primarily attributed to \$1.5 million transferred to the General Capital Projects Fund for a construction project and \$2 million contributed for the establishment of the City's OPEB Liability Trust Fund. Excluding the transfers mentioned, the Maintenance and Replacement Fund experienced a \$651,262 increase in fund balance due to internal charges for services adequately covering maintenance and repair costs of the City's vehicles, radios, computers and other equipment.

### **General Fund Budgetary Highlights**

During fiscal year 2007-08, 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 budget a cash match for the Timbercreek Hike and Bike Trail Grant. The final amendment was made to appropriate funding needed for a change order for Fire Station House #7 construction.

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 \$187,621.

The City of Lewisville had estimated an ending fund balance for fiscal year 2007-08 to be \$22,576,559; however, due to a higher ending fund balance in fiscal year 2006-07, increases to revenue estimates for fiscal year 2007-08 mainly related to tax revenues and to the budget adjustments discussed previously the fund balance was re-estimated to be \$29,659,292.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2009 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. Lewisville's current population is estimated at 92,850 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 2009. The combined budget appropriation for fiscal year 2008-09 totals \$103,653,953 for 17 operating funds. Another \$11,416,871 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. The Lewisville City Council chose to decrease the tax rate slightly for the current fiscal year from 0.44050 to 0.44021 cents per \$100 assessed valuation. The City calculates \$787,057 additional ad valorem tax revenue for the 2008-09 fiscal year due to the new tax rate being applied to the increased tax base. Property values increased \$369 million or 6.0%. This brings the property tax revenue budgeted for FY 2008-09 to \$21.037 million making it the single largest General Fund revenue source.

The General Fund's second largest revenue source in fiscal year 2008-2009 is sales tax receipts. 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. The City's budgeted sales tax revenue is \$18.509 million.

Budgeted expenditures in the General Fund are expected to increase \$1.941 million from the 2007-2008 fiscal year re-estimated budget. The increase is mainly attributed to increased transfers out to capital improvement projects as well as one-time expenditures. The City's General Fund balance is budgeted to decline by three percent or \$932,909.

As for the City's business type activities, the City budgeted a decrease of \$2,400,000 for the Water and Sewer Fund's net assets. 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 2008-2009. A rate increase in the base charge equal to 1.5% of budgeted water and .5% of budgeted sewer revenue was implemented due to the City of Dallas' 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, 2008**

**EXHIBIT 1**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash	\$ 9,009,747	\$ 1,463,905	\$ 10,473,652	\$ 1,930,901
Investments	98,923,984	28,898,846	127,822,830	31,272,670
Receivables (net of allowances for uncollectibles)	11,393,048	4,098,297	15,491,345	983,887
Internal balances	(450,651)	450,651	-	-
Inventory of supplies	130,572	-	130,572	-
Prepaid items	3,734,218	3,866	3,738,084	685
Restricted assets				
Cash	-	4,356,726	4,356,726	-
Investments	-	25,792,131	25,792,131	-
Interest receivable	-	110,657	110,657	-
Prepaid items	-	1,375	1,375	-
Deferred charges	589,551	762,330	1,351,881	342,222
Capital assets				
Non-depreciable	68,653,636	16,366,950	85,020,586	-
Depreciable (net of accumulated depreciation)	231,724,384	167,630,733	399,355,117	-
Total assets and other debits	<u>\$ 423,708,489</u>	<u>\$ 249,936,467</u>	<u>\$ 673,644,956</u>	<u>\$ 34,530,365</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 4,098,637	\$ 1,440,806	\$ 5,539,443	\$ 1,616,359
Incurred but not reported claim reserve	1,384,648	-	1,384,648	-
Retainage payable	974,957	-	974,957	442,730
Accrued liabilities	2,095,856	366,992	2,462,848	17,196
Accrued interest payable	425,347	255,083	680,430	253,277
Liabilities payable from restricted assets	-	1,366,772	1,366,772	-
Deposits payable	7,700	-	7,700	-
Unearned revenue	1,364	-	1,364	-
Money held in escrow	5,254,978	82,393	5,337,371	-
Non-current liabilities				
Due within one year	9,230,423	5,356,806	14,587,229	1,255,033
Due in more than one year	60,938,408	41,268,636	102,207,044	43,276,393
Total liabilities	<u>84,412,318</u>	<u>50,137,488</u>	<u>134,549,806</u>	<u>46,860,988</u>
Net assets				
Invested in capital assets, net of related debt	287,096,412	159,684,492	446,780,904	-
Restricted for debt service	1,756,591	2,024,478	3,781,069	-
Restricted for capital projects	-	-	-	744,421
Unrestricted	50,443,168	38,090,009	88,533,177	(13,075,044)
Total net assets	<u>339,296,171</u>	<u>199,798,979</u>	<u>539,095,150</u>	<u>(12,330,623)</u>
Total liabilities and net assets	<u>\$ 423,708,489</u>	<u>\$ 249,936,467</u>	<u>\$ 673,644,956</u>	<u>\$ 34,530,365</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, 2008**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>FUNCTIONS/PROGRAMS</b>				
Primary government				
Governmental activities				
General government	\$ 10,697,346	\$ 3,995,292	\$ 100,547	\$ 44,146
Culture, parks and recreation	7,927,455	1,794,574	24,379	8,885,165
Public safety	33,721,041	5,422,367	303,847	-
Public services	19,409,072	2,067,879	708,082	26,666,403
Interest on long-term debt	3,581,167	-	-	-
Total governmental activities	<u>75,336,081</u>	<u>13,280,112</u>	<u>1,136,855</u>	<u>35,595,714</u>
Business-type activities				
Water and sewer	20,378,432	25,340,886	-	11,228,765
Total business-type activities	<u>20,378,432</u>	<u>25,340,886</u>	<u>-</u>	<u>11,228,765</u>
Total primary government	<u>\$ 95,714,513</u>	<u>\$ 38,620,998</u>	<u>\$ 1,136,855</u>	<u>\$ 46,824,479</u>
Component units				
Lewisville Housing Finance Corporation	\$ 17,990	\$ -	\$ -	\$ -
Lewisville Parks and Library Development Corporation	10,920,215	180,854	-	-
Tax Increment Reinvestment Zone (Old Town)	456,767	-	-	-
Total component units	<u>\$ 11,394,972</u>	<u>\$ 180,854</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				
NET ASSETS, ending				

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

**EXHIBIT 2**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (6,557,361)	\$ -	\$ (6,557,361)	\$ -
2,776,663	-	2,776,663	-
(27,994,827)	-	(27,994,827)	-
10,033,292	-	10,033,292	-
(3,581,167)	-	(3,581,167)	-
<u>(25,323,400)</u>	<u>-</u>	<u>(25,323,400)</u>	<u>-</u>
-	16,191,219	16,191,219	-
-	16,191,219	16,191,219	-
<u>\$ (25,323,400)</u>	<u>\$ 16,191,219</u>	<u>\$ (9,132,181)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (17,990)
-	-	-	(10,739,361)
-	-	-	(456,767)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,214,118)</u>
27,936,176	-	27,936,176	491,606
18,932,595	-	18,932,595	4,735,507
1,119,792	-	1,119,792	-
4,803,626	-	4,803,626	-
1,830,230	-	1,830,230	-
238,428	-	238,428	-
3,287,167	2,015,797	5,302,964	1,362,730
9,682	4,385	14,067	-
416,282	64,325	480,607	-
3,073,842	(3,073,842)	-	-
<u>61,647,820</u>	<u>(989,335)</u>	<u>60,658,485</u>	<u>6,589,843</u>
36,324,420	15,201,884	51,526,304	(4,624,275)
302,971,751	184,597,095	487,568,846	(7,706,348)
<u>\$ 339,296,171</u>	<u>\$ 199,798,979</u>	<u>\$ 539,095,150</u>	<u>\$ (12,330,623)</u>

**CITY OF LEWISVILLE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2008**

**EXHIBIT 3**

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Castle Hills PID Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 1,630,432	\$ 97,790	\$ 3,230,071	\$ 2,328,961	\$ 195,804	\$ 7,483,058
Investments	26,658,155	1,987,287	52,965,402	-	3,114,792	84,725,636
Receivables (net of allowances for uncollectables)						
Taxes	5,118,590	85,060	-	-	-	5,203,650
Accounts	2,488,520	-	-	-	1,638,088	4,126,608
Unbilled accounts	213,315	-	-	-	-	213,315
Interest	141,163	10,509	277,941	2,318	16,140	448,071
Court	220,541	-	-	-	-	220,541
Other	-	-	1,074,643	-	4,932	1,079,575
Due from other funds	171,150	-	789,218	-	-	960,368
Prepaid items	196,935	1,292	927	-	3,487,655	3,686,809
Total assets	<u>\$ 36,838,801</u>	<u>\$ 2,181,938</u>	<u>\$ 58,338,202</u>	<u>\$ 2,331,279</u>	<u>\$ 8,457,411</u>	<u>\$108,147,631</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts and contracts payable	\$ 1,115,646	\$ -	\$ 2,257,267	\$ 239,473	\$ 326,693	\$ 3,939,079
Accrued liabilities	2,027,784	-	-	-	-	2,027,784
Accrued interest payable	-	32,467	-	-	-	32,467
Deposits payable	7,700	-	-	-	-	7,700
Deferred revenues	2,037,155	85,060	-	-	35,970	2,158,185
Money held in escrow	121,161	-	5,133,817	-	-	5,254,978
Retainage payable	-	-	458,702	516,255	-	974,957
Due to other funds	-	-	-	-	2,661,351	2,661,351
Total liabilities	<u>5,309,446</u>	<u>117,527</u>	<u>7,849,786</u>	<u>755,728</u>	<u>3,024,014</u>	<u>17,056,501</u>
Fund balances						
Reserved for prepaid items	196,935	1,292	927	-	3,487,655	3,686,809
Reserved for encumbrances	156,790	-	10,021,030	-	137,039	10,314,859
Reserved for debt service	-	2,063,119	-	-	-	2,063,119
Reserved for capital projects	-	-	40,466,459	1,575,551	-	42,042,010
Unreserved, undesignated reported in						
General Fund	31,175,630	-	-	-	-	31,175,630
Special revenue funds	-	-	-	-	1,808,703	1,808,703
Total fund balances	<u>31,529,355</u>	<u>2,064,411</u>	<u>50,488,416</u>	<u>1,575,551</u>	<u>5,433,397</u>	<u>91,091,130</u>
Total liabilities and fund balances	<u>\$ 36,838,801</u>	<u>\$ 2,181,938</u>	<u>\$ 58,338,202</u>	<u>\$ 2,331,279</u>	<u>\$ 8,457,411</u>	<u>\$108,147,631</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, 2008**

**EXHIBIT 4**

Total fund balances, governmental funds	\$ 91,091,130
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	589,551
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	294,394,020
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental fund balance sheet.	(392,880)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	2,156,821
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.	(70,168,831)
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 \$495,283.	<u>21,626,360</u>
Total net assets, governmental activities	<u>\$ 339,296,171</u>

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

**CITY OF LEWISVILLE, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT 5**

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Castle Hills PID Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property and other taxes	\$ 45,396,240	\$ 7,586,574	\$ -	\$ -	\$ 1,845,494	\$ 54,828,308
Licenses and permits	2,328,846	-	-	-	-	2,328,846
Charges for services	5,603,449	-	-	-	-	5,603,449
Recreation	1,133,848	-	-	-	457,828	1,591,676
Fines and forfeitures	2,916,566	-	-	-	-	2,916,566
Investment earnings	1,037,805	134,457	1,942,239	52,990	119,676	3,287,167
Grants						
Culture, parks and recreation	-	-	-	-	1,061,894	1,061,894
Public safety	-	-	-	-	220,857	220,857
Public services	-	-	-	-	708,082	708,082
Contributions and donations	-	-	8,994,010	18,647,021	-	27,641,031
Miscellaneous	400,006	7,949	111,293	-	456,439	975,687
Total revenues	<u>58,816,760</u>	<u>7,728,980</u>	<u>11,047,542</u>	<u>18,700,011</u>	<u>4,870,270</u>	<u>101,163,563</u>
<b>EXPENDITURES</b>						
Current						
General government	7,421,303	-	-	-	1,535,647	8,956,950
Culture, parks and recreation	6,202,437	-	-	-	437,632	6,640,069
Public safety	31,939,880	-	-	-	511,007	32,450,887
Public services	8,901,685	-	-	-	822,961	9,724,646
Debt service						
Principal	-	4,995,000	-	-	-	4,995,000
Interest and fiscal charges	-	2,741,964	74,514	678,126	-	3,494,604
Capital Outlay	120,548	-	18,774,870	16,446,334	975,910	36,317,662
Total expenditures	<u>54,585,853</u>	<u>7,736,964</u>	<u>18,849,384</u>	<u>17,124,460</u>	<u>4,283,157</u>	<u>102,579,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,230,907</u>	<u>(7,984)</u>	<u>(7,801,842)</u>	<u>1,575,551</u>	<u>587,113</u>	<u>(1,416,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,565,790	4,628	6,466,253	-	66,389	12,103,060
Transfers out	(5,038,248)	-	(2,473,488)	-	(140,899)	(7,652,635)
Issuance of general obligation bonds	-	-	8,715,000	-	-	8,715,000
Premium (discount) on issuance of general obligation bonds	-	-	(5,372)	-	-	(5,372)
Proceeds from sale of assets	4,998	-	-	-	4,684	9,682
Net other financing sources (uses)	<u>532,540</u>	<u>4,628</u>	<u>12,702,393</u>	<u>-</u>	<u>(69,826)</u>	<u>13,169,735</u>
Net change in fund balances	4,763,447	(3,356)	4,900,551	1,575,551	517,287	11,753,480
<b>FUND BALANCES, beginning</b>	<u>26,765,908</u>	<u>2,067,767</u>	<u>45,587,865</u>	<u>-</u>	<u>4,916,110</u>	<u>79,337,650</u>
<b>FUND BALANCES, ending</b>	<u>\$ 31,529,355</u>	<u>\$ 2,064,411</u>	<u>\$ 50,488,416</u>	<u>\$ 1,575,551</u>	<u>\$ 5,433,397</u>	<u>\$ 91,091,130</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, 2008**

**EXHIBIT 6**

Net change in fund balances, total governmental funds \$ 11,753,480

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 \$30,262,364 of capital outlay less capital asset transfers of \$53,770 was to increase net assets. 30,208,594

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. 12,895,754

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. (12,970,879)

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 \$4,995,000 and debt issue costs of \$74,514 less bond proceeds of \$8,715,000 less amortization of \$66,684 less arbitrage liability increase of \$117,698) is the net effect of these differences in the treatment of long-term debt and related items. (3,829,868)

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. (625,231)

Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental 28,677

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. 498,476

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. (1,634,583)

Change in net assets, governmental activities \$ 36,324,420

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, 2008**

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,463,905	\$ 1,526,689
Investments	28,898,846	14,198,348
Receivables (net of allowances for uncollectables of \$221,083)		
Accounts	1,472,908	23,184
Unbilled accounts	2,450,830	-
Interest	174,559	73,042
Other	-	5,062
Due from other funds	4,385	1,750,000
Inventory of supplies, at cost	-	130,572
Prepaid items	3,866	47,409
Restricted assets		
Cash	4,356,726	-
Investments	25,792,131	-
Interest receivable	110,657	-
Prepaid items	1,375	-
Total currents assets	<u>64,730,188</u>	<u>17,754,306</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>762,330</u>	<u>-</u>
Capital assets		
Land	2,368,892	-
Land improvements	106,700	-
Buildings	1,115,182	-
Other improvements	459,368	254,272
Water system	125,821,350	-
Sewer system	93,557,633	-
Machinery and equipment	3,445,753	3,766,150
Motor vehicles	-	15,948,840
Construction in progress	13,998,058	-
Total capital assets	<u>240,872,936</u>	<u>19,969,262</u>
Less - Accumulated depreciation	<u>(56,875,253)</u>	<u>(13,985,262)</u>
Capital assets, net of accumulated depreciation	<u>183,997,683</u>	<u>5,984,000</u>
 Total noncurrent assets	 <u>184,760,013</u>	 <u>5,984,000</u>
 Total assets	 <u>\$ 249,490,201</u>	 <u>\$ 23,738,306</u>

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current liabilities payable from restricted assets		
Deposits payable	\$ 1,330,675	\$ -
Accrued interest payable	255,083	-
Contracts and retainage payable	36,097	-
Money held in escrow	82,393	-
Current maturities of revenue bonds	4,975,000	-
Total current liabilities payable from restricted assets	<u>6,679,248</u>	<u>-</u>
Accounts payable	1,440,806	159,558
Incurred but not reported claim reserve	-	1,384,648
Accrued liabilities	366,992	68,072
Compensated absences	381,806	-
Due to other funds	49,017	4,385
Total current liabilities	<u>8,917,869</u>	<u>1,616,663</u>
Noncurrent liabilities		
Revenue bond payable	41,215,000	-
Compensated absences	278,190	-
Arbitrage payable	58,995	-
Deferred loss on refunding	(798,460)	-
Premium	566,076	-
Discount	(51,165)	-
Total noncurrent liabilities	<u>41,268,636</u>	<u>-</u>
Total liabilities	<u>50,186,505</u>	<u>1,616,663</u>
Net assets		
Invested in capital assets, net of related debt	159,684,492	5,984,000
Restricted		
For revenue bond retirements	2,024,478	-
Unrestricted	37,594,726	16,137,643
Total net assets	<u>\$ 199,303,696</u>	<u>\$ 22,121,643</u>

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, 2008**

**EXHIBIT 8**

Total net assets, enterprise fund \$ 199,303,696

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.

495,283

Total net assets, business-type activities

\$ 199,798,979

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



## CITY OF LEWISVILLE, TEXAS

## EXHIBIT 9

## PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 25,340,886	\$ 10,496,163
Miscellaneous	64,325	1,695
Total operating revenues	<u>25,405,211</u>	<u>10,497,858</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	6,979,314	6,572,905
Administrative	6,735,724	1,520,398
Depreciation	4,898,077	1,767,168
Total operating expenses	<u>18,613,115</u>	<u>9,860,471</u>
Total operating income	<u>6,792,096</u>	<u>637,387</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	2,015,797	757,418
Interest expense	(1,538,361)	-
Amortization	(168,876)	-
Gain on disposal of assets	4,385	235,345
Total non-operating revenues (expenses)	<u>312,945</u>	<u>992,763</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>7,105,041</u>	<u>1,630,150</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	-	117,811
Transfers out	(3,073,842)	(1,494,394)
Intragovernmental contributions	-	(2,000,000)
Contributions from other funds	-	53,770
Contributions from property owners	9,455,665	-
Contributions - impact fees	1,773,100	-
Total transfers and capital contributions	<u>8,154,923</u>	<u>(3,322,813)</u>
<b>CHANGE IN NET ASSETS</b>	15,259,964	(1,692,663)
<b>NET ASSETS, beginning</b>	<u>184,043,732</u>	<u>23,814,306</u>
<b>NET ASSETS, ending</b>	<u>\$ 199,303,696</u>	<u>\$ 22,121,643</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 THE ENTERPRISE FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT 10**

Net change in fund net assets, enterprise fund \$ 15,259,964

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.

(58,080)

Change in net assets, business-type activities \$ 15,201,884

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, 2008**

	<b><u>Business-Type Activities - Enterprise Fund</u></b>	<b><u>Governmental Activities - Internal Service Funds</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 25,182,620	\$ -
Cash received from transactions with other funds	115,807	10,487,278
Cash paid to employees for services	(5,116,357)	(311,837)
Cash paid for goods and services	(7,813,427)	(2,271,936)
Cash paid for claims	-	(5,870,249)
Cash received for miscellaneous items	-	1,695
	<u>12,368,643</u>	<u>2,034,951</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	-	68,862
Transfers out to other funds	(3,024,891)	(1,494,394)
Intragovernmental contributions	-	(2,000,000)
Cash received (paid) on interfund loan	-	250,000
	<u>(3,024,891)</u>	<u>(3,175,532)</u>
Net cash provided by (used in) noncapital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(6,462,525)	(1,553,651)
Proceeds from the sale of equipment	4,385	275,769
Proceeds from the sale of revenue bonds	10,300,000	-
Principal paid on revenue bond maturities	(6,620,000)	-
Impact fees	1,773,100	-
Interest paid	(1,855,168)	-
Bond issuance cost paid	(143,745)	-
	<u>(3,003,953)</u>	<u>(1,277,882)</u>
Net cash provided by (used in) capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(55,909,950)	(11,955,028)
Proceeds from sale and maturities of investments	47,362,043	14,203,557
Interest received	2,083,989	787,200
	<u>(6,463,918)</u>	<u>3,035,729</u>
Net cash provided by (used in) investing activities		
<b>NET (DECREASE) INCREASE IN CASH</b>	(124,119)	617,266
<b>CASH, beginning of year</b>	<u>5,944,750</u>	<u>909,423</u>
<b>CASH, end of year</b>	<u>\$ 5,820,631</u>	<u>\$ 1,526,689</u>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 1,463,905	\$ 1,526,689
Restricted cash and cash equivalents at end of year	4,356,726	-
<b>TOTAL CASH AT END OF YEAR</b>	<u>\$ 5,820,631</u>	<u>\$ 1,526,689</u>

	<b><u>Business-Type Activities - Enterprise Fund</u></b>	<b><u>Governmental Activities - Internal Service Funds</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 6,792,096	\$ 637,387
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	4,898,077	1,767,168
Provision for uncollectible accounts	48,025	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(305,467)	(8,885)
(Increase) decrease in prepaid expenses	(189)	15,792
(Increase) decrease in due from other funds	66,790	-
(Increase) decrease in inventory	-	(50,296)
Increase (decrease) in accounts and claims payable	726,944	(293,671)
Increase (decrease) in accrued liabilities	52,082	10,346
Increase (decrease) in deposits payable	57,826	-
Increase (decrease) in contracts and retainage payable	7,159	-
Increase (decrease) in arbitrage payable	(32,753)	-
Increase (decrease) in compensated absences	9,036	-
Increase (decrease) in due to other funds	49,017	(42,890)
Total adjustments	<u>5,576,547</u>	<u>1,397,564</u>
Net cash provided by (used in) operating activities	<u>\$ 12,368,643</u>	<u>\$ 2,034,951</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ 9,455,665	\$ 102,721
Increase in fair value of investments	(298,544)	(76,812)

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

**CITY OF LEWISVILLE, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2008**

**EXHIBIT 12**

	<b>Castle Hills Debt Service Agency Fund</b>	<b>Lewisville OPEB Liability Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ 6,250,776	\$ 500,000
Investments	373,674	1,534,392
Interest receivable	4,977	497
Total assets	<u>6,629,427</u>	<u>2,034,889</u>
<b>LIABILITIES</b>		
Due to debt holders	<u>6,629,427</u>	<u>-</u>
Total liabilities	<u>6,629,427</u>	<u>-</u>
<b>NET ASSETS</b>		
Held in trust for retiree health benefits	<u><u>\$ -</u></u>	<u><u>\$ 2,034,889</u></u>

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

**CITY OF LEWISVILLE, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT 13**

	<b>Lewisville OPEB Liability Trust Fund</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Employer contributions	\$ 2,000,000
Investment earnings	515
Unrealized/realized gain, net	34,374
Total additions	<u>2,034,889</u>
<b>CHANGE IN NET ASSETS</b>	2,034,889
<b>NET ASSETS, beginning</b>	<u>                    -</u>
<b>NET ASSETS, ending</b>	<u><u>\$ 2,034,889</u></u>

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

**CITY OF LEWISVILLE, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**STATEMENT OF NET ASSETS (DEFICIT)**  
**SEPTEMBER 30, 2008**

**EXHIBIT 14**

	<b>Governmental Activities</b>				<b>Total Component Units</b>
	<b>Lewisville Housing Finance Corporation</b>	<b>Lewisville Industrial Development Authority, Inc.</b>	<b>Lewisville Parks and Library Development Corporation</b>	<b>Tax Increment Reinvestment Zone (Old Town)</b>	
<b>ASSETS</b>					
Cash	\$ 239	\$ 375	\$ 1,438,324	\$ 491,963	\$ 1,930,901
Investments	3,915	6,153	23,195,579	8,067,023	31,272,670
Receivables					
Taxes	-	-	818,421	-	818,421
Interest	110	33	122,662	42,661	165,466
Deferred charges	-	-	277,747	64,475	342,222
Prepaid items	-	-	685	-	685
Total assets	<u>\$ 4,264</u>	<u>\$ 6,561</u>	<u>\$ 25,853,418</u>	<u>\$ 8,666,122</u>	<u>\$ 34,530,365</u>
<b>LIABILITIES</b>					
Current					
Accounts and contracts payable	\$ -	\$ -	\$ 1,612,561	\$ 3,798	\$ 1,616,359
Accrued liabilities	-	-	17,196	-	17,196
Accrued interest payable	-	-	209,605	43,672	253,277
Retainage payable	-	-	442,730	-	442,730
Noncurrent liabilities					
Due within one year	-	-	1,255,033	-	1,255,033
Due within more than one year	-	-	35,402,162	7,874,231	43,276,393
Total liabilities	<u>-</u>	<u>-</u>	<u>38,939,287</u>	<u>7,921,701</u>	<u>46,860,988</u>
<b>NET ASSETS (DEFICIT)</b>					
Restricted for tax increment zone	-	-	-	744,421	744,421
Unrestricted	<u>4,264</u>	<u>6,561</u>	<u>(13,085,869)</u>	<u>-</u>	<u>(13,075,044)</u>
Total net assets (deficit)	<u>4,264</u>	<u>6,561</u>	<u>(13,085,869)</u>	<u>744,421</u>	<u>(12,330,623)</u>
Total liabilities and net assets (deficit)	<u>\$ 4,264</u>	<u>\$ 6,561</u>	<u>\$ 25,853,418</u>	<u>\$ 8,666,122</u>	<u>\$ 34,530,365</u>

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

**CITY OF LEWISVILLE, TEXAS  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT 15**

	<b>Governmental Activities</b>				<b>Total Component Units</b>
	<b>Lewisville Housing Finance Corporation</b>	<b>Lewisville Industrial Development Authority, Inc.</b>	<b>Lewisville Parks and Library Development Corporation</b>	<b>Tax Increment Reinvestment Zone (Old Town)</b>	
<b>EXPENSES</b>					
General government	\$ -	\$ -	\$ -	\$ 104,510	\$ 104,510
Culture, parks and recreation	-	-	9,228,541	-	9,228,541
Public services	17,990	-	-	-	17,990
Interest on long term debt	-	-	1,691,674	352,257	2,043,931
Total expenses	<u>17,990</u>	<u>-</u>	<u>10,920,215</u>	<u>456,767</u>	<u>11,394,972</u>
<b>PROGRAM REVENUES</b>					
Charges for services					
Culture, parks and recreation	-	-	180,854	-	180,854
Total charges for services	<u>-</u>	<u>-</u>	<u>180,854</u>	<u>-</u>	<u>180,854</u>
Total program revenues	<u>-</u>	<u>-</u>	<u>180,854</u>	<u>-</u>	<u>180,854</u>
<b>GENERAL REVENUES</b>					
Property taxes	-	-	-	491,606	491,606
Sales taxes	-	-	4,735,507	-	4,735,507
Investment earnings	2,671	32	1,064,481	295,546	1,362,730
Total general revenues	<u>2,671</u>	<u>32</u>	<u>5,799,988</u>	<u>787,152</u>	<u>6,589,843</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(15,319)	32	(4,939,373)	330,385	(4,624,275)
Net assets (deficit), beginning	<u>19,583</u>	<u>6,529</u>	<u>(8,146,496)</u>	<u>414,036</u>	<u>(7,706,348)</u>
Net assets (deficit), ending	<u>\$ 4,264</u>	<u>\$ 6,561</u>	<u>\$(13,085,869)</u>	<u>\$ 744,421</u>	<u>\$(12,330,623)</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 Units

- 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.
- The Local Government Corporation was established July 2006 to assist in economic development initiatives. Allowable under Chapter 431 of the Texas Transportation Code, this corporation cannot incur any debt without City Council approval. 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 to all assets transfer to the City. The activities of the Lewisville Local Government Corporation are accounted for as a blended component unit and included with the non-major governmental funds.

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.

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

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- 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 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 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.

*Castle Hills PID Capital Projects Fund* – The City's Castle Hills PID Capital Projects Fund accounts for the acquisition and construction of major capital facilities financed by the Castle Hills Public Improvements District.

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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, Records Management Fund, Juvenile Case Manager Fund, and Lewisville Local Government Corporation.

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.

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 and Trust Funds – The City’s agency fund is custodial in nature and does not involve measurement of results of operations. The City’s trust fund is used to account for assets held by the City in a trustee capacity.

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- 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.
- Lewisville OPEB Liability Trust Fund – The City’s OPEB Liability Trust Fund accounts for the funding of post-employment healthcare benefits for retirees of the City.

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.

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, 2008, the City had a tax margin of \$2.0595 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.

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 \$346,826.

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 can be accrued up to 200 days but the City will compensate only for hours in excess of 30 days up to a maximum of 90 days upon termination. 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 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 (State and Federal), Fire and Police Training Special Revenue, Law Enforcement Officer Standards and Education Special Revenue, Records Management Special Revenue, Juvenile Case Manager 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), OPEB Liability Trust Fund and Old Town Tax Increment Reinvestment Zone Funds.

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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 \$13,085,869 at September 30, 2008.

**2. CASH, INVESTMENTS, AND DEPOSITS**

At year end, the government's carrying amount of deposits was \$14,830,378 and the bank balance was \$13,946,089. 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 Wachovia Bank, NA. 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;

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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, 2008 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, 2008 was \$83,433,835. At September 30, 2008, the City also had \$70,181,126 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.

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

	Carrying Amount	Fair Value
U.S. Government Agency securities	\$ 83,433,835	\$ 83,433,835
Investment in TexPool	70,181,126	70,181,126
Total investments	<u>\$ 153,614,961</u>	<u>\$ 153,614,961</u>

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. In accordance with its investment policy, the City further

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manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

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 (NRSROs). All investment pools policies require a rating of AA or better from a nationally recognized rating agency. While State law allows investments in commercial paper and corporate bonds that meet rating guidelines issued by NRSROs, the City's policy further restricts investments purchases, aside from those managed by pools, to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; and other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by, the full faith and credit of the State of Texas or the United States or its agencies and instrumentalities. The City's investments in U.S. Agency securities (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank) 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, 2008.

Concentration of Credit Risk

In accordance with the City's investment policy, 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 of Texas and the City's investment policy requires that a financial institution secure deposits made by state or local government entities by pledging securities in an 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. The City's investment policy further limits exposure to custodial risk on investments through the use of third party safekeeping agreements, delivery versus payment, and limiting types of investments listed earlier in this note.

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**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	Castle Hills PID Capital Projects	Non-Major and Other Funds	Total Governmental Funds
Receivables						
Property taxes	\$ 601,401	\$ 253,373	\$ -	\$ -	\$ -	\$ 854,774
Franchise taxes	1,536,689	-	-	-	-	1,536,689
Sales taxes	3,273,684	-	-	-	-	3,273,684
Mixed drink taxes	106,320	-	-	-	-	106,320
Accounts	1,196,408	-	1,074,643	-	513,758	2,784,809
Unbilled trade accounts	213,315	-	-	-	-	213,315
Interest	141,163	10,509	277,941	2,318	16,140	448,071
Court	612,202	-	-	-	-	612,202
Grants	-	-	-	-	1,124,330	1,124,330
Ambulance	4,756,675	-	-	-	-	4,756,675
Miscellaneous	-	-	-	-	4,932	4,932
Gross receivables	<u>12,437,857</u>	<u>263,882</u>	<u>1,352,584</u>	<u>2,318</u>	<u>1,659,160</u>	<u>15,715,801</u>
Less: allowance	<u>(4,255,728)</u>	<u>(168,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,424,041)</u>
Net total receivables	<u>\$ 8,182,129</u>	<u>\$ 95,569</u>	<u>\$ 1,352,584</u>	<u>\$ 2,318</u>	<u>\$ 1,659,160</u>	<u>\$ 11,291,760</u>

	Water and Sewer	Internal Service	Total Proprietary Funds	Total Governmental Funds	Total All Funds
Receivables					
Property taxes	\$ -	\$ -	\$ -	\$ 854,774	\$ 854,774
Franchise taxes	-	-	-	1,536,689	1,536,689
Sales taxes	-	-	-	3,273,684	3,273,684
Mixed drink taxes	-	-	-	106,320	106,320
Accounts	1,693,991	28,246	1,722,237	2,784,809	4,507,046
Unbilled trade accounts	2,450,830	-	2,450,830	213,315	2,664,145
Interest	285,216	73,042	358,258	448,071	806,329
Court	-	-	-	612,202	612,202
Grants	-	-	-	1,124,330	1,124,330
Ambulance	-	-	-	4,756,675	4,756,675
Miscellaneous	-	-	-	4,932	4,932
Gross receivables	<u>4,430,037</u>	<u>101,288</u>	<u>4,531,325</u>	<u>15,715,801</u>	<u>20,247,126</u>
Less: allowance	<u>(221,083)</u>	<u>-</u>	<u>(221,083)</u>	<u>(4,424,041)</u>	<u>(4,645,124)</u>
Net total receivables	<u>\$ 4,208,954</u>	<u>\$ 101,288</u>	<u>\$ 4,310,242</u>	<u>\$ 11,291,760</u>	<u>\$ 15,602,002</u>

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**4. INTERFUND TRANSACTIONS**

Interfund transactions and balances for the fiscal year 2008 were as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Nonmajor Governmental	\$ 122,133	Short-term funding of deficit cash
General	Water & Sewer Utility	49,017	Properly classify revenue & expense
General Capital Projects	Nonmajor Governmental	789,218	Short-term funding of deficit cash
Water & Sewer Utility	Internal Service	4,385	Properly classify revenue
Internal Service	Nonmajor Governmental	1,750,000	Prepaid lease payment
		<u>\$ 2,714,753</u>	

The only interfund balance not expected to be collected within one year is \$1,750,000 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**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer Utility	\$ 3,024,891	Payments in lieu of taxes and indirect cost reimbursement
General	Nonmajor Governmental	140,899	Indirect cost reimbursement and excess funds transfer
General	General Capital Projects	2,400,000	Reimbursement for prefunded construction costs
Debt Service	General Capital Projects	4,628	Bond proceeds for debt service
General Capital Projects	General	4,971,859	Financing of capital improvements
General Capital Projects	Internal Service	1,494,394	Financing of capital improvements
Nonmajor Governmental	General	66,389	Matching funds
Internal Service	Water and Sewer Utility	48,951	Transfer of capital assets
Internal Service	General Capital Projects	68,860	Interest transfer
		<u>\$ 12,220,871</u>	

CITY OF LEWISVILLE, TEXAS  
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**5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
<u>Governmental Funds</u>					
Capital assets, not being depreciated:					
Land	\$ 38,743,371	\$ 1,148,959	\$ -	\$ 755,249	\$ 40,647,579
Construction in progress	12,110,484	37,915,385	-	(22,019,812)	28,006,057
Total capital assets, not being depreciated	<u>50,853,855</u>	<u>39,064,344</u>	<u>-</u>	<u>(21,264,563)</u>	<u>68,653,636</u>
Capital assets, being depreciated:					
Land improvements	244,403,928	3,857,229	-	19,920,200	268,181,357
Buildings	55,956,293	-	-	324,024	56,280,317
Other improvements	9,048,834	-	-	123,931	9,172,765
Machinery and equipment	19,618,466	236,545	(5,978)	842,638	20,691,671
Total capital assets being depreciated	<u>329,027,521</u>	<u>4,093,774</u>	<u>(5,978)</u>	<u>21,210,793</u>	<u>354,326,110</u>
Accumulated depreciation:					
Land improvements	(87,433,981)	(9,173,473)	-	-	(96,607,454)
Buildings	(13,538,859)	(1,685,817)	-	-	(15,224,676)
Other improvements	(1,494,872)	(510,254)	-	-	(2,005,126)
Machinery and equipment	(13,153,113)	(1,601,335)	5,978	-	(14,748,470)
Total accumulated depreciation	<u>(115,620,825)</u>	<u>(12,970,879)</u>	<u>5,978</u>	<u>-</u>	<u>(128,585,726)</u>
Total capital assets being depreciated, net	<u>213,406,696</u>	<u>(8,877,105)</u>	<u>-</u>	<u>21,210,793</u>	<u>225,740,384</u>
Total governmental funds capital assets, net	<u>264,260,551</u>	<u>30,187,239</u>	<u>-</u>	<u>(53,770)</u>	<u>294,394,020</u>
<u>Internal service funds</u>					
Capital assets, being depreciated:					
Other improvements	146,476	107,796	-	-	254,272
Machinery and equipment	19,514,250	1,445,855	(1,347,836)	102,721	19,714,990
Total internal service assets being depreciated	<u>19,660,726</u>	<u>1,553,651</u>	<u>(1,347,836)</u>	<u>102,721</u>	<u>19,969,262</u>
Accumulated depreciation:					
Other improvements	(9,334)	(10,042)	-	-	(19,376)
Machinery and equipment	(13,516,170)	(1,757,126)	1,307,410	-	(13,965,886)
Total accumulated depreciation	<u>(13,525,504)</u>	<u>(1,767,168)</u>	<u>1,307,410</u>	<u>-</u>	<u>(13,985,262)</u>
Total internal services funds capital assets, net	<u>6,135,222</u>	<u>(213,517)</u>	<u>(40,426)</u>	<u>102,721</u>	<u>5,984,000</u>
Governmental activities capital assets, net	<u>\$ 270,395,773</u>	<u>\$ 29,973,722</u>	<u>\$ (40,426)</u>	<u>\$ 48,951</u>	<u>\$ 300,378,020</u>

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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,344,365	\$ -	\$ -	\$ 24,527	\$ 2,368,892
Construction in progress	7,804,781	12,782,890	-	(6,589,613)	13,998,058
Total capital assets, not being depreciated	<u>10,149,146</u>	<u>12,782,890</u>	<u>-</u>	<u>(6,565,086)</u>	<u>16,366,950</u>
Capital assets, being depreciated:					
Land improvements	106,700	-	-	-	106,700
Buildings	588,419	-	-	526,763	1,115,182
Other improvements	452,000	-	-	7,368	459,368
Water system	120,622,771	2,302,649	-	2,895,930	125,821,350
Sewer system	89,362,953	1,080,000	-	3,114,680	93,557,633
Machinery and equipment	3,381,637	50,526	(6,755)	20,345	3,445,753
Vehicles	-	48,951	-	(48,951)	-
Total capital assets being depreciated	<u>214,514,480</u>	<u>3,482,126</u>	<u>(6,755)</u>	<u>6,516,135</u>	<u>224,505,986</u>
Accumulated depreciation:					
Land improvements	(66,458)	(2,379)	-	-	(68,837)
Buildings	(238,245)	(25,144)	-	-	(263,389)
Other improvements	(38,901)	(23,162)	-	-	(62,063)
Water system	(26,517,264)	(2,672,406)	-	-	(29,189,670)
Sewer system	(23,262,695)	(1,873,192)	-	-	(25,135,887)
Machinery and equipment	(1,860,368)	(301,794)	6,755	-	(2,155,407)
Total accumulated depreciation	<u>(51,983,931)</u>	<u>(4,898,077)</u>	<u>6,755</u>	<u>-</u>	<u>(56,875,253)</u>
Business-type activities capital assets, net					
Total capital assets being depreciated, net	162,530,549	(1,415,951)	-	6,516,135	167,630,733
Total capital assets, net	<u>\$ 172,679,695</u>	<u>\$ 11,366,939</u>	<u>\$ -</u>	<u>\$ (48,951)</u>	<u>\$ 183,997,683</u>

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

Governmental Activities:	
General government	\$ 623,594
Administration and legal	520,153
Finance	104,311
Community relations/tourism	33,514
Human resources	718
Municipal court	2,062
Information technology	144,252
Police	555,917
Fire	253,449
Public works	9,308,620
Parks and leisure	1,243,226
Community development	181,063
Internal service funds	1,767,168
Total depreciation expense - governmental activities	<u>\$ 14,738,047</u>
Business-type activities:	
Water and sewer	<u>\$ 4,898,077</u>

Outstanding commitments at September 30, 2008 under authorized construction contracts were approximately \$29,324,800. 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.

Upon retirement, benefits depend upon the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of the City's plan, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. In addition, the City can grant, either annually or on an annually repeating basis, another type of monetary credit referred to as

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an updated service credit. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the City 2 to 1 match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest.

The City elected to increase the annuities (Annuity Increases) of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year. The City has adopted annuity increases at the rate of 70% of the increase (if any) in the Consumer Price Index—all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

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% of employee gross earnings and the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method (effective with the December 31, 2007 actuarial valuation). This rate consists of the normal cost contribution rate and the prior service cost contribution rate. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percentage, 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 City's retirement contribution rate consists of the normal cost contribution rate and the prior service 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 portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior

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service contribution rates include recognition of the projected impact of annually repeating updates, such as Updated Service Credit and Annuity Increases.

The City's contribution rate could not exceed a statutory maximum rate of 13.5%, which is a function of the employee contribution rate and the City matching percentage, unless it elected to remove the maximum rate. The City's governing body elected to remove the maximum rate effective January 1, 2009.

Contributions are made monthly by both the employees and the City. Since the City must 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 contribution rate and the calendar year when the rate goes into effect (i.e. December 31, 2007 valuation is effective for rates beginning January 2009.)

**Schedule of Actuarial Liabilities and Funding Progress**

	FY 2007-08	FY 2006-07	FY 2005-06
	12/31/07	12/31/06	12/31/05
Actuarial valuation date			
Actuarial value of assets	\$ 79,908,001	\$ 76,477,973	\$ 71,279,622
Actuarial accrued liability	126,259,331	99,119,243	91,168,521
Percentage funded	63.3%	77.2%	78.2%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	46,351,330	22,641,270	19,888,899
Annual covered payroll	34,936,279	32,971,986	31,563,050
UAAL as a percentage of covered payroll	132.7%	68.7%	63.0%
Net pension obligation (NPO) at the beginning of period	-	-	-
Annual pension cost:			
Annual required contribution (ARC)	4,871,746	4,387,314	3,929,065
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contributions made	4,871,746	4,387,314	3,929,065
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

**Actuarial Assumptions, beginning plan year ending December 31, 2007**

Actuarial Cost Method -	Projected Unit Credit
Amortization Method -	Level Percent of Payroll
Remaining Amortization Period -	30 Years – Closed Period
Asset Valuation Method -	Amortized Cost
Investment Rate of Return -	7%
Projected Salary Increases -	Varies by age and service
Includes Inflation At -	3.0%
Cost-of-Living Adjustments -	2.1% (3.0% CPI)

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Recent 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).

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. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis.

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 will 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 required contribution rate. The City has elected to utilize the eight-year phase-in period for its contributions beginning January 1, 2009, thus resulting in an upcoming net pension obligation during this phase-in period.

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City’s unfunded actuarial accrued liability and funded ratio would have been different as the table below reflects:

	<u>12/31/07 Valuation</u>	
	New Assumptions Projected Unit Credit Closed-30yr Amortization	Old Assumptions Unit Credit Open-25yr Amortization
Unfunded Actuarial Accrued Liability	46,351,330	25,438,349
Funded Ratio	63.3%	75.9%

The City of Lewisville is one of 827 municipalities having the benefit plan administered by TMRS. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS

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Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

## **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 \$0.3966 per \$1,000 gallons. Effective October 1, 2008, the rate became \$.4744 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**

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. Expenditures for this benefit are recognized as employees retire and the insurance policy is purchased. The City recognized expenditures of \$49,215 for the year ended September 30, 2008 to purchase life insurance policies for eight eligible retirees.

### Lewisville OPEB Liability Trust Fund

The City established an irrevocable trust during the fiscal year for the systematic funding of post-employment health benefits as a single-employer, defined benefit plan. Plan assets may be used only for the payment or reimbursement of benefits provided to retirees, in accordance with the terms of the plan.

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*Summary of Significant Accounting Policies*

Financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized when due. The City's contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

*Plan Descriptions and Contribution Information*

The City provides comprehensive group medical benefits for employees at retirement who meet the eligibility requirements for postretirement benefits. Eligibility requirements are (1) age 60 and 5 years of service with the City, or (2) 20 years of service with Texas Municipal Retirement System, the City's pension provider. Election must be made at time of retirement to remain in the plan. Continuation of coverage is subject to the payment of required contributions by participating retirees and dependents. The City contributes a fixed amount toward each retiree's monthly premium, based on the tenure with the City. The City may increase its contribution amount up to two percent annually.

Membership of the plan consists of the following at October 1, 2008, the date of the latest actuarial valuation:

Number of retirees and beneficiaries receiving benefit	77
Active plan members	650

*Funding Status and Funding Progress*

The City made an initial contribution to the trust of \$2,000,000 for beginning plan assets. Annual required contributions per GASB Statement 45 will begin in 2009, the first required fiscal year under the statement.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The schedule of employer contributions present trend information about the amounts contributed to the plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

**Actuarial Assumptions**

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Valuation date	10/1/2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed
Amortization period	30 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.5%
General Inflation	3.0%

Healthcare cost trend rate is assumed to be greater than 3% annually and hence is not applicable for purposes of this valuation, since the City's future costs are capped at 2% annually.

**Schedule of Funding Status and Funding Progress**

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Actuarial Valuation Date	10/1/2008 *
Actuarial Value of Assets	\$2,034,900
Actuarial Accrued Liability (AAL)	\$5,666,100
Unfunded AAL (UAAL)	\$3,631,200
Funded Ratio	35.9%
Covered Payroll	\$36,991,239
UAAL as a Percentage of Covered Payroll	9.8%

\* *inception year*

**Schedule of Employer Contributions**

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Beginning Contribution Year	9/30/2009
Annual Required Contribution	\$482,500

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**9. COMPONENTS OF RESTRICTED ASSETS**

Cash, interest receivable, investments and prepaid items	
Deposits	\$ 1,330,675
Money held in escrow	82,393
Revenue bond current debt service accounts	2,985,955
Revenue bond future debt service accounts	4,268,606
Revenue bond construction accounts	<u>21,593,260</u>
 Total	 <u>\$30,260,889</u>

The related liabilities payable from restricted assets at September 30, 2008 are as follows:

Deposits payable	\$1,330,675
Escrow payable	82,393
Accrued interest payable	255,083
Contracts and retainage payable	36,097
Current maturities of revenue bonds	<u>4,975,000</u>
 Total	 <u>\$6,679,248</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, 2008, 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.

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

Restricted Assets	
Revenue bond current debt service accounts	\$2,985,955
Revenue bond future debt service accounts	<u>4,268,606</u>
	<u>\$7,254,561</u>
Less - Liabilities payable from restricted assets	
Accrued interest payable	\$ 255,083
Current maturities of revenue bonds	<u>4,975,000</u>
	<u>5,230,083</u>
Reserved for revenue bond retirement	<u>\$2,024,478</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 \$18,526,658 for Nationwide and \$16,182,461 for AIG Valic at September 30, 2008. 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.

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**11. LONG TERM LIABILITIES**

General Obligation Bonds

During the year, \$8,715,000 of General Obligation Bonds were issued for the purpose of constructing street and drainage improvements. The City also issued \$10,300,000 in Waterworks and Sewer System Revenue Bonds to construct improvements and extensions to the City's waterworks and sewer system.

General Obligation Bonds 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. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	2.00% - 5.50%	\$63,235,000

Annual debt service requirements to maturity for General Obligation Bonds, including interest of \$19,167,839 are as follows:

<u>Year Ended September 30</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 4,965,000	\$ 2,837,892	\$ 7,802,892
2010	4,985,000	2,532,940	7,517,940
2011	5,095,000	2,308,465	7,403,465
2012	5,120,000	2,082,466	7,202,466
2013	5,150,000	1,852,879	7,002,879
2014-2018	23,215,000	5,877,207	29,092,207
2019-2023	13,875,000	1,657,834	15,532,834
2024	830,000	18,156	848,156
	<u>\$ 63,235,000</u>	<u>\$ 19,167,839</u>	<u>\$ 82,402,839</u>

The City Council passed a resolution in August 2008 to redeem part of the 1999 General Obligation Bonds. The City's intent is to redeem an aggregate principal amount of \$240,000, with \$75,000 of such amount being allocated to the February 15, 2014 sinking fund redemption payment and \$165,000 allocated to the February 15, 2015 maturity payment. The Bonds will be redeemed at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date.

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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, 2008, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water supply and waste water treatment	2.00% - 5.65%	\$46,190,000
Less-Current maturities payable from restricted assets		4,975,000
		<u>\$41,215,000</u>

Revenue bond debt service requirements to maturity, including interest of \$11,879,740 are as follows:

<u>Year Ended September 30</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 4,975,000	\$ 1,944,927	\$ 6,919,927
2010	4,770,000	1,733,281	6,503,281
2011	4,440,000	1,532,013	5,972,013
2012	4,240,000	1,342,508	5,582,508
2013	4,040,000	1,154,093	5,194,093
2014-2018	16,195,000	3,395,906	19,590,906
2019-2023	6,755,000	760,543	7,515,543
2024	775,000	16,469	791,469
	<u>\$ 46,190,000</u>	<u>\$ 11,879,740</u>	<u>\$ 58,069,740</u>

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2008, the City was in compliance with all significant limitations and restrictions.

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 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, 2008, \$9,265,000 of outstanding General Obligation Bonds and \$3,875,000 of Water and Sewer Revenue Bonds are considered defeased.

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending	Due Within One Year
Governmental activities:					
Bonds payable	\$ 59,515,000	\$ 8,715,000	\$ (4,995,000)	\$ 63,235,000	\$ 4,965,000
Less deferred amount on refunding	(744,601)	-	63,973	(680,628)	-
Premium	1,316,193	-	(100,542)	1,215,651	-
Arbitrage Payable	22,083	117,698	-	139,781	-
Compensated absences	5,633,796	4,324,670	(3,699,439)	6,259,027	4,265,423
Governmental activity long-term liabilities	<u>\$ 65,742,471</u>	<u>\$ 13,157,368</u>	<u>\$ (8,731,008)</u>	<u>\$ 70,168,831</u>	<u>\$ 9,230,423</u>
Business activities:					
Bonds payable	\$ 42,510,000	\$ 10,300,000	\$ (6,620,000)	46,190,000	\$ 4,975,000
Less deferred amount on refunding	(939,489)	-	141,029	(798,460)	-
Premium	617,996	15,712	(67,632)	566,076	-
Discount	(54,898)	-	3,733	(51,165)	-
Arbitrage Payable	91,748	-	(32,753)	58,995	-
Compensated absences	650,960	375,443	(366,407)	659,996	381,806
Business activity long-term liabilities	<u>\$ 42,876,317</u>	<u>\$ 10,691,155</u>	<u>\$ (6,942,030)</u>	<u>\$ 46,625,442</u>	<u>\$ 5,356,806</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. Certificates of Obligation were issued in 2007 for the Lewisville Parks and Library Development Corporation and the Tax Increment Reinvestment Zone Number 1 (TIRZ, also known as Old Town) component units. Proceeds are being utilized for constructing an athletic complex, an arts activity center, parking lot and related improvements.

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Certificates of Obligation outstanding at September 30, 2008 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	3.25% - 5.25%	\$36,175,000

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>	
2009	\$ 1,245,000	\$ 1,654,978	\$ 2,899,978
2010	1,285,000	1,609,503	2,894,503
2011	1,335,000	1,560,812	2,895,812
2012	1,390,000	1,508,496	2,898,496
2013	1,445,000	1,452,359	2,897,359
2014-2018	8,315,000	6,161,625	14,476,625
2019-2023	10,585,000	3,893,138	14,478,138
2024-2028	6,110,000	1,678,987	7,788,987
2029-2032	4,465,000	424,650	4,889,650
	<u>\$ 36,175,000</u>	<u>\$ 19,944,548</u>	<u>\$ 56,119,548</u>

Certificates of Obligation outstanding at September 30, 2008 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	3.75% - 4.49%	\$7,800,000

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

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

Year Ended September 30	Certificates of Obligation		Total
	Principal	Interest	
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	165,000	343,266	508,266
2014-2018	1,455,000	1,554,606	3,009,606
2019-2023	2,715,000	1,118,990	3,833,990
2024-2027	3,405,000	351,547	3,756,547
	<u>\$ 7,800,000</u>	<u>\$ 4,763,925</u>	<u>\$ 12,563,925</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.	\$ 37,375,000	\$ -	\$ (1,200,000)	\$ 36,175,000	\$ 1,245,000
Premium on issuance of debt	317,119	-	(15,878)	301,241	-
Arbitrage Payable	-	166,232	-	166,232	-
Compensated absences	12,730	15,412	(13,420)	14,722	10,033
LPLDC activities total:	<u>37,704,849</u>	<u>181,644</u>	<u>(1,229,298)</u>	<u>36,657,195</u>	<u>1,255,033</u>
TIRZ activities:					
Bonds Payable:					
Tax and Revenue C.O.	7,800,000	-	-	7,800,000	-
Premium on issuance of debt	21,023	-	(1,066)	19,957	-
Arbitrage Payable	-	54,274	-	54,274	-
TIRZ activities total:	<u>7,821,023</u>	<u>54,274</u>	<u>(1,066)</u>	<u>7,874,231</u>	<u>-</u>
Component unit long-term liabilities	<u>\$ 45,525,872</u>	<u>\$ 235,918</u>	<u>\$ (1,230,364)</u>	<u>\$ 44,531,426</u>	<u>\$ 1,255,033</u>

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

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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, 2008, the Lewisville Housing Finance Corporation Housing Revenue Bonds were outstanding. The principal amount payable was \$11,185,000.

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

\$20,000,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Capital Improvement Bonds, Series 2008

**CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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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.

Prior to the 2008 bond issue, 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). For the 2008 bond issue, 90% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and 10% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity.

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, 2008, City of Lewisville, Texas Contract Revenue and Special Assessment Improvement Bonds outstanding aggregated was \$90,285,000.

## **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 2007-08, a total of \$941,416 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, 2007, the healthcare reinsurance provided excess coverage (beyond \$100,000 per occurrence) and an annual aggregate stop loss of approximately \$4,804,363 per plan year limit. The healthcare liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

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reported claims. During FY 2007-08, total expenses for claims, reinsurance premiums, and administrative costs for healthcare amounted to \$5,741,738.

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 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, 2008 are as follows:

	<u>2008</u>	<u>2007</u>
Claims payable beginning of year	\$ 1,729,729	\$ 1,448,656
Incurred claims	5,525,168	5,496,830
Claims payments	<u>(5,870,249)</u>	<u>(5,215,757)</u>
Claims payable end of year	<u>\$ 1,384,648</u>	<u>\$ 1,729,729</u>

**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, 2008**

**EXHIBIT A-1**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property and other taxes	\$43,896,035	\$43,896,035	\$45,396,240	\$ 1,500,205
Licenses and permits	1,833,561	1,833,561	2,328,846	495,285
Charges for services	4,928,602	4,928,602	5,603,449	674,847
Recreation	1,116,102	1,116,102	1,133,848	17,746
Fines and forfeitures	2,724,733	2,724,733	2,916,566	191,833
Investment earnings	1,074,376	1,074,376	1,037,805	(36,571)
Miscellaneous	571,027	571,027	400,006	(171,021)
Total revenues	<u>56,144,436</u>	<u>56,144,436</u>	<u>58,816,760</u>	<u>2,672,324</u>
<b>EXPENDITURES</b>				
Current				
General government	1,477,467	1,029,736	986,772	42,964
Mayor and council	78,961	78,961	70,610	8,351
Administrative and legal	2,223,349	2,234,504	2,209,981	24,523
Community relations/tourism	479,395	479,395	441,777	37,618
Police	17,434,648	17,502,598	17,184,924	317,674
Fire	13,991,863	14,008,793	13,904,106	104,687
Public services	4,330,821	4,337,538	4,336,820	718
Parks and leisure	6,177,822	6,228,403	6,202,437	25,966
Community development	4,901,581	4,910,478	4,564,865	345,613
Finance	1,233,924	1,236,037	1,217,210	18,827
Human resources	717,636	717,636	705,344	12,292
Information technology services	1,886,785	1,925,504	1,789,609	135,895
Municipal court	887,994	887,994	850,850	37,144
Capital outlay	270,619	169,697	120,548	49,149
Total expenditures	<u>56,092,865</u>	<u>55,747,274</u>	<u>54,585,853</u>	<u>1,161,421</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>51,571</u>	<u>397,162</u>	<u>4,230,907</u>	<u>3,833,745</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,026,485	3,129,200	5,565,790	2,436,590
Transfers out	(4,410,825)	(5,046,752)	(5,038,248)	8,504
Proceeds from sale of assets	-	-	4,998	4,998
Total other financing sources (uses)	<u>(1,384,340)</u>	<u>(1,917,552)</u>	<u>532,540</u>	<u>2,450,092</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,332,769)</u>	<u>(1,520,390)</u>	<u>4,763,447</u>	<u>6,283,837</u>
<b>FUND BALANCES, beginning</b>	<u>26,765,908</u>	<u>26,765,908</u>	<u>26,765,908</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$25,433,139</u>	<u>\$25,245,518</u>	<u>\$31,529,355</u>	<u>\$ 6,283,837</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

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### **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.

### **CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT CAPITAL PROJECTS FUND**

The Castle Hills PID Capital Projects Fund is used to account for acquisition and construction of major capital facilities financed by the Castle Hills Public Improvement District.



**CITY OF LEWISVILLE, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT B-1**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 1,630,432	\$ 476,612
Investments	26,658,155	22,756,651
Receivables (net of allowances for uncollectables of \$4,255,728 in 2008 and \$3,554,684 in 2007)		
Taxes	5,118,590	4,983,207
Accounts	2,488,520	2,122,731
Unbilled accounts	213,315	190,804
Interest	141,163	157,106
Court	220,541	166,381
Due from other funds	171,150	217,686
Due from other governments	-	3,223
Prepaid items	196,935	271,000
Total assets	<u>\$ 36,838,801</u>	<u>\$ 31,345,401</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 1,115,646	\$ 968,342
Accrued liabilities	2,027,784	1,966,703
Deposits payable	7,700	9,250
Deferred revenues	2,037,155	1,579,203
Money held in escrow	121,161	55,995
Total liabilities	<u>5,309,446</u>	<u>4,579,493</u>
Fund balances		
Reserved for prepaid items	196,935	271,000
Reserved for encumbrances	156,790	222,778
Unrestricted, undesignated	31,175,630	26,272,130
Total fund balances	<u>31,529,355</u>	<u>26,765,908</u>
 Total liabilities and fund balances	 <u>\$ 36,838,801</u>	 <u>\$ 31,345,401</u>

**CITY OF LEWISVILLE, TEXAS**

**EXHIBIT B-2**

**GENERAL FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES FOR FISCAL YEARS ENDED  
SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Property and other taxes	\$ 45,396,240	\$ 43,432,930
Licenses and permits	2,328,846	2,393,345
Charges for services	5,603,449	5,212,302
Recreation	1,133,848	1,083,171
Fines and forfeitures	2,916,566	2,680,535
Investment earnings	1,037,805	1,089,247
Miscellaneous	400,006	360,199
Total revenues	<u>58,816,760</u>	<u>56,251,729</u>
<b>EXPENDITURES</b>		
Current		
General government	7,421,303	7,385,661
Culture, parks and recreation	6,202,437	5,818,283
Public safety	31,939,880	29,740,524
Public services	8,901,685	8,588,174
Capital outlay	120,548	1,203,167
Total expenditures	<u>54,585,853</u>	<u>52,735,809</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>4,230,907</u>	<u>3,515,920</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	5,565,790	4,885,362
Transfers out	(5,038,248)	(8,324,602)
Proceeds from sale of assets	4,998	14,171
Total other financing sources (uses)	<u>532,540</u>	<u>(3,425,069)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	4,763,447	90,851
<b>FUND BALANCES, beginning</b>	<u>26,765,908</u>	<u>26,675,057</u>
<b>FUND BALANCES, ending</b>	<u>\$ 31,529,355</u>	<u>\$ 26,765,908</u>

**CITY OF LEWISVILLE, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT C-1**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 97,790	\$ 43,450
Investments	1,987,287	2,090,775
Receivables (net of allowances for uncollectables of \$168,313 in 2008 and \$193,069 in 2007)		
Taxes	85,060	79,142
Interest	10,509	14,314
Prepaid items	<u>1,292</u>	<u>2,562</u>
Total assets	<u>\$ 2,181,938</u>	<u>\$ 2,230,243</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accrued interest payable	\$ 32,467	\$ 83,334
Deferred revenues	85,060	79,142
Total liabilities	<u>117,527</u>	<u>162,476</u>
Fund balances		
Reserved for prepaid items	1,292	2,562
Reserved for debt service	2,063,119	2,065,205
Total fund balance	<u>2,064,411</u>	<u>2,067,767</u>
Total liabilities and fund balance	<u>\$ 2,181,938</u>	<u>\$ 2,230,243</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, 2008 AND 2007**

**EXHIBIT C-2**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Taxes	\$ 7,586,574	\$ 7,851,731
Investment earnings	134,457	138,839
Miscellaneous	7,949	-
Total revenues	<u>7,728,980</u>	<u>7,990,570</u>
<b>EXPENDITURES</b>		
Debt Service		
Principal	4,995,000	5,335,000
Interest and fiscal charges	2,741,964	2,194,185
Total expenditures	<u>7,736,964</u>	<u>7,529,185</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,984)</u>	<u>461,385</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer In	4,628	13,966
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>4,628</u>	<u>(50,796)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,356)	410,589
<b>FUND BALANCES, beginning</b>	<u>2,067,767</u>	<u>1,657,178</u>
<b>FUND BALANCES, ending</b>	<u>\$ 2,064,411</u>	<u>\$ 2,067,767</u>

CITY OF LEWISVILLE, TEXAS

EXHIBIT C-3

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,439,109	\$ 7,439,109	\$ 7,586,574	\$ 147,465
Investment earnings	112,948	112,948	134,457	21,509
Miscellaneous	-	-	7,949	7,949
Total revenues	<u>7,552,057</u>	<u>7,552,057</u>	<u>7,728,980</u>	<u>176,923</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	4,995,000	4,995,000	4,995,000	-
Interest and fiscal charges	2,834,367	2,834,367	2,741,964	92,403
Total expenditures	<u>7,829,367</u>	<u>7,829,367</u>	<u>7,736,964</u>	<u>92,403</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(277,310)</u>	<u>(277,310)</u>	<u>(7,984)</u>	<u>269,326</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	4,628	4,628
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,628</u>	<u>4,628</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(277,310)</u>	<u>(277,310)</u>	<u>(3,356)</u>	<u>273,954</u>
<b>FUND BALANCES, beginning</b>	<u>2,067,767</u>	<u>2,067,767</u>	<u>2,067,767</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 1,790,457</u>	<u>\$ 1,790,457</u>	<u>\$ 2,064,411</u>	<u>\$ 273,954</u>

**CITY OF LEWISVILLE, TEXAS  
GENERAL CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT D-1**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 3,230,071	\$ 1,083,698
Investments	52,965,402	52,151,297
Receivables		
Interest	277,941	357,040
Other	1,074,643	315,267
Due from other funds	789,218	-
Prepaid items	927	2,225
Total assets	<u>\$ 58,338,202</u>	<u>\$ 53,909,527</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 2,257,267	\$ 2,498,305
Money held in escrow	5,133,817	5,639,917
Retainage payable	458,702	183,440
Total liabilities	<u>7,849,786</u>	<u>8,321,662</u>
Fund balances		
Reserved for prepaid items	927	2,225
Reserved for encumbrances	10,021,030	10,064,497
Reserved for capital projects	40,466,459	35,521,143
Total fund balances	<u>50,488,416</u>	<u>45,587,865</u>
 Total liabilities and fund balances	 <u>\$ 58,338,202</u>	 <u>\$ 53,909,527</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, 2008 AND 2007**

**EXHIBIT D-2**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 1,942,239	\$ 2,254,765
Contributions	8,994,010	3,205,708
Miscellaneous	111,293	61
Total revenues	<u>11,047,542</u>	<u>5,460,534</u>
<b>EXPENDITURES</b>		
Debt Service		
Interest and fiscal charges	74,514	99,975
Capital Outlay	18,774,870	13,171,007
Total expenditures	<u>18,849,384</u>	<u>13,270,982</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,801,842)</u>	<u>(7,810,448)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	6,466,253	11,384,677
Transfers out	(2,473,488)	(1,647,073)
Issuance of general obligation bonds	8,715,000	13,655,000
Premium (discount) on issuance of general obligation bonds	(5,372)	395,301
Total other financing sources (uses)	<u>12,702,393</u>	<u>23,787,905</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>4,900,551</u>	<u>15,977,457</u>
<b>FUND BALANCES, beginning</b>	45,587,865	29,963,579
Prior period adjustment	-	(353,171)
<b>FUND BALANCES, beginning, as restated</b>	<u>45,587,865</u>	<u>29,610,408</u>
<b>FUND BALANCES, ending</b>	<u>\$ 50,488,416</u>	<u>\$ 45,587,865</u>

**CITY OF LEWISVILLE, TEXAS  
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT  
 CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT D-3**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 2,328,961	\$ -
Receivables		
Interest	2,318	-
Total assets	<u>\$ 2,331,279</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 239,473	\$ -
Retainage payable	516,255	-
Total liabilities	<u>755,728</u>	<u>-</u>
 Fund balances		
Reserved for capital projects	1,575,551	-
Total fund balances	<u>1,575,551</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ 2,331,279</u>	<u>\$ -</u>

**CITY OF LEWISVILLE, TEXAS  
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT  
 CAPITAL PROJECTS FUND  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS  
 ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT D-4**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 52,990	\$ -
Contributions from property owners	18,647,021	-
Total revenues	<u>18,700,011</u>	<u>-</u>
<b>EXPENDITURES</b>		
Interest and fiscal charges	678,126	-
Capital outlay	16,446,334	-
Total expenditures	<u>17,124,460</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,575,551	-
<b>FUND BALANCES, beginning</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 1,575,551</u></u>	<u><u>\$ -</u></u>



## **MAJOR PROPRIETARY ENTERPRISE FUND**

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An 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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,463,905	\$ 1,504,311
Investments	28,898,846	26,875,086
Receivables (net of allowances for uncollectables of \$221,083 in 2008 and \$173,058 in 2007)		
Accounts	1,472,908	1,453,064
Unbilled accounts	2,450,830	2,213,232
Interest	174,559	235,076
Due from other funds	4,385	71,175
Prepaid items	3,866	2,077
Restricted assets		
Cash	4,356,726	4,440,439
Investments	25,792,131	19,267,984
Interest receivable	110,657	118,332
Prepaid items	1,375	2,975
Total currents assets	<u>64,730,188</u>	<u>56,183,751</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>762,330</u>	<u>710,329</u>
Capital assets		
Land	2,368,892	2,344,365
Land improvements	106,700	106,700
Buildings	1,115,182	588,419
Other improvements	459,368	452,000
Water system	125,821,350	120,622,771
Sewer system	93,557,633	89,362,953
Machinery and equipment	3,445,753	3,381,637
Construction in progress	13,998,058	7,804,781
Total capital assets	<u>240,872,936</u>	<u>224,663,626</u>
Less - Accumulated depreciation	<u>(56,875,253)</u>	<u>(51,983,931)</u>
Capital assets, net of accumulated depreciation	<u>183,997,683</u>	<u>172,679,695</u>
Total noncurrent assets	<u>184,760,013</u>	<u>173,390,024</u>
Total assets	<u>\$ 249,490,201</u>	<u>\$ 229,573,775</u>

	<u>2008</u>	<u>2007</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current liabilities payable from restricted assets		
Deposits payable	\$ 1,330,675	\$ 1,272,849
Accrued interest payable	255,083	240,774
Contracts and retainage payable	36,097	28,938
Money held in escrow	82,393	105,368
Current maturities of revenue bonds	4,975,000	5,625,000
Total current liabilities payable from restricted assets	<u>6,679,248</u>	<u>7,272,929</u>
Accounts payable	1,440,806	690,887
Accrued liabilities	366,992	314,910
Compensated absences	381,806	387,849
Due to other funds	49,017	-
Total current liabilities	<u>8,917,869</u>	<u>8,666,575</u>
Noncurrent liabilities		
Revenue bond payable	41,215,000	36,885,000
Compensated absences	278,190	263,111
Arbitrage payable	58,995	91,748
Deferred loss on refunding	(798,460)	(939,489)
Premium	566,076	617,996
Discount	(51,165)	(54,898)
Total noncurrent liabilities	<u>41,268,636</u>	<u>36,863,468</u>
Total liabilities	<u>50,186,505</u>	<u>45,530,043</u>
Net assets		
Invested in capital assets, net of related debt	159,684,492	145,133,125
Restricted		
For revenue bond retirements	2,024,478	1,998,699
Unrestricted	37,594,726	36,911,908
Total net assets	<u>\$ 199,303,696</u>	<u>\$ 184,043,732</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, 2008 AND 2007**

**EXHIBIT E-2**

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water Sales	\$ 15,003,985	\$ 13,427,828
Sewer service	9,485,404	9,309,817
Tap fees	62,194	92,628
Industrial charges	125,721	106,137
Wholesale sewage treatment	494,840	403,247
Wholesale water sales	11,444	9,304
Reconnect and sample fees	157,298	100,118
Total charges for sales and service	<u>25,340,886</u>	<u>23,449,079</u>
Miscellaneous	64,325	34,210
Total operating revenues	<u>25,405,211</u>	<u>23,483,289</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	6,979,314	6,749,587
Administrative	6,735,724	6,456,092
Depreciation	4,898,077	4,726,850
Total operating expenses	<u>18,613,115</u>	<u>17,932,529</u>
Total operating income	<u>6,792,096</u>	<u>5,550,760</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	2,015,797	2,775,365
Interest expense	(1,538,361)	(1,773,348)
Amortization	(168,876)	(166,407)
Gain on disposal of assets	4,385	33,103
Arbitrage refund	-	13,241
Total non-operating revenues (expenses)	<u>312,945</u>	<u>881,954</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>7,105,041</u>	<u>6,432,714</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	-	15,747
Transfers out	(3,073,842)	(2,958,882)
Contributions from property owners	9,455,665	2,360,572
Contributions - impact fees	1,773,100	2,248,144
Total transfers and capital contributions	<u>8,154,923</u>	<u>1,665,581</u>
<b>CHANGE IN NET ASSETS</b>	15,259,964	8,098,295
<b>NET ASSETS, beginning</b>	184,043,732	175,945,437
<b>NET ASSETS, ending</b>	<u>\$ 199,303,696</u>	<u>\$ 184,043,732</u>



**CITY OF LEWISVILLE, TEXAS  
WATER AND SEWER UTILITY ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 25,182,620	\$ 24,384,042
Cash received from transactions with other funds	115,807	(125,584)
Cash paid to employees for services	(5,116,357)	(4,795,619)
Cash paid for goods and services	(7,813,427)	(8,669,760)
	<u>12,368,643</u>	<u>10,793,079</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	-	15,747
Transfers out to other funds	(3,024,891)	(2,915,089)
	<u>(3,024,891)</u>	<u>(2,899,342)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(6,462,525)	(10,004,370)
Proceeds from the sale of equipment	4,385	33,103
Proceeds from the sale of revenue bonds	10,300,000	-
Principal paid on revenue bond maturities	(6,620,000)	(6,790,000)
Impact fees	1,773,100	2,248,144
Interest paid	(1,855,168)	(2,058,573)
Bond issuance cost paid	(143,745)	-
	<u>(3,003,953)</u>	<u>(16,571,696)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(55,909,950)	(28,290,475)
Proceeds from sale and maturities of investments	47,362,043	34,375,825
Interest received	2,083,989	2,732,070
	<u>(6,463,918)</u>	<u>8,817,420</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(124,119)	139,461
<b>CASH, beginning of year</b>	<u>5,944,750</u>	<u>5,805,289</u>
<b>CASH, end of year</b>	<u>\$ 5,820,631</u>	<u>\$ 5,944,750</u>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 1,463,905	\$ 1,504,311
Restricted cash and cash equivalents at end of year	4,356,726	4,440,439
<b>TOTAL CASH AT END OF YEAR</b>	<u>\$ 5,820,631</u>	<u>\$ 5,944,750</u>

	<u>2008</u>	<u>2007</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 6,792,096	\$ 5,550,760
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	4,898,077	4,726,850
Provision for uncollectible accounts	48,025	(472,229)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(305,467)	1,236,349
(Increase) decrease in prepaid expenses	(189)	(696)
(Increase) decrease in due from other funds	66,790	(68,872)
Increase (decrease) in accounts payable and contracts payable	726,944	51,309
Increase (decrease) in accrued liabilities	52,082	102,023
Increase (decrease) in deposits payable	57,826	31,265
Increase (decrease) in contracts and retainage payable	7,159	(410,628)
Increase (decrease) in arbitrage payable	(32,753)	52,474
Increase (decrease) in compensated absences	9,036	51,186
Increase (decrease) in due to other funds	49,017	(56,712)
Total adjustments	<u>5,576,547</u>	<u>5,242,319</u>
Net cash provided by (used in) operating activities	<u>\$ 12,368,643</u>	<u>\$ 10,793,079</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ 9,455,665	\$ 2,360,572
Increase (decrease) in fair value of investments	(298,544)	245,615



## **NON-MAJOR GOVERNMENTAL FUNDS**

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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 fifteen 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**

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### **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.

### **JUVENILE CASE MANAGER FUND**

To account for Municipal Court fees used to fund a portion of the juvenile case manager position.

Additionally, one blended component unit is included as a Non-Major Special Revenue Governmental Fund:

### **LEWISVILLE LOCAL GOVERNMENT CORPORATION FUND**

To account for assistance efforts in economic development initiatives.

**CITY OF LEWISVILLE, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2008**

**Special Revenues**

	<b>Hotel/Motel Tax</b>	<b>Recreation Activity</b>	<b>Grant</b>	<b>Public Improvement District</b>	<b>Municipal Court Security</b>	<b>Municipal Court Technology</b>	<b>Police Asset Forfeiture</b>
<b>ASSETS</b>							
Cash	\$ 106,393	\$ 12,929	\$ 2,592	\$ 10,082	\$ 5,077	\$ 23,303	\$ 12,750
Investments	1,744,593	212,003	42,511	165,331	83,259	382,110	113,148
Receivables							
Accounts	507,506	-	1,124,330	-	-	-	-
Interest	9,236	1,133	1	874	440	2,021	598
Other	-	-	-	-	-	-	-
Prepaid items	3,476,038	7,081	333	-	150	-	-
Total assets	<u>\$ 5,843,766</u>	<u>\$ 233,146</u>	<u>\$ 1,169,767</u>	<u>\$ 176,287</u>	<u>\$ 88,926</u>	<u>\$ 407,434</u>	<u>\$ 126,496</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts and contracts payable	\$ 62,160	\$ 20,966	\$ 196,775	\$ -	\$ 1,049	\$ 128	\$ 43,087
Deferred revenues	34,606	-	1,364	-	-	-	-
Due to other funds	1,750,000	-	911,351	-	-	-	-
Total liabilities	<u>1,846,766</u>	<u>20,966</u>	<u>1,109,490</u>	<u>-</u>	<u>1,049</u>	<u>128</u>	<u>43,087</u>
<b>Fund balances</b>							
Reserved for prepaid items	3,476,038	7,081	333	-	150	-	-
Reserved for encumbrances	41,813	-	59,944	850	-	34,432	-
Unreserved, undesignated	479,149	205,099	-	175,437	87,727	372,874	83,409
Total fund balances	<u>3,997,000</u>	<u>212,180</u>	<u>60,277</u>	<u>176,287</u>	<u>87,877</u>	<u>407,306</u>	<u>83,409</u>
Total liabilities and fund balances	<u>\$ 5,843,766</u>	<u>\$ 233,146</u>	<u>\$ 1,169,767</u>	<u>\$ 176,287</u>	<u>\$ 88,926</u>	<u>\$ 407,434</u>	<u>\$ 126,496</u>

## Special Revenues

<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>Juvenile Case Manager</u>	<u>Lewisville Local Government Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,228	\$ 1,881	\$ 390	\$ 11,191	\$ 3,039	\$ 154	\$ 1,451	\$ 3,344	\$ 195,804
20,111	30,848	6,398	183,486	49,832	2,516	23,804	54,842	3,114,792
-	-	-	6,252	-	-	-	-	1,638,088
114	163	34	972	264	-	-	290	16,140
-	-	-	-	-	-	-	4,932	4,932
-	-	3,453	600	-	-	-	-	3,487,655
<u>\$ 21,453</u>	<u>\$ 32,892</u>	<u>\$ 10,275</u>	<u>\$ 202,501</u>	<u>\$ 53,135</u>	<u>\$ 2,670</u>	<u>\$ 25,255</u>	<u>\$ 63,408</u>	<u>\$ 8,457,411</u>
\$ 74	\$ -	\$ -	\$ 340	\$ -	\$ -	\$ 2,114	\$ -	\$ 326,693
-	-	-	-	-	-	-	-	35,970
-	-	-	-	-	-	-	-	2,661,351
<u>74</u>	<u>-</u>	<u>-</u>	<u>340</u>	<u>-</u>	<u>-</u>	<u>2,114</u>	<u>-</u>	<u>3,024,014</u>
-	-	3,453	600	-	-	-	-	3,487,655
-	-	-	-	-	-	-	-	137,039
<u>21,379</u>	<u>32,892</u>	<u>6,822</u>	<u>201,561</u>	<u>53,135</u>	<u>2,670</u>	<u>23,141</u>	<u>63,408</u>	<u>1,808,703</u>
<u>21,379</u>	<u>32,892</u>	<u>10,275</u>	<u>202,161</u>	<u>53,135</u>	<u>2,670</u>	<u>23,141</u>	<u>63,408</u>	<u>5,433,397</u>
<u>\$ 21,453</u>	<u>\$ 32,892</u>	<u>\$ 10,275</u>	<u>\$ 202,501</u>	<u>\$ 53,135</u>	<u>\$ 2,670</u>	<u>\$ 25,255</u>	<u>\$ 63,408</u>	<u>\$ 8,457,411</u>

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, 2008

	<u>Special Revenues</u>						
	<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>	<u>Police Asset Forfeiture</u>
<b>REVENUES</b>							
Taxes	\$ 1,830,230	\$ -	\$ -	\$ 15,264	\$ -	\$ -	\$ -
Recreation	-	457,828	-	-	-	-	-
Investment earnings	65,479	7,833	2,386	8,721	3,457	15,100	4,206
Grants							
Culture, parks and recreation	-	-	1,061,894	-	-	-	-
Public safety	-	-	220,857	-	-	-	-
Public services	-	-	708,082	-	-	-	-
Miscellaneous	<u>7</u>	<u>3,110</u>	<u>-</u>	<u>-</u>	<u>64,699</u>	<u>86,240</u>	<u>6,636</u>
Total revenues	<u>1,895,716</u>	<u>468,771</u>	<u>1,993,219</u>	<u>23,985</u>	<u>68,156</u>	<u>101,340</u>	<u>10,842</u>
<b>EXPENDITURES</b>							
Current							
General government	1,477,134	-	-	3,901	-	-	-
Culture, parks and recreation	-	415,246	22,149	-	-	-	-
Public safety	-	-	266,842	-	32,527	50,415	58,299
Public services	-	-	822,961	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>965,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,477,134</u>	<u>415,246</u>	<u>2,076,976</u>	<u>3,901</u>	<u>32,527</u>	<u>50,415</u>	<u>58,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>418,582</u>	<u>53,525</u>	<u>(83,757)</u>	<u>20,084</u>	<u>35,629</u>	<u>50,925</u>	<u>(47,457)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	66,389	-	-	-	-
Transfers out	-	-	(102,671)	(1,560)	(36,668)	-	-
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,684</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(36,282)</u>	<u>(1,560)</u>	<u>(36,668)</u>	<u>-</u>	<u>4,684</u>
<b>NET CHANGE IN FUND BALANCES</b>	418,582	53,525	(120,039)	18,524	(1,039)	50,925	(42,773)
<b>FUND BALANCES, beginning</b>	<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>	<u>126,182</u>
<b>FUND BALANCES, ending</b>	<u>\$ 3,997,000</u>	<u>\$ 212,180</u>	<u>\$ 60,277</u>	<u>\$ 176,287</u>	<u>\$ 87,877</u>	<u>\$ 407,306</u>	<u>\$ 83,409</u>

## Special Revenues

<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>Juvenile Case Manager</u>	<u>Lewisville Local Government Corporation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,845,494
-	-	-	-	-	-	-	-	457,828
785	1,043	553	7,653	1,939	-	-	521	119,676
-	-	-	-	-	-	-	-	1,061,894
-	-	-	-	-	-	-	-	220,857
-	-	-	-	-	-	-	-	708,082
<u>4,672</u>	<u>16,041</u>	<u>10,382</u>	<u>146,711</u>	<u>6,005</u>	<u>-</u>	<u>49,049</u>	<u>62,887</u>	<u>456,439</u>
<u>5,457</u>	<u>17,084</u>	<u>10,935</u>	<u>154,364</u>	<u>7,944</u>	<u>-</u>	<u>49,049</u>	<u>63,408</u>	<u>4,870,270</u>
4,245	-	-	48,901	-	1,466	-	-	1,535,647
-	-	-	237	-	-	-	-	437,632
-	9,410	14,012	43,844	9,750	-	25,908	-	511,007
-	-	-	-	-	-	-	-	822,961
-	-	-	10,886	-	-	-	-	975,910
<u>4,245</u>	<u>9,410</u>	<u>14,012</u>	<u>103,868</u>	<u>9,750</u>	<u>1,466</u>	<u>25,908</u>	<u>-</u>	<u>4,283,157</u>
<u>1,212</u>	<u>7,674</u>	<u>(3,077)</u>	<u>50,496</u>	<u>(1,806)</u>	<u>(1,466)</u>	<u>23,141</u>	<u>63,408</u>	<u>587,113</u>
-	-	-	-	-	-	-	-	66,389
-	-	-	-	-	-	-	-	(140,899)
-	-	-	-	-	-	-	-	4,684
-	-	-	-	-	-	-	-	(69,826)
1,212	7,674	(3,077)	50,496	(1,806)	(1,466)	23,141	63,408	517,287
<u>20,167</u>	<u>25,218</u>	<u>13,352</u>	<u>151,665</u>	<u>54,941</u>	<u>4,136</u>	<u>-</u>	<u>-</u>	<u>4,916,110</u>
<u>\$ 21,379</u>	<u>\$ 32,892</u>	<u>\$ 10,275</u>	<u>\$ 202,161</u>	<u>\$ 53,135</u>	<u>\$ 2,670</u>	<u>\$ 23,141</u>	<u>\$ 63,408</u>	<u>\$ 5,433,397</u>

**CITY OF LEWISVILLE, TEXAS  
HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-3**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 106,393	\$ 35,064
Investments	1,744,593	1,687,200
Receivables		
Accounts	507,506	167,515
Interest	9,236	11,564
Prepaid items	3,476,038	3,723,472
Total assets	<u>\$ 5,843,766</u>	<u>\$ 5,624,815</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 62,160	\$ 46,397
Due to other funds	1,750,000	2,000,000
Deferred revenues	34,606	-
Total liabilities	<u>1,846,766</u>	<u>2,046,397</u>
 Fund balances		
Reserved for prepaid items	3,476,038	3,545,518
Reserved for encumbrances	41,813	32,900
Unreserved, undesignated	479,149	-
Total fund balances	<u>3,997,000</u>	<u>3,578,418</u>
 Total liabilities and fund balances	<u>\$ 5,843,766</u>	<u>\$ 5,624,815</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, 2008 AND 2007**

**EXHIBIT F-4**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Taxes	\$ 1,830,230	\$ 1,606,115
Investment earnings	65,479	72,135
Miscellaneous	7	60
Total revenues	<u>1,895,716</u>	<u>1,678,310</u>
<b>EXPENDITURES</b>		
Current		
General government	1,477,134	1,025,752
Total expenditures	<u>1,477,134</u>	<u>1,025,752</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>418,582</u>	<u>652,558</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of assets	-	719
Total other financing sources (uses)	<u>-</u>	<u>719</u>
<b>NET CHANGES IN FUND BALANCES</b>	418,582	653,277
<b>FUND BALANCES, beginning</b>	<u>3,578,418</u>	<u>2,925,141</u>
<b>FUND BALANCES, ending</b>	<u>\$ 3,997,000</u>	<u>\$ 3,578,418</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, 2008**

**EXHIBIT F-5**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$1,784,651	\$1,784,651	\$1,830,230	\$ 45,579
Investment earnings	48,093	48,093	65,479	17,386
Miscellaneous	-	-	7	7
Total revenues	<u>1,832,744</u>	<u>1,832,744</u>	<u>1,895,716</u>	<u>62,972</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>1,437,698</u>	<u>1,603,894</u>	<u>1,477,134</u>	<u>126,760</u>
Total expenditures	<u>1,437,698</u>	<u>1,603,894</u>	<u>1,477,134</u>	<u>126,760</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>395,046</u>	<u>228,850</u>	<u>418,582</u>	<u>189,732</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
<b>NET CHANGES IN FUND BALANCES</b>				
	145,046	(21,150)	418,582	439,732
<b>FUND BALANCES, beginning</b>				
	<u>3,578,418</u>	<u>3,578,418</u>	<u>3,578,418</u>	<u>-</u>
<b>FUND BALANCES, ending</b>				
	<u>\$3,723,464</u>	<u>\$3,557,268</u>	<u>\$3,997,000</u>	<u>\$ 439,732</u>

**CITY OF LEWISVILLE, TEXAS  
RECREATION ACTIVITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-6**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 12,929	\$ 10,216
Investments	212,003	153,724
Receivables		
Interest	1,133	1,073
Prepaid items	7,081	2,431
Total assets	<u>\$ 233,146</u>	<u>\$ 167,444</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 20,966	\$ 8,789
Total liabilities	<u>20,966</u>	<u>8,789</u>
Fund balances		
Reserved for prepaid items	7,081	2,431
Reserved for encumbrances	-	2,067
Unreserved, undesignated	205,099	154,157
Total fund balances	<u>212,180</u>	<u>158,655</u>
 Total liabilities and fund balances	 <u>\$ 233,146</u>	 <u>\$ 167,444</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, 2008 AND 2007**

**EXHIBIT F-7**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Recreation	\$ 457,828	\$ 302,017
Investment earnings	7,833	7,687
Miscellaneous	3,110	1,879
Total revenues	<u>468,771</u>	<u>311,583</u>
<b>EXPENDITURES</b>		
Current		
Culture, parks and recreation	415,246	287,466
Total expenditures	<u>415,246</u>	<u>287,466</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	53,525	24,117
<b>FUND BALANCES, beginning</b>	<u>158,655</u>	<u>134,538</u>
<b>FUND BALANCES, ending</b>	<u>\$ 212,180</u>	<u>\$ 158,655</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, 2008**

**EXHIBIT F-8**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Recreation	\$ 290,782	\$ 350,782	\$ 457,828	\$ 107,046
Investment earnings	5,900	5,900	7,833	1,933
Miscellaneous	1,500	1,500	3,110	1,610
Total revenues	<u>298,182</u>	<u>358,182</u>	<u>468,771</u>	<u>110,589</u>
<b>EXPENDITURES</b>				
Current				
Culture, parks and recreation	314,682	460,695	415,246	45,449
Capital outlay	4,300	354	-	354
Total expenditures	<u>318,982</u>	<u>461,049</u>	<u>415,246</u>	<u>45,803</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(20,800)	(102,867)	53,525	156,392
<b>FUND BALANCES, beginning</b>	<u>158,655</u>	<u>158,655</u>	<u>158,655</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 137,855</u>	<u>\$ 55,788</u>	<u>\$ 212,180</u>	<u>\$ 156,392</u>

**CITY OF LEWISVILLE, TEXAS  
GRANT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-9**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 2,592	\$ -
Investments	42,511	-
Receivables		
Accounts	1,124,330	461,206
Interest	1	585
Due from other governments	-	26,787
Prepaid items	333	3,532
Total assets	<u>\$ 1,169,767</u>	<u>\$ 492,110</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 196,775	\$ 49,421
Retainage payable	-	18,217
Due to other funds	911,351	240,156
Deferred revenue	1,364	4,000
Total liabilities	<u>1,109,490</u>	<u>311,794</u>
Fund balances		
Reserved for prepaid items	333	3,532
Reserved for encumbrances	59,944	176,784
Total fund balances	<u>60,277</u>	<u>180,316</u>
 Total liabilities and fund balances	 <u>\$ 1,169,767</u>	 <u>\$ 492,110</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, 2008 AND 2007**

**EXHIBIT F-10**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 2,386	\$ 11,662
Grants		
Culture, parks and recreation	1,061,894	10,305
Public safety	220,857	588,798
Public services	708,082	1,256,152
Total revenues	<u>1,993,219</u>	<u>1,866,917</u>
<b>EXPENDITURES</b>		
Current		
Culture, parks and recreation	22,149	10,305
Public safety	266,842	313,536
Public services	822,961	1,107,934
Capital outlay	965,024	468,884
Total expenditures	<u>2,076,976</u>	<u>1,900,659</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(83,757)</u>	<u>(33,742)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	66,389	80,420
Transfers out	(102,671)	(300,000)
Total other financing sources (uses)	<u>(36,282)</u>	<u>(219,580)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(120,039)	(253,322)
<b>FUND BALANCES, beginning</b>	<u>180,316</u>	<u>433,638</u>
<b>FUND BALANCES, ending</b>	<u>\$ 60,277</u>	<u>\$ 180,316</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, 2008**

**EXHIBIT F-11**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 4,295	\$ 4,295	\$ 2,386	\$ (1,909)
Grants				
Culture, parks and recreation	10,000	1,461,712	1,061,894	(399,818)
Public safety	207,230	247,802	220,857	(26,945)
Public services	583,141	1,136,785	708,082	(428,703)
Total revenues	<u>804,666</u>	<u>2,850,594</u>	<u>1,993,219</u>	<u>(857,375)</u>
<b>EXPENDITURES</b>				
Current				
Culture, parks and recreation	-	22,149	22,149	-
Public safety	267,873	311,443	266,842	44,601
Public services	611,686	1,158,396	822,961	335,435
Capital outlay	-	2,869,563	965,024	1,904,539
Total expenditures	<u>879,559</u>	<u>4,361,551</u>	<u>2,076,976</u>	<u>2,284,575</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(74,893)</u>	<u>(1,510,957)</u>	<u>(83,757)</u>	<u>1,427,200</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	74,893	74,893	66,389	(8,504)
Transfers out	-	(1,532,278)	(102,671)	1,429,607
Total other financing sources (uses)	<u>74,893</u>	<u>(1,457,385)</u>	<u>(36,282)</u>	<u>1,421,103</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(2,968,342)	(120,039)	2,848,303
<b>FUND BALANCES, beginning</b>	<u>180,316</u>	<u>180,316</u>	<u>180,316</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 180,316</u>	<u>\$(2,788,026)</u>	<u>\$ 60,277</u>	<u>\$ 2,848,303</u>

**CITY OF LEWISVILLE, TEXAS  
PUBLIC IMPROVEMENT DISTRICT TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-12**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 10,082	\$ 159,193
Investments	165,331	-
Receivables		
Interest	874	-
Total assets	<u>\$ 176,287</u>	<u>\$ 159,193</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Due to other funds	\$ -	\$ 1,430
Total liabilities	<u>-</u>	<u>1,430</u>
Fund balances		
Reserved for encumbrances	850	2,600
Unreserved, undesignated	175,437	155,163
Total fund balances	<u>176,287</u>	<u>157,763</u>
 Total liabilities and fund balances	 <u>\$ 176,287</u>	 <u>\$ 159,193</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, 2008 AND 2007**

**EXHIBIT F-13**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Taxes	\$ 15,264	\$ (4,319)
Investment earnings	8,721	309
Total revenues	<u>23,985</u>	<u>(4,010)</u>
<b>EXPENDITURES</b>		
Current		
General government	3,901	2,725
Total expenditures	<u>3,901</u>	<u>2,725</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>20,084</u>	<u>(6,735)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	<u>(1,560)</u>	<u>(1,560)</u>
Total other financing sources (uses)	<u>(1,560)</u>	<u>(1,560)</u>
<b>NET CHANGE IN FUND BALANCES</b>	18,524	(8,295)
<b>FUND BALANCES, beginning</b>	<u>157,763</u>	<u>166,058</u>
<b>FUND BALANCES, ending</b>	<u>\$ 176,287</u>	<u>\$ 157,763</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, 2008**

**EXHIBIT F-14**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 15,186	\$ 15,186	\$ 15,264	\$ 78
Investment earnings	800	800	8,721	7,921
Total revenues	<u>15,986</u>	<u>15,986</u>	<u>23,985</u>	<u>7,999</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>8,956</u>	<u>8,956</u>	<u>3,901</u>	<u>5,055</u>
Total expenditures	<u>8,956</u>	<u>8,956</u>	<u>3,901</u>	<u>5,055</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,030</u>	<u>7,030</u>	<u>20,084</u>	<u>13,054</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,560)</u>	<u>(1,560)</u>	<u>(1,560)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,560)</u>	<u>(1,560)</u>	<u>(1,560)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,470	5,470	18,524	13,054
<b>FUND BALANCES, beginning</b>	<u>157,763</u>	<u>157,763</u>	<u>157,763</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 163,233</u></u>	<u><u>\$ 163,233</u></u>	<u><u>\$ 176,287</u></u>	<u><u>\$ 13,054</u></u>

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-15**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 5,077	\$ 1,823
Investments	83,259	87,728
Receivables		
Interest	440	602
Prepaid items	150	-
Total assets	<u>\$ 88,926</u>	<u>\$ 90,153</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 1,049	\$ 1,237
Total liabilities	<u>1,049</u>	<u>1,237</u>
 Fund balances		
Reserved for prepaid items	150	-
Unreserved, undesignated	87,727	88,916
Total fund balances	<u>87,877</u>	<u>88,916</u>
 Total liabilities and fund balances	 <u>\$ 88,926</u>	 <u>\$ 90,153</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, 2008 AND 2007**

**EXHIBIT F-16**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Security fee	\$ 64,699	\$ 58,101
Investment earnings	3,457	4,336
Total revenues	<u>68,156</u>	<u>62,437</u>
<b>EXPENDITURES</b>		
Current		
Public safety	32,527	27,087
Total expenditures	<u>32,527</u>	<u>27,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>35,629</u>	<u>35,350</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	<u>(36,668)</u>	<u>(35,607)</u>
Total other financing sources (uses)	<u>(36,668)</u>	<u>(35,607)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,039)	(257)
<b>FUND BALANCES, beginning</b>	<u>88,916</u>	<u>89,173</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 87,877</u></u>	<u><u>\$ 88,916</u></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, 2008**

**EXHIBIT F-17**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Security fee	\$ 56,734	\$ 56,734	\$ 64,699	\$ 7,965
Investment earnings	4,000	4,000	3,457	(543)
Total revenues	<u>60,734</u>	<u>60,734</u>	<u>68,156</u>	<u>7,422</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>33,500</u>	<u>41,494</u>	<u>32,527</u>	<u>8,967</u>
Total expenditures	<u>33,500</u>	<u>41,494</u>	<u>32,527</u>	<u>8,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,234</u>	<u>19,240</u>	<u>35,629</u>	<u>16,389</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(36,668)</u>	<u>(36,668)</u>	<u>(36,668)</u>	<u>-</u>
Total other financing sources (uses)	<u>(36,668)</u>	<u>(36,668)</u>	<u>(36,668)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(9,434)	(17,428)	(1,039)	16,389
<b>FUND BALANCES, beginning</b>	<u>88,916</u>	<u>88,916</u>	<u>88,916</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 79,482</u></u>	<u><u>\$ 71,488</u></u>	<u><u>\$ 87,877</u></u>	<u><u>\$ 16,389</u></u>

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-18**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 23,303	\$ 7,209
Investments	382,110	346,907
Receivables		
Interest	2,021	2,375
Total assets	<u>\$ 407,434</u>	<u>\$ 356,491</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	<u>\$ 128</u>	<u>\$ 110</u>
Total liabilities	<u>128</u>	<u>110</u>
Fund balances		
Reserved for encumbrances	34,432	-
Unreserved, undesignated	372,874	356,381
Total fund balances	<u>407,306</u>	<u>356,381</u>
 Total liabilities and fund balances	 <u>\$ 407,434</u>	 <u>\$ 356,491</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, 2008 AND 2007**

**EXHIBIT F-19**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Technology fee	\$ 86,240	\$ 77,459
Investment earnings	15,100	17,043
Total revenues	<u>101,340</u>	<u>94,502</u>
<b>EXPENDITURES</b>		
Current		
Public safety	50,415	78,493
Total expenditures	<u>50,415</u>	<u>78,493</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	50,925	16,009
<b>FUND BALANCES, beginning</b>	<u>356,381</u>	<u>340,372</u>
<b>FUND BALANCES, ending</b>	<u>\$ 407,306</u>	<u>\$ 356,381</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, 2008**

**EXHIBIT F-20**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Technology fee	\$ 74,300	\$ 74,300	\$ 86,240	\$ 11,940
Investment earnings	12,500	12,500	15,100	2,600
Total revenues	<u>86,800</u>	<u>86,800</u>	<u>101,340</u>	<u>14,540</u>
<b>EXPENDITURES</b>				
Current				
Public safety	31,875	103,675	50,415	53,260
Total expenditures	<u>31,875</u>	<u>103,675</u>	<u>50,415</u>	<u>53,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	54,925	(16,875)	50,925	67,800
<b>FUND BALANCES, beginning</b>	<u>356,381</u>	<u>356,381</u>	<u>356,381</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 411,306</u>	<u>\$ 339,506</u>	<u>\$ 407,306</u>	<u>\$ 67,800</u>

**CITY OF LEWISVILLE, TEXAS  
POLICE ASSET FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-21**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 12,750	\$ 7,457
Investments	113,148	117,861
Receivables		
Accounts	-	3,318
Interest	598	806
Total assets	<u>\$ 126,496</u>	<u>\$ 129,442</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 43,087	\$ 3,260
Total liabilities	<u>43,087</u>	<u>3,260</u>
Fund balances		
Reserved for encumbrances	-	48,119
Unreserved, undesignated	83,409	78,063
Total fund balances	<u>83,409</u>	<u>126,182</u>
 Total liabilities and fund balances	 <u>\$ 126,496</u>	 <u>\$ 129,442</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, 2008 AND 2007**

**EXHIBIT F-22**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 4,206	\$ 6,113
Miscellaneous	6,636	49,429
Total revenues	<u>10,842</u>	<u>55,542</u>
<b>EXPENDITURES</b>		
Current		
Public safety	58,299	15,968
Total expenditures	<u>58,299</u>	<u>15,968</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(47,457)	39,574
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of assets	4,684	-
Total other financing sources (uses)	<u>4,684</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(42,773)	39,574
<b>FUND BALANCES, beginning</b>	<u>126,182</u>	<u>86,608</u>
<b>FUND BALANCES, ending</b>	<u>\$ 83,409</u>	<u>\$ 126,182</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, 2008**

**EXHIBIT F-23**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 3,500	\$ 3,500	\$ 4,206	\$ 706
Miscellaneous	3,000	3,000	6,636	3,636
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>10,842</u>	<u>4,342</u>
<b>EXPENDITURES</b>				
Current				
Public safety	11,000	59,120	58,299	821
Total expenditures	<u>11,000</u>	<u>59,120</u>	<u>58,299</u>	<u>821</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,500)</u>	<u>(52,620)</u>	<u>(47,457)</u>	<u>5,163</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	4,684	4,684
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,684</u>	<u>4,684</u>
<b>NET CHANGE IN FUND BALANCES</b>	(4,500)	(52,620)	(42,773)	9,847
<b>FUND BALANCES, beginning</b>	<u>126,182</u>	<u>126,182</u>	<u>126,182</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 121,682</u>	<u>\$ 73,562</u>	<u>\$ 83,409</u>	<u>\$ 9,847</u>

**CITY OF LEWISVILLE, TEXAS  
EMPLOYEE BENEVOLENT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-24**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 1,228	\$ 374
Investments	20,111	18,010
Receivables		
Accounts	-	1,701
Interest	114	124
Total assets	<u>\$ 21,453</u>	<u>\$ 20,209</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 74	\$ 42
Total liabilities	<u>74</u>	<u>42</u>
Fund balances		
Unreserved, undesignated	21,379	20,167
Total fund balances	<u>21,379</u>	<u>20,167</u>
 Total liabilities and fund balances	 <u>\$ 21,453</u>	 <u>\$ 20,209</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, 2008 AND 2007**

**EXHIBIT F-25**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 785	\$ 800
Miscellaneous	4,672	6,343
Total revenues	<u>5,457</u>	<u>7,143</u>
<b>EXPENDITURES</b>		
Current		
General government	4,245	4,536
Total expenditures	<u>4,245</u>	<u>4,536</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,212	2,607
<b>FUND BALANCES, beginning</b>	<u>20,167</u>	<u>17,560</u>
<b>FUND BALANCES, ending</b>	<u>\$ 21,379</u>	<u>\$ 20,167</u>

**CITY OF LEWISVILLE, TEXAS  
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-26**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 1,881	\$ 510
Investments	30,848	24,540
Receivables		
Interest	163	168
Total assets	<u>\$ 32,892</u>	<u>\$ 25,218</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 32,892</u>	<u>\$ 25,218</u>
Total fund balances	<u>32,892</u>	<u>25,218</u>
 Total liabilities and fund balances	<u>\$ 32,892</u>	<u>\$ 25,218</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, 2008 AND 2007**

**EXHIBIT F-27**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Charges for services	\$ 16,041	\$ 11,250
Investment earnings	1,043	1,414
Total revenues	<u>17,084</u>	<u>12,664</u>
<b>EXPENDITURES</b>		
Current		
Public safety	9,410	13,362
Total expenditures	<u>9,410</u>	<u>13,362</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,674	(698)
<b>FUND BALANCES, beginning</b>	<u>25,218</u>	<u>25,916</u>
<b>FUND BALANCES, ending</b>	<u>\$ 32,892</u>	<u>\$ 25,218</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, 2008**

**EXHIBIT F-28**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 10,357	\$ 15,857	\$ 16,041	\$ 184
Investment earnings	1,000	1,000	1,043	43
Total revenues	<u>11,357</u>	<u>16,857</u>	<u>17,084</u>	<u>227</u>
<b>EXPENDITURES</b>				
Current				
Public safety	9,500	15,000	9,410	5,590
Total expenditures	<u>9,500</u>	<u>15,000</u>	<u>9,410</u>	<u>5,590</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,857	1,857	7,674	5,817
<b>FUND BALANCES, beginning</b>	<u>25,218</u>	<u>25,218</u>	<u>25,218</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 27,075</u>	<u>\$ 27,075</u>	<u>\$ 32,892</u>	<u>\$ 5,817</u>

**CITY OF LEWISVILLE, TEXAS  
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION  
SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-29**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 390	\$ 225
Investments	6,398	10,825
Receivables		
Interest	34	74
Prepaid items	3,453	2,228
Total assets	<u>\$ 10,275</u>	<u>\$ 13,352</u>
 <b>FUND BALANCES</b>		
Reserved for prepaid items	\$ 3,453	\$ 2,228
Unreserved, undesignated	6,822	11,124
Total fund balances	<u>10,275</u>	<u>13,352</u>
 Total liabilities and fund balances	<u>\$ 10,275</u>	<u>\$ 13,352</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, 2008 AND 2007**

**EXHIBIT F-30**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 553	\$ 566
Miscellaneous	10,382	10,529
Total revenues	<u>10,935</u>	<u>11,095</u>
<b>EXPENDITURES</b>		
Current		
Public safety	14,012	17,812
Total expenditures	<u>14,012</u>	<u>17,812</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,077)	(6,717)
<b>FUND BALANCES, beginning</b>	<u>13,352</u>	<u>20,069</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 10,275</u></u>	<u><u>\$ 13,352</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, 2008**

**EXHIBIT F-31**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 300	\$ 300	\$ 553	\$ 253
Miscellaneous	10,000	10,000	10,382	382
Total revenues	<u>10,300</u>	<u>10,300</u>	<u>10,935</u>	<u>635</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>17,642</u>	<u>17,642</u>	<u>14,012</u>	<u>3,630</u>
Total expenditures	<u>17,642</u>	<u>17,642</u>	<u>14,012</u>	<u>3,630</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(7,342)	(7,342)	(3,077)	4,265
<b>FUND BALANCES, beginning</b>	<u>13,352</u>	<u>13,352</u>	<u>13,352</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 6,010</u>	<u>\$ 6,010</u>	<u>\$ 10,275</u>	<u>\$ 4,265</u>

**CITY OF LEWISVILLE, TEXAS  
DONATIONS SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-32**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 11,191	\$ 3,032
Investments	183,486	145,971
Receivables		
Accounts	6,252	2,786
Interest	972	1,002
Prepaid items	600	100
Total assets	<u>\$ 202,501</u>	<u>\$ 152,891</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 340	\$ 1,226
Total liabilities	<u>340</u>	<u>1,226</u>
 Fund balances		
Reserved for prepaid items	600	100
Unreserved, undesignated	201,561	151,565
Total fund balances	<u>202,161</u>	<u>151,665</u>
 Total liabilities and fund balances	<u>\$ 202,501</u>	<u>\$ 152,891</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, 2008 AND 2007**

**EXHIBIT F-33**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 7,653	\$ 7,140
Miscellaneous	146,711	145,785
Total revenues	<u>154,364</u>	<u>152,925</u>
<b>EXPENDITURES</b>		
Current		
General government	48,901	80,541
Culture, parks and recreation	237	4,803
Public safety	43,844	14,357
Public services	-	410
Capital outlay	10,886	5,009
Total expenditures	<u>103,868</u>	<u>105,120</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	50,496	47,805
<b>FUND BALANCES, beginning</b>	<u>151,665</u>	<u>103,860</u>
<b>FUND BALANCES, ending</b>	<u>\$ 202,161</u>	<u>\$ 151,665</u>

**CITY OF LEWISVILLE, TEXAS  
POLICE FEDERAL FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-34**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 3,039	\$ 1,111
Investments	49,832	53,464
Receivables		
Interest	264	366
Total assets	<u>\$ 53,135</u>	<u>\$ 54,941</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 53,135</u>	<u>\$ 54,941</u>
Total fund balances	<u>53,135</u>	<u>54,941</u>
 Total liabilities and fund balances	<u>\$ 53,135</u>	<u>\$ 54,941</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, 2008 AND 2007**

**EXHIBIT F-35**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 1,939	\$ 2,379
Miscellaneous	6,005	40,304
Total revenues	<u>7,944</u>	<u>42,683</u>
<b>EXPENDITURES</b>		
Current		
Public safety	9,750	-
Total expenditures	<u>9,750</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,806)	42,683
<b>FUND BALANCES, beginning</b>	<u>54,941</u>	<u>12,258</u>
<b>FUND BALANCES, ending</b>	<u>\$ 53,135</u>	<u>\$ 54,941</u>

**CITY OF LEWISVILLE, TEXAS  
POLICE FEDERAL 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, 2008**

**EXHIBIT F-36**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 1,939	\$ 1,939
Miscellaneous	-	-	6,005	6,005
Total revenues	-	-	7,944	7,944
<b>EXPENDITURES</b>				
Current				
Public safety	-	9,750	9,750	-
Capital outlay	10,000	250	-	250
Total expenditures	10,000	10,000	9,750	250
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(10,000)	(10,000)	(1,806)	8,194
<b>FUND BALANCES, beginning</b>				
	54,941	54,941	54,941	-
<b>FUND BALANCES, ending</b>				
	\$ 44,941	\$ 44,941	\$ 53,135	\$ 8,194

**CITY OF LEWISVILLE, TEXAS  
RECORDS MANAGEMENT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-37**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 154	\$ 85
Investments	2,516	4,051
Total assets	<u>\$ 2,670</u>	<u>\$ 4,136</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 2,670</u>	<u>\$ 4,136</u>
Total fund balances	<u>2,670</u>	<u>4,136</u>
 Total liabilities and fund balances	<u>\$ 2,670</u>	<u>\$ 4,136</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, 2008 AND 2007**

**EXHIBIT F-38**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ -	\$ 23
Total revenues	<u>-</u>	<u>23</u>
 <b>EXPENDITURES</b>		
Current		
General government	<u>1,466</u>	<u>4,445</u>
Total expenditures	<u>1,466</u>	<u>4,445</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	 (1,466)	 (4,422)
 <b>FUND BALANCES, beginning</b>	 <u>4,136</u>	 <u>8,558</u>
 <b>FUND BALANCES, ending</b>	 <u>\$ 2,670</u>	 <u>\$ 4,136</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, 2008**

**EXHIBIT F-39**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current				
General government	4,058	4,058	1,466	2,592
Total expenditures	4,058	4,058	1,466	2,592
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4,058)	(4,058)	(1,466)	2,592
<b>FUND BALANCES, beginning</b>	4,136	4,136	4,136	-
<b>FUND BALANCES, ending</b>	\$ 78	\$ 78	\$ 2,670	\$ 2,592

**CITY OF LEWISVILLE, TEXAS  
 JUVENILE CASE MANAGER SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-40**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 1,451	\$ -
Investments	23,804	-
Total assets	<u>\$ 25,255</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 2,114	\$ -
Total liabilities	<u>2,114</u>	<u>-</u>
Fund balances		
Unreserved, undesignated	23,141	-
Total fund balances	<u>23,141</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 25,255</u>	<u>\$ -</u>

**CITY OF LEWISVILLE, TEXAS  
 JUVENILE CASE MANAGER SPECIAL REVENUE FUND  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS  
 ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-41**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Manager fee	\$ 49,049	\$ -
Total revenues	<u>49,049</u>	<u>-</u>
 <b>EXPENDITURES</b>		
Current		
Public safety	25,908	-
Total expenditures	<u>25,908</u>	<u>-</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	23,141	-
 <b>FUND BALANCES, beginning</b>	<u>-</u>	<u>-</u>
 <b>FUND BALANCES, ending</b>	<u>\$ 23,141</u>	<u>\$ -</u>

**CITY OF LEWISVILLE, TEXAS  
 JUVENILE CASE MANAGER SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT F-42**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Manager fee	\$ 56,734	\$ 56,734	\$ 49,049	\$ (7,685)
Total revenues	<u>56,734</u>	<u>56,734</u>	<u>49,049</u>	<u>(7,685)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>29,951</u>	<u>29,951</u>	<u>25,908</u>	<u>4,043</u>
Total expenditures	<u>29,951</u>	<u>29,951</u>	<u>25,908</u>	<u>4,043</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	26,783	26,783	23,141	(3,642)
<b>FUND BALANCES, beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 26,783</u>	<u>\$ 26,783</u>	<u>\$ 23,141</u>	<u>\$ (3,642)</u>

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE LOCAL GOVERNMENT CORPORATION FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-43**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 3,344	\$ -
Investments	54,842	-
Interest	290	-
Other receivables	4,932	-
Total assets	<u>\$ 63,408</u>	<u>\$ -</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 63,408</u>	<u>\$ -</u>
Total fund balances	<u>63,408</u>	<u>-</u>
 Total liabilities and fund balances	<u>\$ 63,408</u>	<u>\$ -</u>

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE LOCAL GOVERNMENT CORPORATION FUND  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS  
 ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT F-44**

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Investment earnings	\$ 521	\$ -
Miscellaneous	62,887	-
Total revenues	<u>63,408</u>	<u>-</u>
<b>EXPENDITURES</b>		
Current		
General government	-	-
Total expenditures	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	63,408	-
<b>FUND BALANCES, beginning</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 63,408</u></u>	<u><u>\$ -</u></u>



## INTERNAL SERVICE FUNDS

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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 assets 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, 2008 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2007**

	<u>Self Insurance Risk</u>	<u>Health Insurance Risk Pool</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 424,341	\$ 832,120
Investments	6,373,168	3,394,088
Receivables		
Accounts	-	-
Interest	40,129	9,185
Other	2,294	2,768
Due from other funds	-	-
Inventory of supplies, at cost	-	-
Prepaid items	28,361	18,704
Total current assets	<u>6,868,293</u>	<u>4,256,865</u>
Noncurrent assets		
Capital assets		
Other improvements	254,272	-
Machinery and equipment	454,578	-
Vehicles	-	-
Accumulated depreciation	(458,889)	-
Capital assets, net of accumulated depreciation	<u>249,961</u>	<u>-</u>
Total assets	<u>7,118,254</u>	<u>4,256,865</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,354	143,660
Incurred but not reported claim reserve	793,636	591,012
Accrued liabilities	-	-
Due to other funds	-	-
Total liabilities	<u>795,990</u>	<u>734,672</u>
<b>NET ASSETS</b>		
Invested in capital assets	249,961	-
Unrestricted	6,072,303	3,522,193
Net assets	<u>\$ 6,322,264</u>	<u>\$ 3,522,193</u>

**EXHIBIT G-1**

<b>Maintenance and Replacement</b>	<b>Totals</b>	
	<b>September 30, 2008</b>	<b>September 30, 2007</b>
\$ 270,228	\$ 1,526,689	\$ 909,423
4,431,092	14,198,348	16,446,877
23,184	23,184	13,495
23,728	73,042	102,824
-	5,062	5,866
1,750,000	1,750,000	2,000,000
130,572	130,572	80,276
344	47,409	63,201
<u>6,629,148</u>	<u>17,754,306</u>	<u>19,621,962</u>
-	254,272	146,476
3,311,572	3,766,150	3,686,625
15,948,840	15,948,840	15,827,625
(13,526,373)	(13,985,262)	(13,525,504)
<u>5,734,039</u>	<u>5,984,000</u>	<u>6,135,222</u>
<u>12,363,187</u>	<u>23,738,306</u>	<u>25,757,184</u>
13,544	159,558	108,148
-	1,384,648	1,729,729
68,072	68,072	57,726
4,385	4,385	47,275
<u>86,001</u>	<u>1,616,663</u>	<u>1,942,878</u>
5,734,039	5,984,000	6,135,222
6,543,147	16,137,643	17,679,084
<u>\$ 12,277,186</u>	<u>\$ 22,121,643</u>	<u>\$ 23,814,306</u>

**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, 2008 WITH  
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

	<b>Self Insurance Risk</b>	<b>Health Insurance Risk Pool</b>
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 2,067,871	\$ 5,535,826
Miscellaneous	1,365	-
Total operating revenues	<u>2,069,236</u>	<u>5,535,826</u>
 <b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	1,277,540	5,294,171
Administrative	-	447,567
Depreciation	31,251	-
Total operating expenses	<u>1,308,791</u>	<u>5,741,738</u>
 Operating income (loss)	<u>760,445</u>	<u>(205,912)</u>
 <b>NONOPERATING REVENUES</b>		
Investment earnings	360,250	215,390
Gain (loss) on disposal of assets	-	-
Total nonoperating revenues	<u>360,250</u>	<u>215,390</u>
 <b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>1,120,695</u>	<u>9,478</u>
 <b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	20,296	-
Transfers out	(1,494,394)	-
Intragovernmental contributions	(1,000,000)	(1,000,000)
Contributions from other funds	-	-
Total transfers and capital contributions	<u>(2,474,098)</u>	<u>(1,000,000)</u>
 <b>CHANGE IN NET ASSETS</b>	(1,353,403)	(990,522)
 <b>NET ASSETS, beginning</b>	<u>7,675,667</u>	<u>4,512,715</u>
 <b>NET ASSETS, ending</b>	<u>\$ 6,322,264</u>	<u>\$ 3,522,193</u>

**EXHIBIT G-2**

<b>Maintenance and Replacement</b>	<b>Totals</b>	
	<b>September 30, 2008</b>	<b>September 30, 2007</b>
\$ 2,892,466	\$ 10,496,163	\$ 9,574,531
330	1,695	55,654
<u>2,892,796</u>	<u>10,497,858</u>	<u>9,630,185</u>
1,194	6,572,905	6,408,660
1,072,831	1,520,398	1,023,821
1,735,917	1,767,168	1,659,252
<u>2,809,942</u>	<u>9,860,471</u>	<u>9,091,733</u>
<u>82,854</u>	<u>637,387</u>	<u>538,452</u>
181,778	757,418	834,488
235,345	235,345	111,090
<u>417,123</u>	<u>992,763</u>	<u>945,578</u>
<u>499,977</u>	<u>1,630,150</u>	<u>1,484,030</u>
97,515	117,811	43,794
-	(1,494,394)	(3,156,242)
-	(2,000,000)	27,581
53,770	53,770	262,237
<u>151,285</u>	<u>(3,322,813)</u>	<u>(2,822,630)</u>
651,262	(1,692,663)	(1,338,600)
<u>11,625,924</u>	<u>23,814,306</u>	<u>25,152,906</u>
<u>\$ 12,277,186</u>	<u>\$ 22,121,643</u>	<u>\$ 23,814,306</u>

**CITY OF LEWISVILLE, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2008 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2007**

	<b>Self Insurance Risk</b>	<b>Health Insurance Risk Pool</b>
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 2,069,627	\$ 5,534,874
Cash paid to employees for services	-	-
Cash paid for goods and services	(990,437)	(444,378)
Cash paid for claims	(677,533)	(5,192,716)
Cash received for miscellaneous items	<u>1,365</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>403,022</u>	<u>(102,220)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	20,296	-
Transfers out to other funds	(1,494,394)	-
Intragovernmental contributions	(1,000,000)	(1,000,000)
Cash received (paid) on interfund loan	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(2,474,098)</u>	<u>(1,000,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(124,046)	-
Proceeds from the sale of equipment	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(124,046)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,331,901)	(1,770,306)
Proceeds from sale and maturities of investments	7,359,066	2,857,143
Interest received	<u>377,724</u>	<u>226,755</u>
Net cash provided by (used in) investing activities	<u>2,404,889</u>	<u>1,313,592</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	209,767	211,372
<b>CASH, beginning of year</b>	<u>214,574</u>	<u>620,748</u>
<b>CASH, end of year</b>	<u><u>\$ 424,341</u></u>	<u><u>\$ 832,120</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 760,445	\$ (205,912)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	31,251	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	1,756	(952)
(Increase) decrease in due from other funds	-	-
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	12,850	3,189
Increase (decrease) in accounts and claims payable	(403,280)	101,455
Increase (decrease) in accrued liabilities	-	-
Increase (decrease) in due to other funds	<u>-</u>	<u>-</u>
Total adjustments	<u>(357,423)</u>	<u>103,692</u>
Net cash provided by (used in) operating activities	<u><u>\$ 403,022</u></u>	<u><u>\$ (102,220)</u></u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ -	\$ -
Increase (decrease) in fair value of investments	(49,336)	(5,661)

Maintenance and Replacement	Totals	
	September 30, 2008	September 30, 2007
\$ 2,882,777	\$ 10,487,278	\$ 9,611,769
(311,837)	(311,837)	(280,746)
(837,121)	(2,271,936)	(1,752,682)
-	(5,870,249)	(5,215,757)
330	1,695	55,654
<u>1,734,149</u>	<u>2,034,951</u>	<u>2,418,238</u>
48,566	68,862	43,794
-	(1,494,394)	(3,156,242)
-	(2,000,000)	-
<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
<u>298,566</u>	<u>(3,175,532)</u>	<u>(2,862,448)</u>
(1,429,605)	(1,553,651)	(1,945,415)
<u>275,769</u>	<u>275,769</u>	<u>111,090</u>
<u>(1,153,836)</u>	<u>(1,277,882)</u>	<u>(1,834,325)</u>
(4,852,821)	(11,955,028)	(18,293,951)
3,987,348	14,203,557	19,049,278
<u>182,721</u>	<u>787,200</u>	<u>829,903</u>
<u>(682,752)</u>	<u>3,035,729</u>	<u>1,585,230</u>
196,127	617,266	(693,305)
<u>74,101</u>	<u>909,423</u>	<u>1,602,728</u>
<u>\$ 270,228</u>	<u>\$ 1,526,689</u>	<u>\$ 909,423</u>
<u>\$ 82,854</u>	<u>\$ 637,387</u>	<u>\$ 538,452</u>
1,735,917	1,767,168	1,659,252
(9,689)	(8,885)	14,767
-	-	22,471
(50,296)	(50,296)	46,211
(247)	15,792	(18,044)
8,154	(293,671)	164,077
10,346	10,346	996
<u>(42,890)</u>	<u>(42,890)</u>	<u>(9,944)</u>
<u>1,651,295</u>	<u>1,397,564</u>	<u>1,879,786</u>
<u>\$ 1,734,149</u>	<u>\$ 2,034,951</u>	<u>\$ 2,418,238</u>
\$ 102,721	\$ 102,721	\$ 306,032
(21,815)	(76,812)	84,213

**CITY OF LEWISVILLE, TEXAS  
 SELF-INSURANCE RISK INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-4**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 424,341	\$ 214,574
Investments	6,373,168	8,400,333
Receivables		
Interest	40,129	57,603
Other	2,294	4,050
Prepaid items	28,361	41,211
Total current assets	<u>6,868,293</u>	<u>8,717,771</u>
Noncurrent assets		
Capital assets		
Other improvements	254,272	146,476
Machinery and equipment	454,578	438,328
Accumulated depreciation	(458,889)	(427,638)
Capital assets, net of accumulated depreciation	<u>249,961</u>	<u>157,166</u>
Total assets	<u>7,118,254</u>	<u>8,874,937</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,354	17,045
Incurred but not reported claim reserve	793,636	1,182,225
Total liabilities	<u>795,990</u>	<u>1,199,270</u>
<b>NET ASSETS</b>		
Invested in capital assets	249,961	157,166
Unrestricted	6,072,303	7,518,501
Total net assets	<u>\$ 6,322,264</u>	<u>\$ 7,675,667</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, 2008 AND 2007**

**EXHIBIT G-5**

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 2,067,871	\$ 2,039,223
Miscellaneous	1,365	-
Total operating revenues	<u>2,069,236</u>	<u>2,039,223</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services		
Life insurance	207,819	284,913
Workers' compensation	234,324	1,029,444
Long term disability	64,573	60,384
Liability and property/casualty	747,713	604,936
Unemployment benefits	2,135	6,475
Employee assistance program	20,976	20,542
Depreciation	31,251	29,192
Total cost of sales and services, net of reimbursements	<u>1,308,791</u>	<u>2,035,886</u>
Operating income (loss)	<u>760,445</u>	<u>3,337</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	360,250	422,182
Total nonoperating revenues	<u>360,250</u>	<u>422,182</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>1,120,695</u>	<u>425,519</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	20,296	-
Transfers out	(1,494,394)	(1,000,000)
Intragovernmental contributions	(1,000,000)	-
Total transfers and capital contributions	<u>(2,474,098)</u>	<u>(1,000,000)</u>
<b>CHANGE IN NET ASSETS</b>	(1,353,403)	(574,481)
<b>NET ASSETS, beginning</b>	<u>7,675,667</u>	<u>8,250,148</u>
<b>NET ASSETS, ending</b>	<u>\$ 6,322,264</u>	<u>\$ 7,675,667</u>

**CITY OF LEWISVILLE, TEXAS  
 SELF-INSURANCE RISK INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-6**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 2,069,627	\$ 2,053,677
Cash paid for goods and services	(990,437)	(958,403)
Cash paid for claims	(677,533)	(759,194)
Cash received for miscellaneous items	<u>1,365</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>403,022</u>	<u>336,080</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	20,296	-
Transfers out to other funds	(1,494,394)	(1,000,000)
Intragovernmental contributions	<u>(1,000,000)</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(2,474,098)</u>	<u>(1,000,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(124,046)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(124,046)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,331,901)	(9,701,970)
Proceeds from sale and maturities of investments	7,359,066	9,696,911
Interest received	<u>377,724</u>	<u>414,871</u>
Net cash provided by (used in) investing activities	<u>2,404,889</u>	<u>409,812</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	209,767	(254,108)
<b>CASH, beginning of year</b>	<u>214,574</u>	<u>468,682</u>
<b>CASH, end of year</b>	<u><u>\$ 424,341</u></u>	<u><u>\$ 214,574</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	<u>\$ 760,445</u>	<u>\$ 3,337</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	31,251	29,192
Change in assets and liabilities		
(Increase) decrease in accounts receivable	1,756	14,454
(Increase) decrease in prepaid expenses	12,850	(5,697)
Increase (decrease) in accounts and claims payable	<u>(403,280)</u>	<u>294,794</u>
Total adjustments	<u>(357,423)</u>	<u>332,743</u>
Net cash provided by (used in) operating activities	<u><u>\$ 403,022</u></u>	<u><u>\$ 336,080</u></u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Increase (decrease) in fair value of investments	\$ (49,336)	\$ 49,177

**CITY OF LEWISVILLE, TEXAS  
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-7**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 832,120	\$ 620,748
Investments	3,394,088	4,480,925
Receivables		
Interest	9,185	20,550
Other	2,768	1,816
Prepaid items	18,704	21,893
Total assets	<u>4,256,865</u>	<u>5,145,932</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	143,660	85,713
Incurred but not reported claim reserve	591,012	547,504
Total liabilities	<u>734,672</u>	<u>633,217</u>
<b>NET ASSETS</b>		
Unrestricted	3,522,193	4,512,715
Total net assets	<u>\$ 3,522,193</u>	<u>\$ 4,512,715</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, 2008 AND 2007**

**EXHIBIT G-8**

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 5,535,826	\$ 5,633,769
<b>OPERATING EXPENSES</b>		
Health claims administration	447,567	427,467
Group health insurance	5,294,171	4,397,196
Total operating expenses	<u>5,741,738</u>	<u>4,824,663</u>
Operating income (loss)	<u>(205,912)</u>	<u>809,106</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	215,390	227,744
Total nonoperating revenues	<u>215,390</u>	<u>227,744</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>9,478</u>	<u>1,036,850</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Intragovernmental contributions	<u>(1,000,000)</u>	<u>-</u>
Total transfers and capital contributions	<u>(1,000,000)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(990,522)	1,036,850
<b>NET ASSETS, beginning</b>	<u>4,512,715</u>	<u>3,475,865</u>
<b>NET ASSETS, ending</b>	<u>\$ 3,522,193</u>	<u>\$ 4,512,715</u>

**CITY OF LEWISVILLE, TEXAS  
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-9**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 5,534,874	\$ 5,641,109
Cash paid for goods and services	(444,378)	(439,718)
Cash paid for claims	(5,192,716)	(4,456,563)
	<u>(102,220)</u>	<u>744,828</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intragovernmental contributions	(1,000,000)	-
	<u>(1,000,000)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,770,306)	(3,156,795)
Proceeds from sale and maturities of investments	2,857,143	1,721,511
Interest received	226,755	221,343
	<u>1,313,592</u>	<u>(1,213,941)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	211,372	(469,113)
<b>CASH, beginning of year</b>	<u>620,748</u>	<u>1,089,861</u>
<b>CASH, end of year</b>	<u><u>\$ 832,120</u></u>	<u><u>\$ 620,748</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (205,912)	\$ 809,106
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	(952)	7,340
(Increase) decrease in prepaid expenses	3,189	(12,251)
Increase (decrease) in accounts and claims payable	101,455	(59,367)
	<u>103,692</u>	<u>(64,278)</u>
Total adjustments	<u>103,692</u>	<u>(64,278)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (102,220)</u></u>	<u><u>\$ 744,828</u></u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Increase (decrease) in fair value of investments	\$ (5,661)	\$ 13,372

**CITY OF LEWISVILLE, TEXAS  
 MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-10**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 270,228	\$ 74,101
Investments	4,431,092	3,565,619
Receivables		
Accounts	23,184	13,495
Interest	23,728	24,671
Due from other funds	1,750,000	2,000,000
Inventory of supplies, at cost	130,572	80,276
Prepaid items	344	97
Total current assets	<u>6,629,148</u>	<u>5,758,259</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	3,311,572	3,248,297
Vehicles	15,948,840	15,827,625
Accumulated depreciation	(13,526,373)	(13,097,866)
Capital assets, net of accumulated depreciation	<u>5,734,039</u>	<u>5,978,056</u>
Total assets	<u>12,363,187</u>	<u>11,736,315</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	13,544	5,390
Accrued liabilities	68,072	57,726
Due to other funds	4,385	47,275
Total liabilities	<u>86,001</u>	<u>110,391</u>
<b>NET ASSETS</b>		
Invested in capital assets	5,734,039	5,978,056
Unrestricted	6,543,147	5,647,868
Net assets	<u>\$ 12,277,186</u>	<u>\$ 11,625,924</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, 2008 AND 2007**

**EXHIBIT G-11**

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 2,892,466	\$ 1,901,539
Miscellaneous	330	55,654
Total operating revenues	<u>2,892,796</u>	<u>1,957,193</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services	1,194	4,770
Administrative	1,072,831	596,354
Depreciation	1,735,917	1,630,060
Total operating expenses	<u>2,809,942</u>	<u>2,231,184</u>
 Operating income (loss)	 <u>82,854</u>	 <u>(273,991)</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	181,778	184,562
Gain on disposal of assets	235,345	111,090
Total nonoperating revenues	<u>417,123</u>	<u>295,652</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	 <u>499,977</u>	 <u>21,661</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	97,515	43,794
Transfers out	-	(2,156,242)
Intragovernmental contributions	-	27,581
Contributions from other funds	53,770	262,237
Total transfers and capital contributions	<u>151,285</u>	<u>(1,822,630)</u>
<b>CHANGE IN NET ASSETS</b>	 651,262	 (1,800,969)
<b>NET ASSETS, beginning</b>	 <u>11,625,924</u>	 <u>13,426,893</u>
<b>NET ASSETS, ending</b>	 <u>\$ 12,277,186</u>	 <u>\$ 11,625,924</u>

**CITY OF LEWISVILLE, TEXAS  
MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT G-12**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 2,882,777	\$ 1,916,983
Cash paid to employees for services	(311,837)	(280,746)
Cash paid for goods and services	(837,121)	(354,561)
Cash received for miscellaneous items	330	55,654
	<u>1,734,149</u>	<u>1,337,330</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	48,566	43,794
Transfers out to other funds	-	(2,156,242)
Cash received (paid) on interfund loan	250,000	250,000
	<u>298,566</u>	<u>(1,862,448)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,429,605)	(1,945,415)
Proceeds from the sale of equipment	275,769	111,090
	<u>(1,153,836)</u>	<u>(1,834,325)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,852,821)	(5,435,186)
Proceeds from sale and maturities of investments	3,987,348	7,630,856
Interest received	182,721	193,689
	<u>(682,752)</u>	<u>2,389,359</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	196,127	29,916
<b>CASH, beginning of year</b>	<u>74,101</u>	<u>44,185</u>
<b>CASH, end of year</b>	<u>\$ 270,228</u>	<u>\$ 74,101</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 82,854	\$ (273,991)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	1,735,917	1,630,060
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(9,689)	(7,027)
(Increase) decrease in due from other funds	-	22,471
(Increase) decrease in inventory	(50,296)	46,211
(Increase) decrease in prepaid expenses	(247)	(96)
Increase (decrease) in accounts payable	8,154	(71,350)
Increase (decrease) in accrued liabilities	10,346	996
Increase (decrease) in due to other funds	(42,890)	(9,944)
	<u>1,651,295</u>	<u>1,611,321</u>
Total adjustments		
Net cash provided by (used in) operating activities	<u>\$ 1,734,149</u>	<u>\$ 1,337,330</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ 102,721	\$ 306,032
Increase (decrease) in fair value of investments	(21,815)	21,664

## AGENCY AND TRUST FUNDS

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Agency funds are custodial in nature and do not involve measurement of results of operations. Trust funds are used to account for assets held by the City in a trustee capacity.

### **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.

### **LEWISVILLE OPEB LIABILITY TRUST FUND**

The City's OPEB (other post-employment benefits) Liability Trust Fund accounts for the funding of post-employment healthcare benefits for retirees of the City.



**CITY OF LEWISVILLE, TEXAS  
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT  
 DEBT SERVICE AGENCY FUND  
 COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES  
 SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT H-1**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 6,250,776	\$ 2,499,834
Investments	373,674	1,550,676
Receivables		
Interest	4,977	16,942
Total assets	<u>\$ 6,629,427</u>	<u>\$ 4,067,452</u>
<b>LIABILITIES</b>		
Due to debt holders	<u>\$ 6,629,427</u>	<u>\$ 4,067,452</u>
Total liabilities	<u>\$ 6,629,427</u>	<u>\$ 4,067,452</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, 2008**

**EXHIBIT H-2**

	<u>Balance</u> <u>Oct. 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2008</u>
<b>ASSETS</b>				
Cash	\$ 2,499,834	\$ 13,807,572	\$ (10,056,630)	\$ 6,250,776
Investments	1,550,676	22,998	(1,200,000)	373,674
Receivables				
Interest	16,942	4,977	(16,942)	4,977
Total assets	<u>\$ 4,067,452</u>	<u>\$ 13,835,547</u>	<u>\$ (11,273,572)</u>	<u>\$ 6,629,427</u>
<b>LIABILITIES</b>				
Due to debt holders	\$ 4,067,452	\$ 7,301,699	\$ (4,739,724)	\$ 6,629,427
Total liabilities	<u>\$ 4,067,452</u>	<u>\$ 7,301,699</u>	<u>\$ (4,739,724)</u>	<u>\$ 6,629,427</u>

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE OPEB LIABILITY TRUST FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT H-3**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 500,000	\$ -
Investments	1,534,392	-
Receivables		
Interest	497	-
Total assets	<u>2,034,889</u>	<u>-</u>
 <b>NET ASSETS</b>		
Held in trust for retiree health benefits	2,034,889	-
Total net assets	<u>\$ 2,034,889</u>	<u>\$ -</u>

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE OPEB LIABILITY TRUST FUND  
COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2008 AND 2007**

**EXHIBIT H-4**

	<u>2008</u>	<u>2007</u>
<b>ADDITIONS</b>		
Employer contributions	\$ 2,000,000	\$ -
Investment earnings	515	-
Unrealized/realized gain, net	34,374	-
Total additions	<u>2,034,889</u>	<u>-</u>
 <b>CHANGE IN NET ASSETS</b>	 2,034,889	 -
 <b>NET ASSETS, beginning</b>	 <u>-</u>	 <u>-</u>
 <b>NET ASSETS, ending</b>	 <u>\$ 2,034,889</u>	 <u>\$ -</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.

<b>Contents</b>	<b>Table</b>
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>	1-4
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>	5-11
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>	12-16
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>	17-18
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>	19-21



TABLE 1

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
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	\$ 287,096,412
Restricted	9,338,234	6,655,568	3,158,418	2,954,825	1,446,727	1,725,352	1,756,591
Unrestricted	27,696,551	23,612,790	34,498,004	41,578,455	46,779,350	44,731,063	50,443,168
Total governmental activities net assets	\$ 200,000,910	\$ 210,564,487	\$ 226,253,347	\$ 260,316,208	\$ 287,559,016	\$ 302,971,751	\$ 339,296,171
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	\$ 159,684,492
Restricted	2,848,796	2,413,643	2,132,858	1,845,879	1,576,475	2,075,929	2,024,478
Unrestricted	29,999,852	34,563,635	34,124,375	33,789,667	37,687,853	36,677,712	38,090,009
Total business-type activities	\$ 141,505,216	\$ 148,457,189	\$ 153,711,465	\$ 165,826,018	\$ 176,303,276	\$ 184,597,095	\$ 199,798,979
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	\$ 446,780,904
Restricted	12,187,030	9,069,211	5,291,276	4,800,704	3,023,202	3,801,281	3,781,069
Unrestricted	57,696,403	58,176,425	68,622,379	75,368,122	84,467,203	81,408,775	88,533,177
Total primary government	\$ 341,506,126	\$ 359,021,676	\$ 379,964,812	\$ 426,142,226	\$ 463,862,292	\$ 487,568,846	\$ 539,095,150

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

TABLE 2

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
Governmental activities							
General government	\$ 8,309,866	\$ 9,129,240	\$ 8,320,410	\$ 9,767,189	\$ 13,392,249	\$ 9,848,489	\$ 10,697,346
Culture, parks and recreation	6,185,985	6,065,231	6,266,618	6,309,552	6,199,881	7,139,298	7,927,455
Public safety	23,659,747	24,321,112	25,824,358	27,664,557	28,182,352	30,491,917	33,721,041
Public services	12,618,057	13,222,999	15,564,147	15,182,968	13,667,907	18,569,013	19,409,072
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	3,581,167
Total governmental activities expenses	54,497,601	54,955,697	58,714,214	62,224,327	63,644,843	68,306,402	75,336,081
Business-type activities							
Water and sewer	15,766,749	17,620,430	16,708,528	17,108,879	19,556,158	19,676,760	20,378,432
Total business-type activities expenses	15,766,749	17,620,430	16,708,528	17,108,879	19,556,158	19,676,760	20,378,432
Total primary government expenses	70,264,350	72,576,127	75,422,742	79,333,206	83,201,001	87,983,162	95,714,513
<b>Program Revenues</b>							
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	3,995,292
Culture, parks & recreation	1,645,140	1,628,845	1,489,037	1,511,722	1,612,039	1,537,244	1,794,574
Public safety	3,416,714	3,293,367	3,666,332	4,500,082	4,695,193	4,560,499	5,422,367
Public services	1,875,590	1,675,907	1,542,101	1,524,658	1,816,495	2,118,574	2,067,879
Operating grants and contributions	1,199,113	1,615,985	8,440,210	13,842,626	1,281,838	2,109,623	1,136,855
Capital grants and contributions	11,778,697	9,519,693	7,643,587	23,363,428	17,673,122	12,977,908	35,595,714
Total governmental activities program revenues	21,283,228	18,926,434	25,160,700	47,512,247	30,387,983	26,926,027	50,012,681
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	25,340,886
Capital grants and contributions	3,901,120	4,208,168	2,243,826	5,006,041	4,495,510	4,608,716	11,228,765
Total business-type activities program revenues	24,698,480	25,891,486	23,921,730	27,659,802	30,679,976	28,057,795	36,569,651
Total primary government program revenues	45,981,708	44,817,920	49,082,430	75,172,049	61,067,959	54,983,822	86,582,332
<b>Net (Expense)/Revenue</b>							
Governmental activities	(33,214,373)	(36,029,263)	(33,553,514)	(14,712,080)	(33,256,860)	(41,380,375)	(25,323,400)
Business-type activities	8,931,731	8,271,056	7,213,202	10,550,923	11,123,818	8,381,035	16,191,219
Total primary government net expense	\$ (24,282,642)	\$ (27,758,207)	\$ (26,340,312)	\$ (4,161,157)	\$ (22,133,042)	\$ (32,999,340)	\$ (9,132,181)

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

TABLE 2

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities							
Taxes							
Property taxes	\$ 20,663,206	\$ 21,736,069	\$ 22,737,306	\$ 23,305,174	\$ 25,125,486	\$ 26,257,705	\$ 27,936,176
Sales taxes	16,236,120	16,242,070	16,970,465	17,284,149	18,113,568	19,216,744	18,932,595
Other taxes	94,192	147,819	179,804	201,297	1,074,299	1,043,749	1,119,792
Franchise taxes	4,234,012	4,318,129	4,276,869	4,485,406	4,599,447	4,435,578	4,803,626
Occupancy taxes	1,182,639	1,135,962	1,178,478	1,348,761	1,480,548	1,606,115	1,830,230
Penalties and interest	151,149	196,223	202,683	252,204	231,016	209,514	238,428
Investment earnings	2,754,709	1,680,425	699,017	1,518,114	2,350,326	3,614,454	3,287,167
Gain (loss) on disposal of assets	64,153	-	43,925	77,563	470	(2,424,552)	9,682
Miscellaneous	274,250	165,850	336,007	589,133	4,558,898	243,839	416,282
Transfers	451,192	2,389,605	2,617,820	(286,860)	2,965,612	2,943,135	3,073,842
Total governmental activities	46,105,622	48,012,152	49,242,374	48,774,941	60,499,670	57,146,281	61,647,820
Business-type activities							
Investment earnings	1,721,322	1,057,404	626,967	1,225,226	2,313,351	2,775,365	2,015,797
Intergovernmental contributions	-	-	300,467	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	33,103	4,385
Miscellaneous	51,978	13,118	529,186	51,544	5,701	47,451	64,325
Transfers	(451,192)	(2,389,605)	(2,617,820)	286,860	(2,965,612)	(2,943,135)	(3,073,842)
Total business-type activities	1,322,108	(1,319,083)	(1,161,200)	1,563,630	(646,560)	(87,216)	(989,335)
Total primary government	47,427,730	46,693,069	48,081,174	50,338,571	59,853,110	57,059,065	60,658,485
<b>Change in Net Assets</b>							
Governmental activities	12,891,249	11,982,889	15,688,860	34,062,861	27,242,810	15,765,906	36,324,420
Business-type activities	10,253,839	6,951,973	6,052,002	12,114,553	10,477,258	8,293,819	15,201,884
Total primary government	\$ 23,145,088	\$ 18,934,862	\$ 21,740,862	\$ 46,177,414	\$ 37,720,068	\$ 24,059,725	\$ 51,526,304

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

TABLE 3

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General fund							
Reserved	\$ 519,919	\$ 227,089	\$ 750,570	\$ 512,805	\$ 462,132	\$ 493,778	\$ 353,725
Unreserved	12,188,815	15,856,222	17,363,344	19,371,265	26,212,925	26,272,130	31,175,630
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>	<u>\$ 31,529,355</u>
All other governmental funds							
Reserved for							
Prepaid items	\$ 9,963	\$ 6,955	\$ 10,379	\$ 2,018,037	\$ 2,874,503	\$ 3,558,596	\$ 3,489,874
Encumbrances	9,443,300	5,468,943	3,759,595	5,226,719	4,795,639	10,326,967	10,158,069
Debt service	6,507,055	6,655,568	3,574,856	3,595,602	1,654,816	2,065,205	2,063,119
Capital projects	33,146,033	21,870,842	30,121,292	24,295,028	25,682,462	35,521,143	42,042,010
Unreserved, reported in							
Special revenue funds	(966,210)	(900,116)	2,062,957	866,024	977,086	1,099,831	1,808,703
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>	<u>\$ 59,561,775</u>

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

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

**TABLE 4**

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>							
Property and other taxes	\$ 42,522,054	\$ 43,682,642	\$ 45,587,753	\$ 47,035,823	\$ 50,547,358	\$ 52,886,457	\$ 54,828,308
Licenses and permits	1,909,545	1,711,484	1,632,628	1,578,864	2,070,156	2,393,345	2,328,846
Charges for services	2,215,730	2,321,726	4,048,211	4,140,027	4,858,787	5,212,302	5,603,449
Recreation	1,449,901	1,402,512	1,290,580	1,332,438	1,426,331	1,385,188	1,591,676
Fines	1,975,469	2,414,448	2,488,340	2,686,299	2,826,234	2,680,535	2,916,566
Investment earnings	2,139,777	1,193,299	538,541	1,154,775	2,350,327	3,614,458	3,287,167
Grants							
Culture, parks and recreation	13,256	11,780	9,749	9,741	10,512	10,305	1,061,894
Public safety	221,582	200,270	199,699	559,031	384,964	588,798	220,857
Public services	889,755	1,200,842	1,029,873	1,557,993	730,845	1,256,152	708,082
Contributions and donations	4,970,537	2,676,258	10,689,358	12,803,249	3,499,030	3,205,708	27,641,031
Miscellaneous	560,513	448,786	601,293	1,084,302	4,961,341	761,399	975,687
Total revenues	58,868,119	57,264,047	68,116,025	73,942,542	73,665,885	73,994,647	101,163,563
<b>Expenditures</b>							
General government	6,857,933	6,424,676	6,958,931	8,181,298	7,543,722	8,505,159	8,956,950
Culture, parks and recreation	5,463,464	5,463,904	5,783,662	5,689,354	6,058,682	6,118,753	6,640,069
Public safety	22,262,598	23,279,103	25,422,485	26,960,074	28,400,718	30,221,744	32,450,887
Public services	7,846,700	8,369,365	8,525,945	9,101,845	9,049,144	9,696,518	9,724,646
Capital outlay	22,597,369	23,342,345	15,030,177	26,532,611	16,527,094	14,848,067	36,317,662
Debit service:							
Principal	3,575,000	4,050,000	7,608,634	4,846,032	7,163,197	5,335,000	4,995,000
Interest and fiscal charges	2,488,690	2,128,073	2,413,005	2,376,104	2,674,752	2,294,160	3,494,604
Total expenditures	71,091,754	73,057,466	71,742,839	83,687,318	77,417,309	77,019,401	102,579,818
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)	(1,416,255)
<b>Other financing sources (uses)</b>							
Transfers in							
Transfers out	15,484,416	6,041,322	6,523,247	6,192,216	7,780,970	16,364,425	12,103,060
Proceeds from refunding bonds	(15,033,224)	(3,145,717)	(3,801,884)	(3,210,986)	(4,815,817)	(10,308,842)	(7,652,635)
Proceeds from general obligation bonds	-	-	-	9,655,000	-	5,070,000	8,715,000
Proceeds from certificates of obligation	-	-	6,860,000	4,790,000	6,805,000	13,655,000	-
Payments to refunding bond escrow agent	-	-	2,475,000	-	-	-	-
Premium (discount) on issuance of general obligation bonds	-	(12,108,060)	-	(10,201,721)	-	(5,398,353)	-
Proceeds from sale of assets	-	-	27,941	762,754	-	658,892	(5,372)
Total other financing sources (uses)	8,121,192	4,993,641	12,084,304	7,987,263	10,525,507	20,056,012	13,169,735
Net change in fund balances	\$ (4,102,443)	\$ (10,799,778)	\$ 8,457,490	\$ (1,757,513)	\$ 6,774,083	\$ 17,031,258	\$ 11,753,480
Debt service as a percentage of non-capital expenditures	12.2%	12.4%	17.5%	11.8%	16.0%	12.3%	11.7%

**Notes:** Debt service percentage is based on non-capital 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					
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
2008	6,040,730,857	1,129,555,348	774,550,122	150,432,444	88,496,443	6,156,807,196	0.44050

**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	
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
2008	0.32184	0.11866	0.44050	1.3700	0.23589	2.0464

**Source:** City of Lewisville, Denton County Tax Assessor

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

**TABLE 7**

	2008			1999		
	Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Value
	Vista Ridge Joint Venture	\$ 89,154,843	1.45%	Raytheon TI Systems	\$ 71,147,758	2.22%
	Verizon Southwest	61,101,940	0.99%	Vista Ridge Joint Venture	46,491,291	1.45%
	Teachers Insurance Annuity Association	50,226,096	0.82%	Jefferson at Round Grove LP	40,828,915	1.28%
	TIC Lago Vista LP, etal.	45,880,130	0.75%	Vista Ridge OP&F Inc	38,062,622	1.19%
	GRE Vista Ridge LP	44,434,687	0.72%	Texas New Mexico Power Company	37,760,858	1.18%
	Southwest Properties LP	44,173,008	0.72%	General Telephone Company	37,236,600	1.16%
	Columbia Medical Center Lewisville	44,005,876	0.71%	Southwest Prop LP P/S	33,747,701	1.05%
	KIR Lewisville LP P/S	41,943,759	0.68%	Price Baybrook Ltd. P/S	28,143,052	0.88%
	SYSCO Food Services of Dallas LP	36,139,420	0.59%	Frankel, Edward B., MD	21,397,878	0.67%
	DDR MDT Lakepointe Crossing LP	35,477,497	0.58%	Arcanum Chapel Hill	17,179,815	0.54%
	<b>TOTAL</b>	<b>\$ 492,537,256</b>	<b>8.00%</b>	<b>TOTAL</b>	<b>\$ 371,996,490</b>	<b>11.63%</b>

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
1999	\$ 15,452,995	\$ 26,637	\$ 15,479,632	\$ 15,295,994	98.98%	\$ 151,487	\$ 15,447,481	99.79%
2000	16,778,186	9,903	16,788,089	16,564,598	98.73%	196,230	16,760,828	99.84%
2001	18,799,829	28,933	18,828,762	18,598,798	98.93%	189,229	18,788,027	99.78%
2002	20,766,871	71,556	20,838,427	20,493,339	98.68%	285,512	20,778,851	99.71%
2003	21,752,602	63,986	21,816,588	21,476,523	98.73%	276,284	21,752,807	99.71%
2004	22,831,246	32,457	22,863,703	22,541,885	98.73%	237,939	22,779,824	99.63%
2005	23,542,373	9,877	23,552,250	23,292,813	98.94%	185,561	23,478,374	99.69%
2006	25,246,156	(69,078)	25,177,078	24,949,844	98.83%	162,557	25,112,401	99.74%
2007	26,677,093	(8,864)	26,668,229	26,470,497	99.23%	118,277	26,588,774	99.70%
2008	28,264,833	-	28,264,833	28,029,846	99.17%	-	28,029,846	99.17%

Source: Denton County Appraisal District and Denton County Tax Office

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

**TABLE 9**

	Calendar Year					
	2003	2004	2005	2006	2007	2008
Construction	\$ 302,851,926	\$ 269,407,092	\$ 271,345,345	\$ 325,521,361	\$ 428,975,430	\$ 389,267,507
Manufacturing	639,700,970	577,502,805	651,749,063	891,564,228	829,222,026	891,125,270
Transportation, Warehousing	231,302,301	495,269,595	355,601,064	22,331,869	25,941,784	650,786,731
Wholesale Trade	318,982,975	334,301,142	374,468,902	492,483,851	546,277,231	623,518,433
Retail Trade	1,834,374,078	1,844,092,385	1,919,947,937	2,027,046,759	2,091,888,382	2,075,807,503
Finance, Insurance and Information	70,963,311	77,259,548	69,693,167	72,708,565	58,684,886	53,044,625
Real Estate, Rental and Leasing	26,345,090	32,156,100	54,857,322	39,287,358	55,201,502	49,024,728
Professional, Scientific and Technical Services	68,045,077	72,626,579	88,493,369	150,989,059	151,893,983	159,409,613
Admin. Support, Waste Mgmt, Remediation Services	92,881,630	97,175,211	200,665,461	292,811,541	158,959,087	166,466,814
Educational Services	2,731,051	1,221,464	1,300,212	3,510,020	7,222,172	6,159,101
Health Care and Social Assistance	3,154,591	4,280,367	5,698,121	5,586,377	5,232,521	9,610,245
Arts, Entertainment and Recreation	32,093,731	32,702,023	38,462,571	46,842,409	56,154,449	30,144,139
Accommodation and Food Services	160,112,893	165,856,056	178,596,005	199,071,846	203,938,455	207,232,660
Other Services	73,644,530	76,483,948	76,126,157	81,208,086	91,832,953	100,185,148
Other, including industries with less than four entities	95,264,742	78,305,983	76,944,820	79,133,007	55,438,461	62,016,500
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>	<u>\$ 5,473,799,017</u>
City direct sales tax rate	1.25%	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		
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%
2008	1.00%	0.25%	0.50%	0.50%	1.75%

**Source:** Texas Comptroller of Public Accounts

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

**TABLE II**

		Calendar year 2008				Calendar Year 1999			
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	849	10.09%	\$ 2,374,641	9.90%	OTHER	771	12.01%	\$ 4,160,607	24.54%
Discount Department Stores	7	0.08%	1,678,278	7.00%	Department Stores	8	0.12%	1,118,124	6.59%
Full-Service Restaurants	135	1.61%	1,301,800	5.43%	Eating Places	144	2.24%	544,781	3.21%
Department Stores	12	0.14%	1,176,717	4.91%	Miscellaneous Retail Stores	513	7.99%	529,442	3.12%
Electric Power Distribution	30	0.36%	812,320	3.39%	Full-Service Restaurants	54	0.84%	529,417	3.12%
Home Centers	9	0.11%	726,371	3.03%	Household Appliance Stores	26	0.41%	471,690	2.78%
Limited-Service Restaurants	99	1.18%	714,467	2.98%	Lumber & other Bldg Materials Dealers	36	0.56%	431,517	2.54%
Radio, Television, & other Elec Stores	42	0.50%	655,493	2.73%	Computer and Software Stores	140	2.18%	326,352	1.92%
Wireless Telecommunication Carriers	57	0.68%	640,181	2.67%	Telephone Communications	120	1.87%	321,464	1.90%
Hydroelectric Power Generation	4	0.05%	541,987	2.26%	Family Clothing Stores	35	0.55%	305,789	1.80%
Total	1,244	14.79%	\$ 10,622,255	44.30%	Total	1,847	28.77%	\$ 8,739,183	51.54%

**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, 2008**  
*(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 & Improvement	4.00 - 5.00	02/15 & 08/15	5/15/07	02/15/2023
Series 2008	3.50 - 4.38	02/15 & 08/15	5/15/08	02/15/2024
Total General Obligation Bonds				
Revenue Bonds-				
Series 1997 Refunding & Improvement	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 Refunding & Improvement	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 Refunding	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 Refunding	2.00 - 4.00	02/15 & 08/15	08/15/03	02/15/2012
Series 2005 Refunding & Improvement	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
Series 2008	3.50 - 4.25	02/15 & 08/15	05/15/08	02/15/2024
Total Revenue Bonds				
Total Bonds Payable				

TABLE 12

Annual Serial Payments	Bonds			Requirements Fiscal Year Ended September 30, 2009		Option Date
	Issued	Retired/ Defeased	Outstanding	Principal	Interest	
165,000 - 695,000	\$ 8,220,000	\$ 6,725,000	\$ 1,495,000	\$ 195,000	\$ 67,708	02/15/08
385,000 - 465,000	7,325,000	6,860,000	465,000	465,000	12,555	02/15/10
470,000 - 595,000	8,110,000	5,405,000	2,705,000	490,000	116,743	02/15/10
325,000 - 680,000	7,735,000	4,750,000	2,985,000	445,000	131,496	02/15/11
420,000 - 555,000	11,335,000	9,205,000	2,130,000	680,000	71,600	N/A
40,000 - 200,000	2,440,000	595,000	1,845,000	140,000	68,556	02/15/13
250,000 - 595,000	6,860,000	1,265,000	5,595,000	365,000	241,606	02/15/14
365,000 - 1,645,000	14,445,000	1,695,000	12,750,000	895,000	594,878	02/15/16
140,000 - 595,000	6,805,000	470,000	6,335,000	340,000	271,486	02/15/17
510,000 - 2,235,000	18,725,000	510,000	18,215,000	635,000	824,050	02/15/18
150,000 - 830,000	8,715,000	-	8,715,000	315,000	437,214	02/15/19
	<u>100,715,000</u>	<u>37,480,000</u>	<u>63,235,000</u>	<u>4,965,000</u>	<u>2,837,892</u>	
190,000 - 1,225,000	10,140,000	8,880,000	1,260,000	430,000	57,708	02/15/07
235,000 - 310,000	4,000,000	3,125,000	875,000	275,000	35,786	02/15/09
125,000 - 650,000	7,805,000	5,995,000	1,810,000	650,000	71,813	02/15/08
355,000 - 700,000	9,950,000	3,615,000	6,335,000	470,000	277,933	N/A
365,000 - 440,000	7,000,000	6,560,000	440,000	440,000	11,880	02/15/10
185,000 - 2,145,000	11,810,000	11,035,000	775,000	125,000	31,269	N/A
355,000 - 745,000	8,500,000	2,440,000	6,060,000	485,000	283,574	02/15/11
225,000 - 380,000	4,600,000	1,175,000	3,425,000	255,000	132,813	02/15/13
60,000 - 750,000	4,870,000	2,335,000	2,535,000	695,000	85,763	N/A
220,000 - 1,345,000	11,475,000	1,735,000	9,740,000	525,000	443,725	02/15/16
180,000 - 340,000	4,000,000	370,000	3,630,000	195,000	151,423	02/15/17
430,000 - 775,000	10,300,000	995,000	9,305,000	430,000	361,244	02/15/19
	<u>94,450,000</u>	<u>48,260,000</u>	<u>46,190,000</u>	<u>4,975,000</u>	<u>1,944,931</u>	
	<u>\$ 195,165,000</u>	<u>\$ 85,740,000</u>	<u>\$ 109,425,000</u>	<u>\$ 9,940,000</u>	<u>\$ 4,782,823</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					
1999	\$ 35,239,780	\$ -	\$ -	\$ 59,605,000	\$ 94,844,780	\$ 94,844,780	6.32%	\$ 1,270	
2000	39,299,780	-	-	62,485,000	101,784,780	101,784,780	6.23%	1,309	
2001	44,029,780	-	3,500,000	57,825,000	105,354,780	105,354,780	5.84%	1,307	
2002	48,299,780	-	3,390,000	61,155,000	112,844,780	112,844,780	6.32%	1,385	
2003	46,574,780	-	3,390,000	60,455,000	110,419,780	110,419,780	5.50%	1,317	
2004	49,216,146	2,475,000	-	54,340,000	106,031,146	106,031,146	5.33%	1,234	
2005	49,213,197	2,475,000	-	51,635,000	103,323,197	103,323,197	4.94%	1,169	
2006	51,330,000	-	-	49,300,000	100,630,000	100,630,000	4.29%	1,129	
2007	59,515,000	-	-	42,510,000	102,025,000	102,025,000	3.94%	1,114	
2008	63,235,000	-	-	46,190,000	109,425,000	109,425,000	4.16%	1,179	

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			
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	
2008	63,235,000	-	-	63,235,000	2,063,119	61,171,881	0.99%	659	

**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, 2008  
 (Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Lewisville Independent School District	\$ 786,977,223	27.67%	\$ 217,756,598
Coppell Independent School District	132,987,596	0.51%	678,237
Denton County	285,616,003	15.49%	44,241,919
Dallas County	158,486,552	0.02%	31,697
Dallas County Community College District	86,210,000	0.03%	25,863
Dallas County Hospital District	-	0.02%	-
Denton County Levee Improvement District #1	4,280,000	73.85%	3,160,780
Denton County RUD #1	16,765,000	88.39%	14,818,584
Subtotal, overlapping debt			280,713,677
<b>City of Lewisville (direct debt)</b>	63,235,000	100.00%	63,235,000
<b>Total direct and overlapping debt</b>			<u>\$ 343,948,677</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		Times Coverage	Maximum P & I Requirement	Times Coverage
				Average Annual Requirement	Times Coverage			
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	
2008	29,194,108	13,715,038	15,479,070	3,629,359	4.265	6,919,927	2.237	

**Source:** Comprehensive Annual Financial Reports and Fiscal Year Operating Budgets

TABLE 17

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

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	2,093,188	23,692	31.6	13,513	4.1%
2006	89,100	2,346,983	26,341	32.3	13,676	4.0%
2007	91,550	2,591,781	28,310	32.6	14,702	3.6%
2008	92,850	2,628,584	28,310	32.6	15,233	4.3%

**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."  
 Beginning in 2005, per capita income provided by the American Community Survey.  
 Current year personal income estimated from 2007 amount.  
 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 as of September.  
 Median age, previously, only available in census years. Beginning 2005, provided by the American Community Survey.  
 Current year median age estimated from 2007 amount.

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

**TABLE 18**

	2008		1999		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
Vista Ridge Mall (all outlets)	2,000	3.59%	Raytheon TI Systems	3,000	6.72%
Lewisville Independent School District (Lewisville employment only)	1,592	2.85%	Lewisville Independent School District (Lewisville employment only)	1,251	2.80%
EMC Mortgage Corp	1,394	2.50%	Xerox	1,100	2.46%
Fidelity Investments	1,200	2.15%	Columbia Medical Center	650	1.46%
Wal-Mart (all City locations)	951	1.71%	City of Lewisville	568	1.27%
Lewisville Medical Center	831	1.49%	Four Seasons	420	0.94%
Nationstar Mortgage	786	1.41%	School of Tomorrow	380	0.85%
HSBC	680	1.22%	Chippenhook Ltd	350	0.78%
City of Lewisville	676	1.21%	Dillard's	300	0.67%
SYSCO Foods	625	1.12%	L D Brinkman	295	0.66%
<b>Total</b>	<b>10,735</b>	<b>19.25%</b>	<b>Total</b>	<b>8,314</b>	<b>18.61%</b>

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

TABLE 19

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government and Administration and Legal	37.2	43.7	52.0	56.0	56.0	55.0	59.0	58.3	57.0	58.0
Public Safety	287.1	310.8	313.0	321.0	320.0	324.0	325.0	338.0	341.0	350.0
Public Services	123.2	126.0	125.0	126.0	125.0	123.0	123.0	124.0	123.0	124.0
Community Development	58.5	58.5	60.0	61.0	61.0	61.0	63.0	65.7	70.0	72.0
Parks and Leisure	62.0	63.0	66.0	69.0	68.0	68.0	67.0	71.0	71.0	72.0
<b>Total</b>	<b>568.0</b>	<b>602.0</b>	<b>616.0</b>	<b>633.0</b>	<b>630.0</b>	<b>631.0</b>	<b>637.0</b>	<b>657.0</b>	<b>662.0</b>	<b>676.0</b>

Source: City Budget Office

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

**TABLE 20**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General government</b>										
Public Records										
Number of telephone information requests	1,805	1,657	3,246	5,931	7,354	8,743	11,747	17,879	12,953	12,074
Birth and death certificates issued	3,501	3,532	5,382	5,889	5,005	5,490	6,398	6,141	6,896	6,455
<b>Culture, parks &amp; recreation</b>										
Parks and Leisure										
Number registered for recreation programs	N/A	N/A	N/A	4,484	3,915	3,912	2,723	2,749	3,752	4,412
Public swim admissions	32,952	31,766	27,858	22,923	22,772	21,292	55,329	63,915	59,422	51,322
Library visits	268,710	295,268	325,787	336,840	311,403	297,676	295,255	291,141	398,160	398,568
Library volumes circulated	497,661	515,919	567,949	574,541	527,803	495,406	463,666	447,449	719,620	766,182
Lake Park day use area attendance	95,573	98,593	123,432	131,523	110,574	110,572	171,007	160,113	119,781	193,690
<b>Public safety</b>										
Police										
Calls for service	57,777	61,462	60,593	58,666	59,177	62,597	63,570	63,813	61,949	66,358
Part 1 crimes	3,797	3,362	3,433	4,320	4,420	4,478	4,305	3,610	3,238	3,577
Number of accidents	2,917	3,046	3,075	3,000	2,904	2,870	2,838	2,863	2,695	2,482
Fire										
Number of fire incidents	2,201	2,615	2,870	2,816	2,904	2,910	2,909	3,258	3,098	3,007
Number of EMS incidents	4,580	4,649	4,874	4,866	4,874	4,674	5,153	5,373	5,557	5,771
<b>Public services</b>										
Public Services										
Concrete paving repair (cubic yards)	N/A	N/A	N/A	1,107	1,285	1,475	1,279	1,225	1,211	1,187
Concrete utility cut repair (cubic yards)	N/A	N/A	N/A	418	336	319	420	709	457	415
Asphalt pothole repair (tons)	N/A	N/A	N/A	201	205	426	81	83	100	54
Community Development										
Building permits issued	1,140	1,299	927	833	1,081	922	844	948	766	698
Municipal Water System										
Number of customers	18,622	19,612	19,701	19,783	19,486	19,650	19,955	20,560	20,781	21,233
Average daily water consumption (MGD)	12.34	13.26	12.32	12.53	13.03	12.43	13.86	16.04	13.35	14.71
System capacity (MGD)	27	27	27	27	32	32	38	38	38	38
Number of water main breaks	131	130	119	98	94	73	93	212	106	120
Sewer System										
System treatment capacity (MGD)	12	12	12	12	12	12	12	15	15	15
Sanitation (residential)										
Residential refuse collected (tons)	28,299	38,433	32,659	32,525	35,941	31,846	27,523	27,691	28,765	27,528
Commercial refuse collected (tons)	81,826	89,772	115,566	133,517	115,661	120,535	112,205	104,929	108,242	107,798

**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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Culture, parks &amp; recreation</b>										
Parks and Leisure										
Number of Parks	27	27	27	27	30	32	32	32	32	32
Parks (acres)	950	950	950	950	961	1,240	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
<b>Public safety</b>										
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	85	95	94
Fire Stations	5	6	6	6	6	6	6	6	6	6
<b>Public services</b>										
Public Services										
Streets - Paved (miles)	510	537	537	547	538	538	565	573	573	594
Alleys - Paved (miles)	69	71	73	76	78	80	83	85	85	85
Number of Street Lights	4,500	4,515	4,515	4,515	2,600	2,600	2,142	2,173	2,184	2,184
Water and Sewer										
Water Mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	385	394	407
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,295	2,376	3,096
Sanitary Sewer (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	305	307	310

Source: City Departments

Notes:

N/A - Data not available.

Fire Hydrants for 07/08 were located by GPS, thereby giving a more accurate accounting than those counted on previous years' maps.