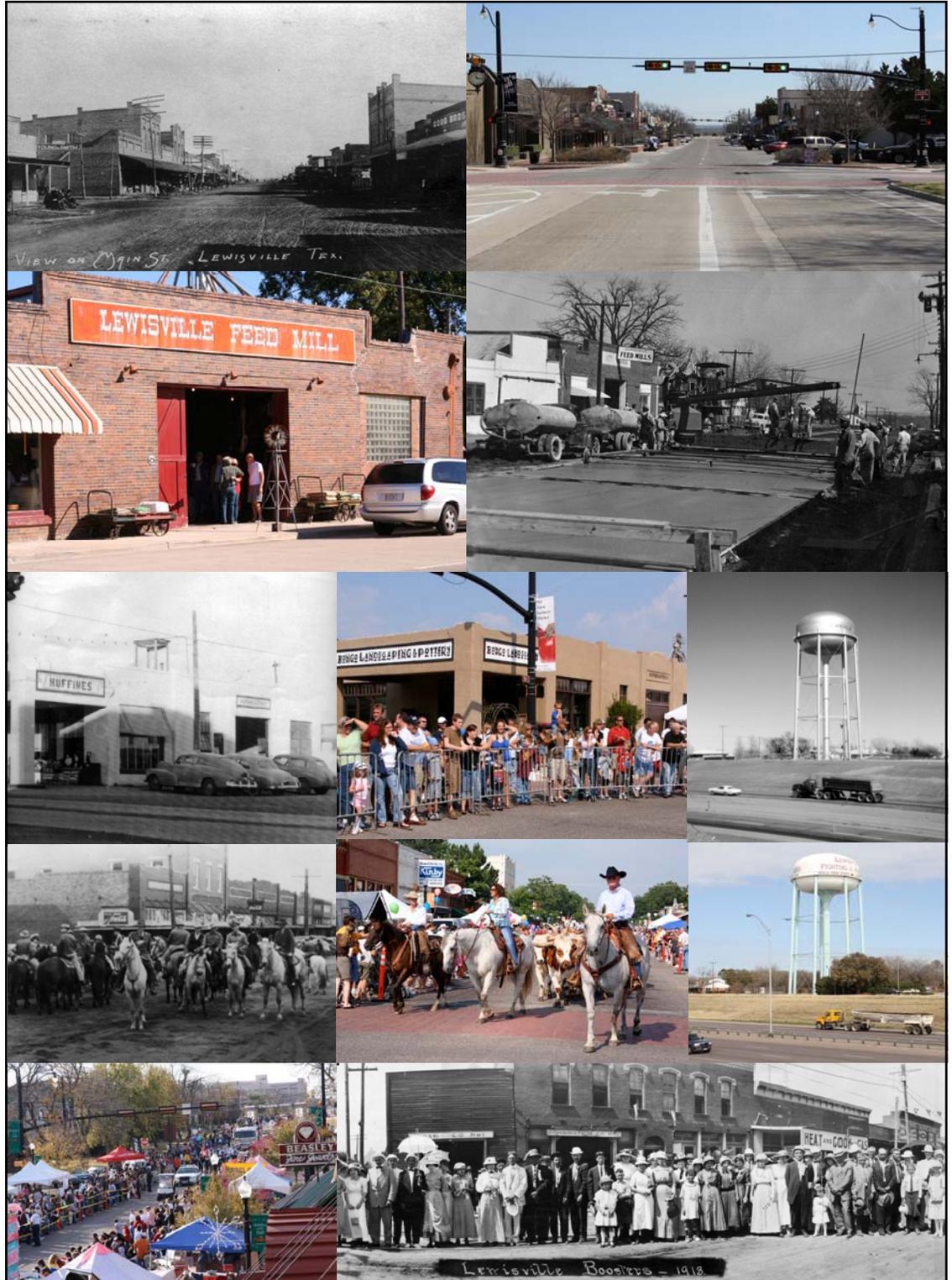


CITY OF LEWISVILLE, TEXAS

Main Street—Past and Present



Comprehensive Annual Financial Report  
for the fiscal year ended September 30, 2010



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

**CITY OF LEWISVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*for the fiscal year ended September 30, 2010*



Prepared by the  
**FINANCE DEPARTMENT**



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

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CITY OF LEWISVILLE, TEXAS  
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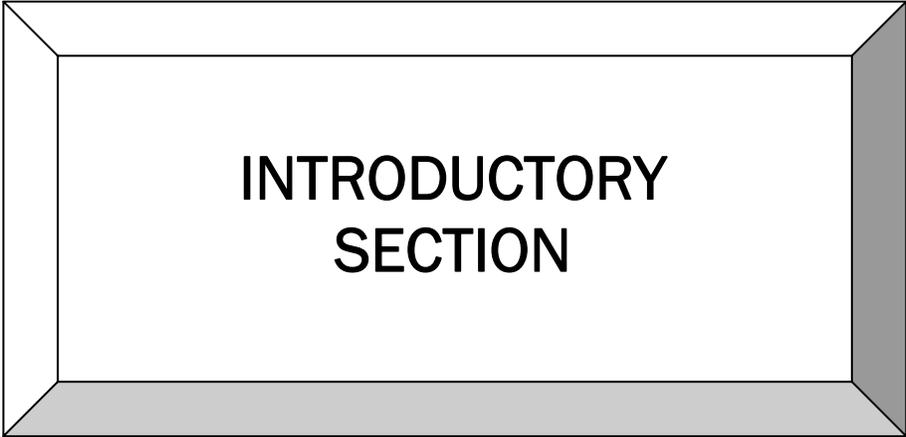
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**INTRODUCTORY  
SECTION**



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.



March 16, 2011

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, 2010, 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, 2010, 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, 2010, 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)
- Tax Increment Reinvestment Zone Number 2, City of Lewisville, Texas
- 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 2000, Lewisville's population has increased 22.6% from 77,737 to an estimated 95,290 in 2010. 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:

- The redevelopment and 94% occupancy of Lewisville’s ConVergence Office Campus has helped drive the business growth in Lewisville over the past year. The 185 acre campus in southwest Lewisville is owned by Brookfield Properties Company who has made significant investment in master planning the 841,000 square feet of existing space and 100 acres of greenfield to maximize development potential. MedFusion, a partnership between Baylor and U.S. Oncology, took occupancy in 2010 bringing 900 employees and \$10 million in capital investment to ConVergence. Nationstar Mortgage consolidated their operations to a regional headquarters at ConVergence, bringing 900 employees into 80,000 square feet. Tribune, a national media company, located their shared services subsidiary, Blue Lynx Media at ConVergence, securing 50,000 square feet of space for 493 employees. Other companies include Overhead Door, GMAC Financial Services, JP Morgan Chase, Cyrus One (recently doubled occupancy), Archon, and Texas Instruments.
- The Vista Ridge Business Park located near the interchange of Interstate Highway 35E (I-35E) and Sam Rayburn Tollway, also known as State Highway 121 (SH-121), is home to a number of new high-quality office developments. The business park sits on 188 acres with nearly 1.8 million square feet of office, hotel and retail development. In addition to occupying space in the ConVergence Office Campus mentioned above, JP Morgan Chase and GMAC Financial Services have operations here. Large employers such as TIAA-CREF, Parago, U.S. Home Systems, and U.S. Oncology have large scale operations in the Vista Ridge Business Park. These occupancies are in large part attributable to the quality amenities nearby including Vista Ridge Mall, Costco, and Starbucks. The park also has acreage for future development, with the Vista Oaks property at MacArthur and SH-121 offering a significant opportunity for office, retail and residential growth.
- Austin Ranch, a master planned community and business park in east Lewisville, is home to the corporate headquarters of Sysco Foods, Orthofix, and The Apparel Group. Austin Ranch Distribution Center is home to Grande Communications and Ricos Products Company.
- 121 Lakepointe Crossing is an emerging business park located along SH-121 in east Lewisville. The office park is 365 acres and is master planned for office and industrial development as well multi-family and townhouse uses. The primary developer, Opus West, has expanded the original 600,000 square foot development to over 900,000 square feet to accommodate the main tenant, Alcatel-Lucent. Other tenants include the J Paul Company, Southwest Carpets, Mustang Electric Supply, and Decorator’s Choice.
- Majestic Airport Center is a 160-acre, master-planned business park that will total more than 3 million square feet of Class A warehouse and distribution facilities in seven buildings. Phase I is complete, which includes DFW’s first 1 million square foot speculative industrial building. Negotiations with a tenant are currently underway. Jafra Cosmetics and Cabin Innovations currently occupy the development, taking advantage of the Foreign Trade Zones and Triple Freeport in place.

- Waters Ridge Business Park is the 15<sup>th</sup> largest business park in the DFW region, with over 4.7 million square feet of space. The park is home to large-scale distribution operations such as Rheem-Ruud, Toni & Guy, Four Seasons, Carquest, NTE Aviation and Kuehne + Nagel. The park also houses a mix of professional offices, including several medical and other technology companies. Those include Medical Extrusion Tech, Broadtech, Nishimoto, Telpar, Hoya Optical and Martin Marietta Materials. The area continues to thrive with Rheem-Ruud doubling its occupancy and utilizing more than 300,000 square feet of space.
- The City of Lewisville continues to revitalize Old Town Lewisville.
  - The Medical Center of Lewisville Grand Theater, a 40,000 square-foot facility, was completed in 2010. It is the first publicly operated performing arts center in southern Denton County and boasts a proscenium theater, black box theater, dance recital hall, art gallery, classrooms, and a central courtyard.
  - Immediately east of the MCL Grand Theater and across from City Hall, is a public plaza called Wayne Ferguson plaza. This park improvement is under design and financed primarily through intergovernmental grants. The park space will include a great lawn for events, projection water wall, pop-up water fountains, playground, and a history walk.
  - Streetscape improvements along the Main and Mill Streets corridors have received funding this year. This project will create pedestrian and bike amenities to encourage walking and biking to the rail station in Old Town Lewisville.

## MAJOR INITIATIVES

**Old Town Tax Increment Reinvestment Zone**—This zone was created in December 2001, with participation between the City and Denton County. Tax increment revenues from the Zone will be used to finance infrastructure improvements to stimulate revitalization of Old Town. Projects to date include parking improvements, wayfinding, infrastructure needs studies, sidewalk enhancements, beautification projects, facade improvement grant program and the MCL Grand Theater mentioned above. Future development includes construction of the aforementioned streetscape improvements and parking development. The Zone will expire in 2028.

**Tax Increment Reinvestment Zone Number 2**—This zone was created in October 2008, with participation between the City and Denton County. Tax increment revenues from the Zone will be used to finance infrastructure improvements for a 427 acre mixed-use development. The development, also known as Hebron 121 Station, is at the northeast corner of I-35E and SH-121 Tollway. The project will consist of urban residential, retail, recreation, and entertainment uses. Grading is underway with development situated around the Denton County Transit Authority (DCTA) A-Train Station. The Zone will expire in 2038.

**Metropolitan Transit System**— DCTA has worked since its formation in 2001 to connect Lewisville to the DFW commuter rail network. 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 network, called the A-train, will be operational in June of 2011. Lewisville has completed master plans for the areas surrounding each of these three stations. The most notable plan, the Lake Lewisville Master Plan, was recognized by the Urban Land Institute in 2008, due in large part to its unique combination of lake frontage, commuter rail, and adjacency to an interstate highway.

**Other Major Roadway Projects**—Interstate Highway 35E is scheduled to be widened from 10 to 14 lanes between SH-121 and the City of Corinth. The project has completed its environmental processes and is awaiting complete funding before it can proceed into implementation. \$595 million of the \$4 billion in needed funds has been allocated from regional toll revenue and Denton County. The 82<sup>nd</sup> Texas Legislature is considering action that would allow the project to proceed into implementation. The City is in the process of completing a Corridor Development Plan to guide public improvements, private developments, business retention, and new business recruitment along the corridor.

**Brownfield Development**— Lewisville has implemented a brownfield program to help plan for and initiate redevelopment. Developing in older areas with existing industrial or auto related uses typically involves overcoming environmental challenges. The program is designed to address these challenges, and has been integrated with the redevelopment planning initiatives in Old Town and along the I-35E corridor.

**Residential Growth**—Crest Manor, a new multi-family community in southwest Lewisville includes 336 luxury rental units and was completed in 2010. Huffines Communities is underway with Phase One of a 90-acre mixed-use urban development blending multifamily residential and retail space near Lewisville's southernmost rail station. New single family development is taking place in central Lewisville, with First Texas Homes building 67 new units for sale.

## **FINANCIAL INFORMATION**

**Financial Policies**—The City of Lewisville has adopted (with City Council approval) formal written financial policies and administrative directives. These include, among others, policies and directives for Audit, Revenue Management, Expenditure Control, 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 December or January 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 revenue and 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 2010-11 and the preceding five fiscal years is reflected in the following table:

<u>Purpose</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
General Fund	0.32289	0.32156	0.32156	0.32184	0.32184	0.32107
Debt Service Fund	<u>0.11732</u>	<u>0.11865</u>	<u>0.11865</u>	<u>0.11866</u>	<u>0.13495</u>	<u>0.13572</u>
Total Tax Rate	<u>0.44021</u>	<u>0.44021</u>	<u>0.44021</u>	<u>0.44050</u>	<u>0.45679</u>	<u>0.45679</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 2009-10, the City’s payments to the districts for appraisal services were \$250,945, a decrease of \$2,796, or 1.1%, from the amount paid by the City in 2008-09. Beginning in October 1997, the City contracted with Denton County for tax collection services. The 2009-10 cost was \$21,876.

**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.

**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 9-30-10 (Net of Debt Service)	\$63,234,274
Estimated Population	95,290
G. O. Debt per Capita	\$664
Net G. O. Debt per Assessed Value	.99%

The City’s underlying bond ratings at September 30, 2010 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>
Standard & Poor’s	AA+	AA+
Fitch Ratings	AA+	AA+

**Cash Management**—Exclusive of the City’s long-term OPEB trust and 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, 2010, the portfolio consisted of:

<u>Year to Maturity</u>	<u>Percent of Portfolio</u>
0-1	82.36%
1-2	17.64%

*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 0.9796% in 2010.

**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 Grant Thornton, 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, 2010, 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, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, 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 21 consecutive years (fiscal years ended 1989-2009). 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

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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, 2009

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



A stylized, handwritten signature in black ink.

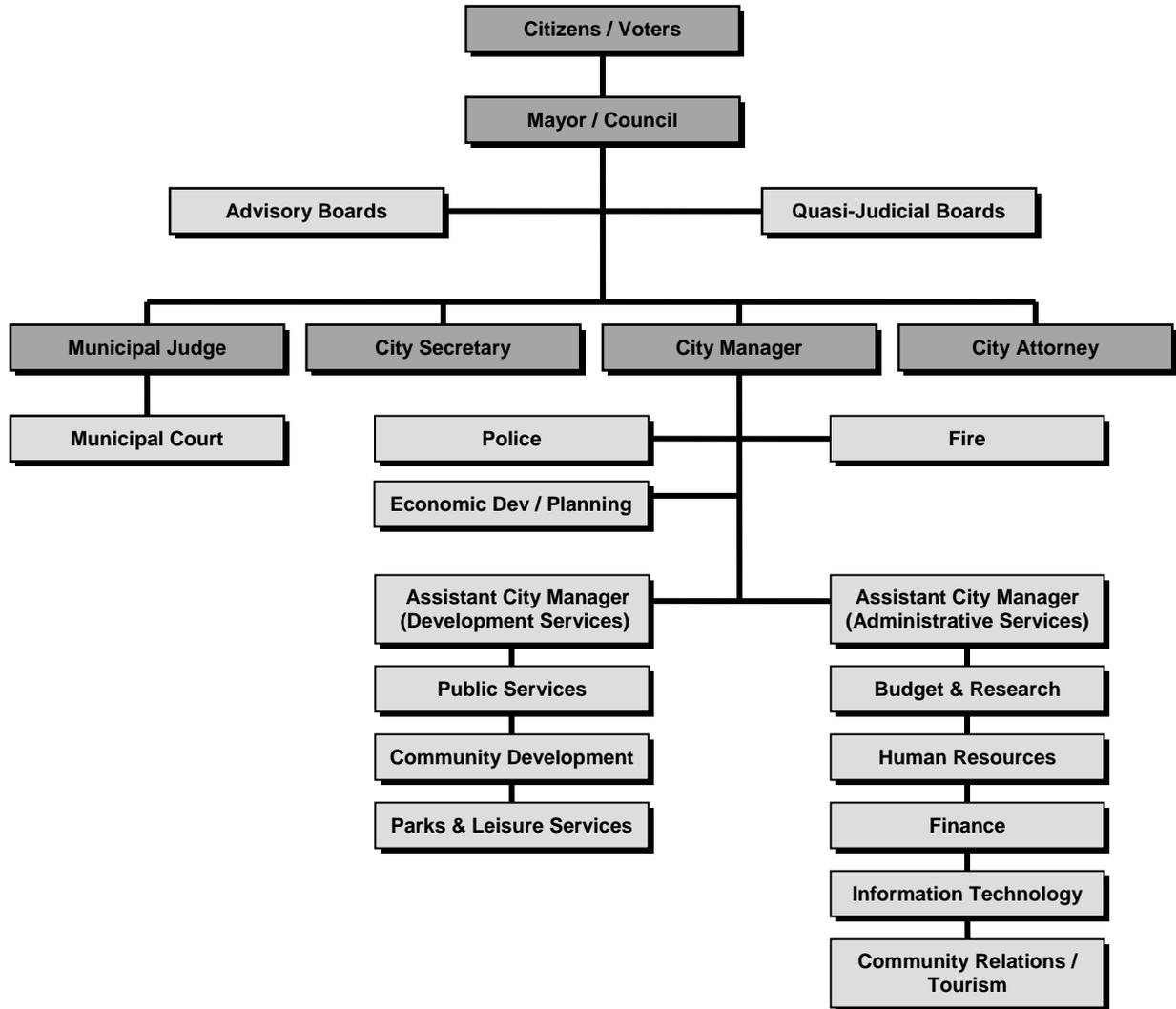
President

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

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

**– Appointed Officials –**

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City Manager ..... Claude E. King  
City Secretary ..... Julie Heinze  
City Attorney ..... Lisbeth Plaster  
Municipal Judge ..... Brian S. Holman

**– Assistant City Managers –**

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

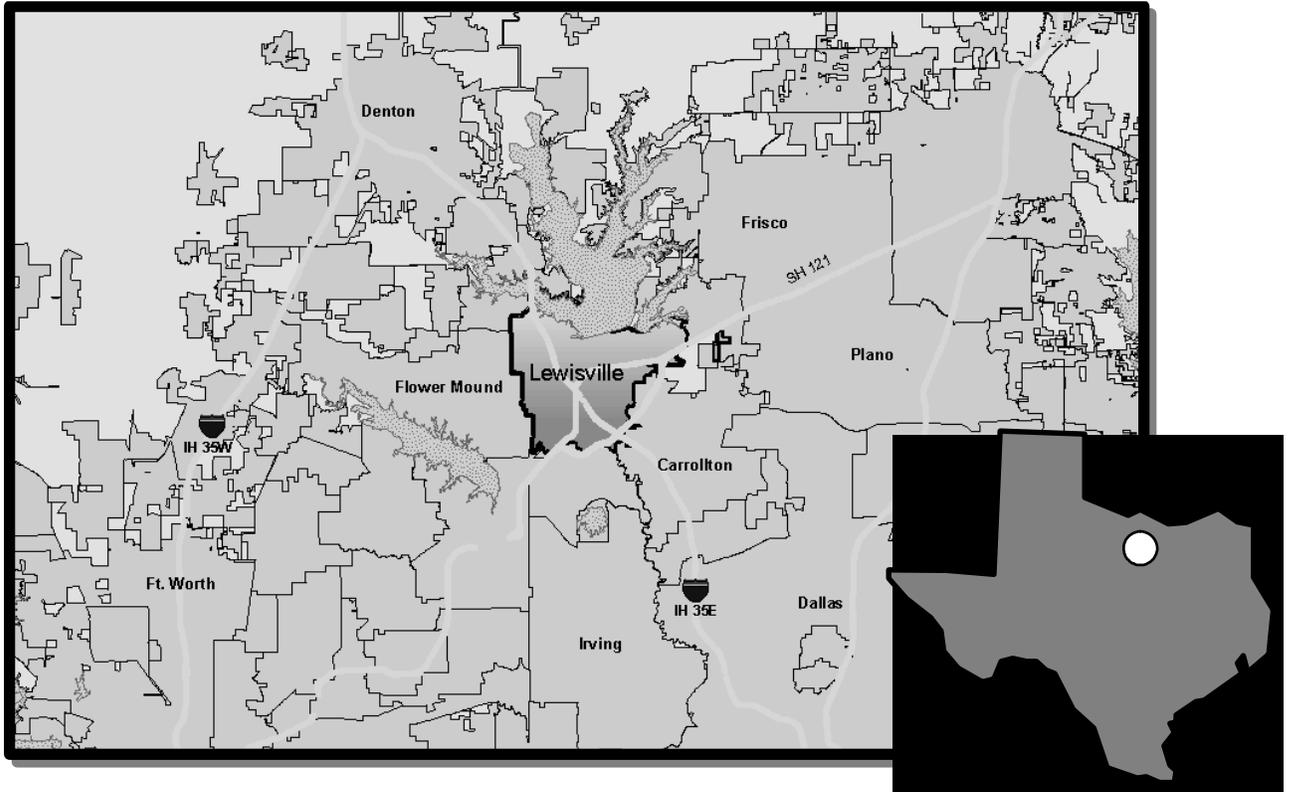
**– Department Directors –**

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Budget and Research ..... Gina Thompson  
Community Development ..... Eric Ferris  
Community Relations and Tourism ..... James Kunke  
Economic Development ..... Nika Reinecke  
Finance ..... Brenda Martin  
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

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**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.



## Report of Independent Certified Public Accountants

Honorable Mayor, City Council and City Manager  
City of Lewisville, Texas

Audit • Tax • Advisory

**Grant Thornton LLP**  
1717 Main Street, Suite 1500  
Dallas, TX 75201-4667

T 214.561.2300  
F 214.561.2370  
[www.GrantThornton.com](http://www.GrantThornton.com)

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lewisville, Texas (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lewisville, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 28 and general fund budgetary comparison information on pages 81 through 82 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Grant Thornton LLP*

Dallas, Texas  
March 16, 2011

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, 2010. 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, 2010 by \$568,939,519 (net assets). Of this amount, \$82,290,091 (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 \$4,772,129 for the year ended September 30, 2010.
- As of September 30, 2010, the City of Lewisville's governmental funds reported combined ending fund balances of \$78,827,028, a decrease of \$4,413,296 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$26,429,898 or approximately 47 percent of total general fund expenditures.
- The City's total outstanding bonds (excluding component unit debt) decreased by \$11,025,000 during the current fiscal year. In 2010, the City issued \$9,600,000 of General Obligation Refunding Bonds. These proceeds, with a portion of available debt service funds, were used to pay off \$2,555,000 of outstanding General Obligation Bonds and \$7,505,000 of Waterworks and Sewer System Revenue Bonds. The City did not issue any additional debt this year.

## **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 seven 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 Tax Increment Reinvestment Zone Number 2, 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.

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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

The City of Lewisville maintains 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, and the general capital projects fund, all of which are considered to be major funds. Data from the other sixteen 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 \$568,939,519 as of September 30, 2010. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$207,878,668. 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 (84.9 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, 2010**

**Table 1  
Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 152,602,798	\$ 110,103,050	\$ 63,227,658	\$ 73,348,928	\$ 215,830,456	\$ 183,451,978
Capital assets	331,951,099	329,015,502	189,764,555	188,891,353	521,715,654	517,906,855
Total assets	484,553,897	439,118,552	252,992,213	262,240,281	737,546,110	701,358,833
Non-current liabilities	74,917,033	71,649,789	41,749,546	53,737,977	116,666,579	125,387,766
Other liabilities	48,576,013	8,051,801	3,363,999	3,751,876	51,940,012	11,803,677
Total liabilities	123,493,046	79,701,590	45,113,545	57,489,853	168,606,591	137,191,443
Net assets:						
Invested in capital assets, net of related debt	311,014,889	308,190,669	172,162,748	166,895,435	483,177,637	475,086,104
Restricted	1,324,264	1,867,844	2,147,527	1,914,446	3,471,791	3,782,290
Unrestricted	48,721,698	49,358,449	33,568,393	35,940,547	82,290,091	85,298,996
Total net assets	\$ 361,060,851	\$ 359,416,962	\$ 207,878,668	\$ 204,750,428	\$ 568,939,519	\$ 564,167,390

**Governmental Activities**

The City's general revenues decreased when compared to the prior year by 1.3% or \$812,174. The primary reasons for this decrease were property taxes and investment earnings. Sales tax revenues reflect \$919,378 (5.2%) more than the previous year. Investment earnings decreased sharply due to lower interest rates and decreasing yields compared to previous years. Unfavorably, assessed value of the property in the City decreased by \$161.7 million or 2.5% as compared to the prior year while the tax rate remained the same as 2009 at \$0.44021 per \$100 assessed valuation. The changes in the City's general revenues are as follows (Table 2):

**Table 2  
General Revenues**

	2010	2009	Increase (decrease)
Property taxes	\$ 29,084,416	\$ 29,799,442	\$ (715,026)
Sales taxes	18,605,874	17,686,496	919,378
Hotel/motel taxes	1,551,355	1,554,826	(3,471)
Other taxes	1,046,346	1,095,822	(49,476)
Franchise taxes	5,055,711	4,635,238	420,473
Investment earnings	526,984	2,051,750	(1,524,766)
Gain on disposal of assets	13,118	5,560	7,558
Miscellaneous	272,693	291,776	(19,083)
Transfers	3,260,894	3,108,655	152,239
Total general revenues	\$ 59,417,391	\$ 60,229,565	\$ (812,174)

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

Governmental activities increased the City's net assets by \$1,643,889. The key elements of this increase are as follows:

**Table 3  
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for service	\$ 11,660,120	\$ 12,573,860	\$ 26,146,670	\$ 25,657,454	\$ 37,806,790	\$ 38,231,314
Operating grants and contributions	2,228,626	1,202,143	-	-	2,228,626	1,202,143
Capital grants and contributions	11,183,861	23,865,801	1,470,699	1,823,269	12,654,560	25,689,070
General revenues:						
Property taxes	29,084,416	29,799,442	-	-	29,084,416	29,799,442
Other taxes	26,259,286	24,972,382	-	-	26,259,286	24,972,382
Other	812,795	2,349,086	293,331	1,401,659	1,106,126	3,750,745
Total revenues	81,229,104	94,762,714	27,910,700	28,882,382	109,139,804	123,645,096
Expenses:						
General government	10,760,138	10,746,552	-	-	10,760,138	10,746,552
Culture, parks and recreation	9,299,504	8,667,117	-	-	9,299,504	8,667,117
Public safety	37,628,477	35,349,800	-	-	37,628,477	35,349,800
Public services	22,404,173	20,313,784	21,521,566	20,822,278	43,925,739	41,136,062
Interest on long-term debt	2,753,817	2,673,325	-	-	2,753,817	2,673,325
Total expenses	82,846,109	77,750,578	21,521,566	20,822,278	104,367,675	98,572,856
Increase in net assets before transfers	(1,617,005)	17,012,136	6,389,134	8,060,104	4,772,129	25,072,240
Transfers	3,260,894	3,108,655	(3,260,894)	(3,108,655)	-	-
Increase in net assets	1,643,889	20,120,791	3,128,240	4,951,449	4,772,129	25,072,240
Net assets beginning of fiscal year	359,416,962	339,296,171	204,750,428	199,798,979	564,167,390	539,095,150
Net assets ending of fiscal year	\$ 361,060,851	\$ 359,416,962	\$ 207,878,668	\$ 204,750,428	\$ 568,939,519	\$ 564,167,390

The most significant governmental expense for the City is personnel cost. For the year, payroll costs were \$47,149,722 or 56.9% of total expenses. Payroll costs were closely monitored and came in \$658,759 less than budgeted.

For activities, public safety incurred expenses of \$37,628,477. These expenses were offset by revenues of \$5,000,197, which were collected from a variety of sources, with the largest being from fines and forfeitures. The largest portion of public safety is the cost of personnel which is \$30,484,056. Other significant governmental expenses for the City include public services which incurred \$22,404,173 in expenses, of which \$6,862,231 represents personnel charges and the general government activity which incurred \$10,760,138 in expenses, of which \$5,641,762 represents personnel charges. General government encompasses mayor and council, administration, legal, finance, human resources, information technology services, tourism, economic development and general government departments. The Parks and Leisure Services Department incurred \$9,299,504 in expenses, of which \$4,161,673 represents personnel charges.

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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**Business-type Activities**

Business-type activities increased the City's net assets by \$3,128,240. 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 \$26,146,670. Non-cash capital contributions from developers and cash receipts in the form of development impact fees amounted to \$1,470,699. Developer contributions are public improvement infrastructure projects that are completed by the developer. Prior to transfers, the charges for services exceeded expenses by \$4.625 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of fiscal year 2010, the City had \$521.7 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>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Improvements	\$ 203,233,262	\$ 203,709,210	\$ 383,350	\$ 409,259	\$ 203,616,612	\$ 204,118,469
Land	44,998,887	42,364,290	2,368,892	2,368,892	47,367,779	44,733,182
Buildings	45,837,922	43,946,897	803,509	834,743	46,641,431	44,781,640
Machinery & equipment	10,349,677	11,452,961	1,150,371	1,163,047	11,500,048	12,616,008
Construction in progress	27,531,351	27,542,144	13,499,324	16,163,979	41,030,675	43,706,123
Water system	-	-	102,185,599	100,007,220	102,185,599	100,007,220
Sewer system	-	-	69,373,510	67,944,213	69,373,510	67,944,213
<b>Totals</b>	<b>\$ 331,951,099</b>	<b>\$ 329,015,502</b>	<b>\$ 189,764,555</b>	<b>\$ 188,891,353</b>	<b>\$ 521,715,654</b>	<b>\$ 517,906,855</b>

CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010

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Major capital asset additions for 2009-2010 include:

New Jail Facility	\$ 3,875,610
Waterline Replacements (Highlands subdivision)	1,570,506
Concrete Street Rehabilitation	923,018
Waterline Replacements (Valley subdivision)	909,155
Railroad Street Park Development	903,820
Lakeside Circle Sewer Line	829,703
Waterline Replacements (Bellaire Heights)	473,503
Elevated Storage Tank (Austin Ranch)	285,365
Old Town Parking/Plaza/Pedestrian Improvements	271,690
C.R. Feaster Clearwell	262,110
Valley Ridge SE Waterline	230,321
Sidewalk Maintenance	214,549
Serendipity Village Street Rehabilitation	181,428
Asphalt Rehabilitation	178,853
	<u>\$ 11,109,631</u>

The City's fiscal year 2011 capital improvement program authorizes it to spend \$110.988 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 \$110.988 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 for 2010-2011 consist of \$401,637 in transfers from water and sewer operating funds for water line replacements and repairs. General Fund transfers for 2010-2011 include \$975,029 to fund concrete repairs to street and sidewalks. Municipal/technology improvements for 2010-2011 include \$210,000 for a new data storage system which will provide XIV storage for data application and file shares. The cost of this system will be funded with transfers of \$105,000 from both the General Fund and Court Technology Fund.

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.

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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**Debt**

At year end, the City had \$105.6 million in general obligation and revenue bonds outstanding as compared to \$116.6 million at the end of the prior fiscal year, a decrease of 9.5 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds (backed by the City)	\$ 64,810	\$ 63,460	\$ -	\$ -	\$ 64,810	\$ 63,460
Revenue bonds (backed by fee revenues)	-	-	40,740	53,115	40,740	53,115
<b>Totals</b>	<u>\$ 64,810</u>	<u>\$ 63,460</u>	<u>\$ 40,740</u>	<u>\$ 53,115</u>	<u>\$ 105,550</u>	<u>\$ 116,575</u>

During the current fiscal year, the City issued General Obligation Refunding Bonds in the amount of \$9.6 million in April 2010. The General Obligation Refunding debt provided funds for refunding \$2.555 million General Obligation debt (Series 1999 and 2001) and \$7.505 million Waterworks and Sewer System Revenue Bonds (Series 1997, 1998, and 1999). 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 and Water and Sewer Revenue 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 is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is .99%.

**THE CITY'S FUNDS**

At the close of the City's fiscal year on September 30, 2010, the governmental funds of the City reported a combined fund balance of \$78.8 million, a \$4.4 million decrease over the previous year.

The City's General Fund balance was \$26.8 million which was \$5,240,026 less than the prior year fund balance mainly due to planned one-time capital project transfers. Current year's activity resulted in a positive variance of \$2.83 million when compared to the final amended

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010**

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budget of \$23.94 million. Significant budgetary variances between the final amended budget and the actual results can be summarized as follows:

- Tax revenue was \$649,701 more than estimated. The primary reason was sales tax revenue, which was \$307,547 more than estimated and \$919,378 more than prior year receipts due mainly to a conservative budgeting policy and a one-time audit adjustment from the State Comptroller's Office. Property tax revenues were favorable to budget by \$285,810. Other taxes, mainly mixed drinks, came in \$50,485 higher than expected. Overall, these revenues reflect a weakened economy with an anticipated slow rebound.
- Licenses and Permits revenue was \$701,203 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. Natural gas well permit revenue, which was not budgeted, was \$280,000 for the year.
- Investment earnings were \$247,932 less than budgeted primarily due to a continuing decline in interest rates and yields.
- When combined, Police, Fire, Public Services, Community Development and Parks and Leisure Services departments had lower than expected expenditures resulting in a favorable variance of \$1,400,956. This variance is primarily due to salary savings from employee vacancies.

The City's Water and Sewer Fund net assets of \$207.4 million increased by \$3.2 million over the prior year net assets balance. The increase is primarily due to operating revenues and dedicated infrastructure continuing to remain well above operating expenses.

The City's Internal Service Funds net assets of \$22.0 million decreased by \$614,757 from the prior year net asset balance. Collectively, the Health Insurance Risk Pool Fund and Self Insurance Risk Fund experienced premium revenues that fell short of insurance claims and other expenses by \$169,130. The Maintenance and Replacement Fund experienced a \$445,627 decrease in net assets mostly due to planned capital replacement costs exceeding one year's lease payments.

### **General Fund Budgetary Highlights**

During fiscal year 2009-10, the City Council amended the budget for the General Fund in December for the routine supplement completed each year of prior year encumbrances (purchases) that overlap into the next fiscal year.

Staff reviewed the supplemental appropriation and determined that reserves were sufficient to recommend its approval. The net increase to the General Fund for the year was \$121,576.

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 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 95,290 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 2011. The combined budget appropriation for fiscal year 2010-11 totals \$103.072 million for eighteen operating funds. Another \$11.953 million 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 hold the tax rate steady for the current fiscal year at .44021 cents per \$100 assessed valuation. This tax rate actually brings in less tax revenue (\$595,598) for the 2010-11 fiscal year due to the new tax rate being applied to a decreased tax base. Property values decreased \$286 million or 4.50%. This brings the property tax revenue budgeted for FY 2010-11 to \$20.189 million making it the single largest General Fund revenue source.

The General Fund's second largest revenue source in fiscal year 2010-2011 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 budget for subsequent fiscal years is 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 \$17.668 million.

Budgeted operating expenditures in the General Fund are expected to increase \$467,885 from the 2009-2010 fiscal year re-estimated budget. The increase is mainly attributed to several one-time expenditures from fund balance which include \$220,407 for several Chapter 380 economic development agreements, \$171,000 to fund the final phases of the I-35 Corridor Comprehension Plan, and \$105,000 to fund a new data storage. Due to these planned expenditures, the City's General Fund fund balance is budgeted to decline by 2.9% or \$729,749.

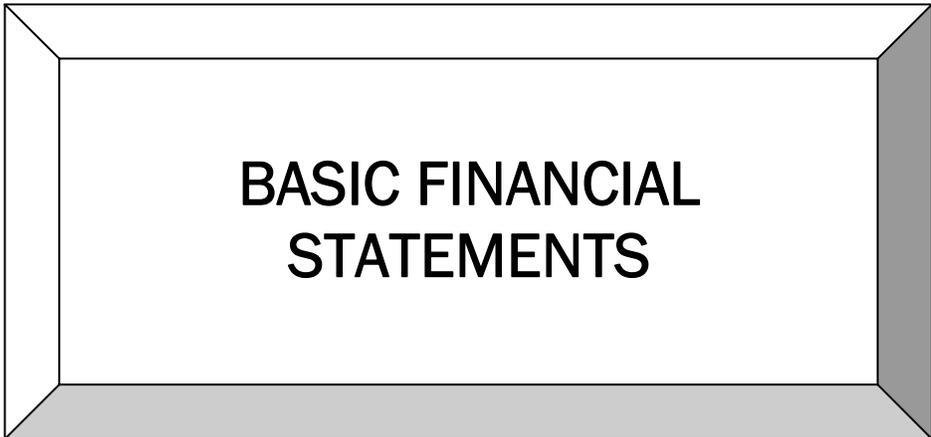
As for the City's business type activities, the City budgeted a decrease of \$422,127 for the Water and Sewer Fund's net assets. The primary item contributing to this is an increase in the amount

of the payment in lieu of taxes (PILOT) to the General Fund from 2% to 4%, along with the implementation of the 1% franchise fee payment to the General Fund.

Water and sewer rates were reviewed by the City Council for fiscal year 2010-2011. A 0.5% rate increase in both water and sewer rates was decided by Council to better cover expected increases in overall 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**



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**CITY OF LEWISVILLE, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

**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	\$ 26,871,933	\$ 573,550	\$ 27,445,483	\$ 2,401,484
Investments	104,823,025	27,007,813	131,830,838	9,354,925
Receivables (net of allowances for uncollectibles)	10,034,716	4,194,066	14,228,782	965,785
Internal balances	6,624,730	(6,624,730)	-	-
Inventory of supplies	97,099	-	97,099	-
Prepaid items	3,547,582	2,378	3,549,960	3,644
Restricted assets				
Cash	-	757,024	757,024	-
Investments	-	36,816,321	36,816,321	-
Interest receivable	-	65,780	65,780	-
Deferred charges	603,713	435,456	1,039,169	306,070
Capital assets				
Non-depreciable	72,530,238	15,868,216	88,398,454	7,741,030
Depreciable (net of accumulated depreciation)	259,420,861	173,896,339	433,317,200	124,517
Total assets	<u>\$ 484,553,897</u>	<u>\$ 252,992,213</u>	<u>\$ 737,546,110</u>	<u>\$ 20,897,455</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 2,689,797	\$ 1,371,441	\$ 4,061,238	\$ 1,043,548
Incurred but not reported claim reserve	881,267	-	881,267	-
Retainage payable	675,017	-	675,017	-
Accrued liabilities	2,709,463	397,798	3,107,261	37,320
Accrued interest payable	318,927	211,445	530,372	241,908
Liabilities payable from restricted assets	-	1,362,464	1,362,464	-
Deposits payable	7,890	-	7,890	-
Unearned revenue	40,666,844	-	40,666,844	-
Money held in escrow	626,808	20,851	647,659	-
Non-current liabilities				
Due within one year	11,094,449	4,331,029	15,425,478	1,381,718
Due in more than one year	63,822,584	37,418,517	101,241,101	40,409,643
Total liabilities	<u>123,493,046</u>	<u>45,113,545</u>	<u>168,606,591</u>	<u>43,114,137</u>
Net assets				
Invested in capital assets, net of related debt	311,014,889	172,162,748	483,177,637	47,723
Restricted for debt service	1,324,264	2,147,527	3,471,791	-
Restricted for tax increment reinvestment zone	-	-	-	1,735,902
Unrestricted	48,721,698	33,568,393	82,290,091	(24,000,307)
Total net assets	<u>361,060,851</u>	<u>207,878,668</u>	<u>568,939,519</u>	<u>(22,216,682)</u>
Total liabilities and net assets	<u>\$ 484,553,897</u>	<u>\$ 252,992,213</u>	<u>\$ 737,546,110</u>	<u>\$ 20,897,455</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, 2010**

	<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	\$ 10,760,138	\$ 3,306,827	\$ 156,576	\$ 15,000
Culture, parks and recreation	9,299,504	1,696,101	76,516	1,176,739
Public safety	37,628,477	5,000,197	1,418,781	11,375
Public services	22,404,173	1,656,995	576,753	9,980,747
Interest on long-term debt	2,753,817	-	-	-
Total governmental activities	<u>82,846,109</u>	<u>11,660,120</u>	<u>2,228,626</u>	<u>11,183,861</u>
Business-type activities				
Water and sewer	21,521,566	26,146,670	-	1,470,699
Total business-type activities	<u>21,521,566</u>	<u>26,146,670</u>	<u>-</u>	<u>1,470,699</u>
Total primary government	<u>\$ 104,367,675</u>	<u>\$ 37,806,790</u>	<u>\$ 2,228,626</u>	<u>\$ 12,654,560</u>
Component units				
Lewisville Housing Finance Corporation	\$ -	\$ -	\$ -	\$ -
Lewisville Parks and Library Development Corporation	3,710,517	179,465	-	-
Tax Increment Reinvestment Zone (Old Town)	356,866	-	-	1,452,808
Total component units	<u>\$ 4,067,383</u>	<u>\$ 179,465</u>	<u>\$ -</u>	<u>\$ 1,452,808</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 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>Component Units</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
\$ (7,281,735)	\$ -	\$ (7,281,735)	\$ -
(6,350,148)	-	(6,350,148)	-
(31,198,124)	-	(31,198,124)	-
(10,189,678)	-	(10,189,678)	-
(2,753,817)	-	(2,753,817)	-
<u>(57,773,502)</u>	<u>-</u>	<u>(57,773,502)</u>	<u>-</u>
-	6,095,803	6,095,803	-
-	6,095,803	6,095,803	-
<u>\$ (57,773,502)</u>	<u>\$ 6,095,803</u>	<u>\$ (51,677,699)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	(3,531,052)
-	-	-	1,095,942
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,435,110)</u>
28,898,185	-	28,898,185	454,831
18,605,874	-	18,605,874	4,708,583
1,046,346	-	1,046,346	-
5,055,711	-	5,055,711	-
1,551,355	-	1,551,355	-
186,231	-	186,231	-
526,984	211,973	738,957	68,323
13,118	-	13,118	-
272,693	81,358	354,051	-
3,260,894	(3,260,894)	-	-
<u>59,417,391</u>	<u>(2,967,563)</u>	<u>56,449,828</u>	<u>5,231,737</u>
1,643,889	3,128,240	4,772,129	2,796,627
359,416,962	204,750,428	564,167,390	(25,013,309)
<u>\$ 361,060,851</u>	<u>\$ 207,878,668</u>	<u>\$ 568,939,519</u>	<u>\$ (22,216,682)</u>

**CITY OF LEWISVILLE, TEXAS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2010**

**EXHIBIT 3**

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 4,867,872	\$ 321,269	\$17,703,903	\$ 761,561	\$ 23,654,605
Investments	18,974,247	1,251,680	68,975,269	2,906,400	92,107,596
Receivables (net of allowances for uncollectables)					
Taxes	5,653,348	67,466	-	-	5,720,814
Accounts	1,911,104	-	-	1,657,507	3,568,611
Unbilled accounts	249,754	-	-	-	249,754
Interest	44,103	2,776	151,188	7,060	205,127
Court	225,529	-	-	-	225,529
Other	-	-	-	15,011	15,011
Due from other funds	396,245	7,035,000	68,126	-	7,499,371
Prepaid items	201,588	-	230,584	3,014,788	3,446,960
Total assets	<u>\$32,523,790</u>	<u>\$ 8,678,191</u>	<u>\$87,129,070</u>	<u>\$ 8,362,327</u>	<u>\$136,693,378</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts and contracts payable	\$ 1,512,150	\$ -	\$ 929,061	\$ 215,670	\$ 2,656,881
Accrued liabilities	2,634,553	-	-	-	2,634,553
Deposits payable	7,890	-	-	-	7,890
Deferred revenues	1,506,013	7,102,465	40,666,844	83,799	49,359,121
Money held in escrow	94,844	-	531,964	-	626,808
Retainage payable	-	-	675,017	-	675,017
Due to other funds	-	-	-	1,906,080	1,906,080
Total liabilities	<u>5,755,450</u>	<u>7,102,465</u>	<u>42,802,886</u>	<u>2,205,549</u>	<u>57,866,350</u>
Fund balances					
Reserved for prepaid items	201,588	-	230,584	3,014,788	3,446,960
Reserved for encumbrances	136,854	-	8,048,695	79,497	8,265,046
Reserved for debt service	-	1,575,726	-	-	1,575,726
Reserved for capital projects	-	-	36,046,905	-	36,046,905
Unreserved, undesignated reported in					
General Fund	26,429,898	-	-	-	26,429,898
Special revenue funds	-	-	-	3,062,493	3,062,493
Total fund balances	<u>26,768,340</u>	<u>1,575,726</u>	<u>44,326,184</u>	<u>6,156,778</u>	<u>78,827,028</u>
Total liabilities and fund balances	<u>\$32,523,790</u>	<u>\$ 8,678,191</u>	<u>\$87,129,070</u>	<u>\$ 8,362,327</u>	<u>\$136,693,378</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, 2010**

**EXHIBIT 4**

Total fund balances, governmental funds	\$ 78,827,028
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.	603,713
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	326,650,086
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(318,927)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	8,692,277
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.	(74,917,033)
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 \$468,561.	<u>21,523,707</u>
Total net assets, governmental activities	<u>\$ 361,060,851</u>

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

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General	Debt Service	General Capital Projects	Other Governmental	Total Governmental Funds
<b>REVENUES</b>					
Property and other taxes	\$ 45,983,524	\$ 7,861,818	\$ -	\$ 1,566,463	\$ 55,411,805
Licenses and permits	1,894,107	-	-	-	1,894,107
Charges for services	5,522,540	-	-	-	5,522,540
Recreation	1,104,199	-	-	398,419	1,502,618
Fines and forfeitures	2,946,204	-	-	-	2,946,204
Investment earnings	76,820	18,377	410,539	21,251	526,987
Grants					
Culture, parks and recreation	-	-	-	29,634	29,634
Public safety	-	-	-	1,247,926	1,247,926
Public services	-	-	-	1,038,782	1,038,782
Contributions and donations	-	-	4,018,465	-	4,018,465
Miscellaneous	470,971	-	3	609,413	1,080,387
Total revenues	<u>57,998,365</u>	<u>7,880,195</u>	<u>4,429,007</u>	<u>4,911,888</u>	<u>75,219,455</u>
<b>EXPENDITURES</b>					
Current					
General government	7,438,168	-	-	1,677,582	9,115,750
Culture, parks and recreation	5,798,718	-	-	408,298	6,207,016
Public safety	33,898,949	-	-	1,117,604	35,016,553
Public services	9,069,051	-	-	423,415	9,492,466
Debt service					
Principal	-	5,695,000	-	-	5,695,000
Interest and fiscal charges	-	2,849,017	-	-	2,849,017
Capital Outlay	34,995	-	13,430,459	1,040,011	14,505,465
Total expenditures	<u>56,239,881</u>	<u>8,544,017</u>	<u>13,430,459</u>	<u>4,666,910</u>	<u>82,881,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,758,484</u>	<u>(663,822)</u>	<u>(9,001,452)</u>	<u>244,978</u>	<u>(7,661,812)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,270,917	70,438	10,229,510	51,917	13,622,782
Transfers out	(10,269,427)	-	(35,496)	(92,461)	(10,397,384)
Issuance of refunding bonds	-	2,565,000	-	-	2,565,000
Payments to refunding bond escrow agent	-	(2,555,000)	-	-	(2,555,000)
Proceeds from sale of assets	-	-	-	13,118	13,118
Net other financing sources (uses)	<u>(6,998,510)</u>	<u>80,438</u>	<u>10,194,014</u>	<u>(27,426)</u>	<u>3,248,516</u>
Net change in fund balances	(5,240,026)	(583,384)	1,192,562	217,552	(4,413,296)
<b>FUND BALANCES, beginning</b>	<u>32,008,366</u>	<u>2,159,110</u>	<u>43,133,622</u>	<u>5,939,226</u>	<u>83,240,324</u>
<b>FUND BALANCES, ending</b>	<u>\$ 26,768,340</u>	<u>\$ 1,575,726</u>	<u>\$ 44,326,184</u>	<u>\$ 6,156,778</u>	<u>\$ 78,827,028</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, 2010**

**EXHIBIT 6**

Net change in fund balances, total governmental funds \$ (4,413,296)

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 \$12,289,285 of capital outlay less capital asset dispositions of \$19,775 was to increase net assets. 12,269,510

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. 6,691,990

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. (15,485,905)

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 \$8,250,000, less bond proceeds of \$9,600,000 plus \$10,000 loss on refunding, plus amortization of \$33,083 is the net effect of these differences in the treatment of long-term debt and related items. (1,306,917)

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. (270,059)

Current year changes in the long-term liability for net pension benefit obligations do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. (1,693,246)

Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. 62,117

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. 6,329,541

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. (539,846)

Change in net assets, governmental activities \$ 1,643,889

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, 2010**

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 573,550	\$ 3,217,328
Investments	27,007,813	12,715,429
Receivables (net of allowances for uncollectables of \$176,757)		
Accounts	1,146,235	-
Unbilled accounts	2,983,985	-
Interest	63,846	31,983
Other	-	17,887
Due from other funds	-	1,500,000
Inventory of supplies, at cost	-	97,099
Prepaid items	2,378	100,622
Restricted assets		
Cash	757,024	-
Investments	36,816,321	-
Interest receivable	65,780	-
Total currents assets	<u>69,416,932</u>	<u>17,680,348</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>435,456</u>	-
Capital assets		
Land	2,368,892	-
Land improvements	106,700	-
Buildings	1,131,504	-
Other improvements	459,368	274,272
Water system	137,059,670	-
Sewer system	98,417,312	-
Machinery and equipment	3,837,340	4,266,964
Motor vehicles	-	17,393,219
Construction in progress	13,499,324	-
Total capital assets	<u>256,880,110</u>	<u>21,934,455</u>
Less - Accumulated depreciation	<u>(67,115,555)</u>	<u>(16,633,442)</u>
Capital assets, net of accumulated depreciation	<u>189,764,555</u>	<u>5,301,013</u>
Total noncurrent assets	<u>190,200,011</u>	<u>5,301,013</u>
Total assets	<u>\$ 259,616,943</u>	<u>\$ 22,981,361</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	\$ 1,334,496	\$ -
Accrued interest payable	211,445	-
Contracts and retainage payable	27,968	-
Money held in escrow	20,851	-
Current maturities of revenue bonds	3,895,000	-
Total current liabilities payable from restricted assets	<u>5,489,760</u>	<u>-</u>
Accounts payable	1,371,441	32,916
Incurred but not reported claim reserve	-	881,267
Accrued liabilities	397,798	74,910
Compensated absences	436,029	-
Due to other funds	1,278,291	-
Total current liabilities	<u>8,973,319</u>	<u>989,093</u>
Noncurrent liabilities		
Revenue bond payable	36,845,000	-
Deferred loss on refunding	(491,341)	-
Premium	429,048	-
Discount	(81,094)	-
Due to other funds	5,815,000	-
Compensated absences	348,230	-
Net pension obligation	368,674	-
Total noncurrent liabilities	<u>43,233,517</u>	<u>-</u>
Total liabilities	<u>52,206,836</u>	<u>989,093</u>
Net assets		
Invested in capital assets, net of related debt	172,162,748	5,301,013
Restricted		
For revenue bond retirements	2,147,527	-
Unrestricted	33,099,832	16,691,255
Total net assets	<u>\$ 207,410,107</u>	<u>\$ 21,992,268</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, 2010**

**EXHIBIT 8**

Total net assets, enterprise fund \$ 207,410,107

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.

468,561

Total net assets, business-type activities

\$ 207,878,668

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



**LEWISVILLE**

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## PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 26,146,670	\$ 9,480,143
Miscellaneous	81,358	521
Total operating revenues	<u>26,228,028</u>	<u>9,480,664</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	7,091,505	7,220,790
Administrative	7,202,802	1,164,122
Depreciation	5,202,145	1,908,012
Total operating expenses	<u>19,496,452</u>	<u>10,292,924</u>
Total operating income (loss)	<u>6,731,576</u>	<u>(812,260)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	211,973	82,708
Interest expense	(1,860,259)	-
Amortization	(89,944)	-
Gain on disposal of assets	-	79,299
Total non-operating revenues (expenses)	<u>(1,738,230)</u>	<u>162,007</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>4,993,346</u>	<u>(650,253)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	-	35,496
Transfers out	(3,260,894)	-
Contributions from developers	589,435	-
Contributions - impact fees	881,264	-
Total transfers and capital contributions	<u>(1,790,195)</u>	<u>35,496</u>
<b>CHANGE IN NET ASSETS</b>	3,203,151	(614,757)
<b>NET ASSETS, beginning</b>	<u>204,206,956</u>	<u>22,607,025</u>
<b>NET ASSETS, ending</b>	<u>\$ 207,410,107</u>	<u>\$ 21,992,268</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, 2010**

**EXHIBIT 10**

Net change in fund net assets, enterprise fund	\$ 3,203,151
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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.

(74,911)

Change in net assets, business-type activities	<u>\$ 3,128,240</u>
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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, 2010**

	<b>Business-Type Activities - Enterprise Fund</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 25,795,136	\$ -
Cash received from transactions with other funds	7,084,062	9,564,174
Cash paid to employees for services	(5,606,570)	(343,343)
Cash paid for goods and services	(8,729,258)	(1,963,425)
Cash paid for claims	-	(6,871,254)
Cash received for miscellaneous items	-	521
	<u>18,543,370</u>	<u>386,673</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	-	35,496
Transfers out to other funds	(3,260,894)	-
	<u>(3,260,894)</u>	<u>35,496</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	(5,032,874)	(1,404,090)
Proceeds from the sale of equipment	-	115,375
Principal paid on revenue bond maturities	(4,870,000)	-
Principal refunded	(7,505,000)	-
Impact fees	881,264	-
Interest paid	(2,280,842)	-
Reduction of unamortized bond issuance cost	237,341	-
	<u>(18,570,111)</u>	<u>(1,288,715)</u>
Net cash provided by (used in) capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(57,190,674)	(17,428,479)
Proceeds from sale and maturities of investments	57,095,412	18,481,470
Interest received	295,495	106,168
	<u>200,233</u>	<u>1,159,159</u>
Net cash provided by (used in) investing activities		
<b>NET (DECREASE) INCREASE IN CASH</b>	(3,087,402)	292,613
<b>CASH, beginning of year</b>	<u>4,417,976</u>	<u>2,924,715</u>
<b>CASH, end of year</b>	<u>\$ 1,330,574</u>	<u>\$ 3,217,328</u>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 573,550	\$ 3,217,328
Restricted cash and cash equivalents at end of year	757,024	-
<b>TOTAL CASH AT END OF YEAR</b>	<u>\$ 1,330,574</u>	<u>\$ 3,217,328</u>

**EXHIBIT 11**

	<b><u>Business-Type Activities - Enterprise Fund</u></b>	<b><u>Governmental Activities - Internal Service Funds</u></b>
Operating income (loss)	\$ 6,731,576	\$ (812,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	5,202,145	1,908,012
Provision for uncollectible accounts	(117,921)	-
Change in assets and liabilities		
(Increase) decrease in receivables	(304,690)	84,031
(Increase) decrease in prepaid items	(380)	(53,930)
(Increase) decrease in due from other funds	37,937	-
(Increase) decrease in inventory of supplies	-	(23,773)
Increase (decrease) in accounts and claims payable	(342,241)	(723,600)
Increase (decrease) in net pension obligations	211,656	-
Increase (decrease) in accrued liabilities	97,079	8,193
Increase (decrease) in deposits payable	14,276	-
Increase (decrease) in contracts and retainage payable	(88,258)	-
Increase (decrease) in compensated absences	56,066	-
Increase (decrease) in due to other funds	7,046,125	-
Total adjustments	<u>11,811,794</u>	<u>1,198,933</u>
Net cash provided by (used in) operating activities	<u>\$ 18,543,370</u>	<u>\$ 386,673</u>
From contributions of capital assets	\$ 589,435	\$ -
Increase (decrease) in fair value of investments	196,857	(63,459)

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

**CITY OF LEWISVILLE, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2010**

**EXHIBIT 12**

	<b>Castle Hills Debt Service Agency Fund</b>	<b>Lewisville OPEB Liability Trust Fund</b>
<b>ASSETS</b>		
Cash	\$ 8,323,954	\$ 49,484
Investments		
Mutual funds - equity	-	1,540,102
Mutual funds - fixed income	-	1,050,318
Interest receivable	62	1
Total assets	<u>8,324,016</u>	<u>2,639,905</u>
<b>LIABILITIES</b>		
Accounts payable	-	2,925
Due to debt holders	8,324,016	-
Total liabilities	<u>8,324,016</u>	<u>2,925</u>
<b>NET ASSETS</b>		
Held in trust for retiree health benefits	<u>\$ -</u>	<u>\$ 2,636,980</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, 2010**

**EXHIBIT 13**

	<b>Lewisville OPEB Liability Trust Fund</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Employer contributions	\$ 482,500
Investment earnings	55,851
Unrealized/realized gain, net	179,144
Total additions	<u>717,495</u>
 <b>DEDUCTIONS</b>	
Benefits	338,700
Total deductions	<u>338,700</u>
 <b>CHANGE IN NET ASSETS</b>	 378,795
 <b>NET ASSETS, beginning</b>	 <u>2,258,185</u>
 <b>NET ASSETS, ending</b>	 <u><u>\$ 2,636,980</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, 2010

EXHIBIT 14

	Governmental Activities					
	Lewisville Housing Finance Corporation	Lewisville Industrial Development Authority, Inc.	Lewisville Parks and Library Development Corporation	Tax Increment Reinvestment Zone (Old Town)	Tax Increment Reinvestment Zone #2	Total Component Units
<b>ASSETS</b>						
Cash	\$ 887	\$ 1,379	\$ 1,843,770	\$ 552,794	\$ 2,654	\$ 2,401,484
Investments	3,455	5,372	7,182,052	2,153,707	10,339	9,354,925
Receivables						
Accounts	-	-	804	-	-	804
Taxes	-	-	944,234	-	-	944,234
Interest	8	12	15,928	4,776	23	20,747
Deferred charges	-	-	248,483	57,587	-	306,070
Prepaid items	-	-	3,644	-	-	3,644
Capital Assets						
Non-depreciable	-	-	-	7,741,030	-	7,741,030
Depreciable (net of accum deprec)	-	-	-	124,517	-	124,517
Total assets	<u>\$ 4,350</u>	<u>\$ 6,763</u>	<u>\$ 10,238,915</u>	<u>\$ 10,634,411</u>	<u>\$ 13,016</u>	<u>\$ 20,897,455</u>
<b>LIABILITIES</b>						
Current						
Accounts and contracts payable	\$ -	\$ -	\$ 41,242	\$ 1,002,306	\$ -	\$ 1,043,548
Accrued liabilities	-	-	37,320	-	-	37,320
Accrued interest payable	-	-	198,236	43,672	-	241,908
Noncurrent liabilities						
Due within one year	-	-	1,361,718	20,000	-	1,381,718
Due within more than one year	-	-	32,611,819	7,797,824	-	40,409,643
Total liabilities	<u>-</u>	<u>-</u>	<u>34,250,335</u>	<u>8,863,802</u>	<u>-</u>	<u>43,114,137</u>
<b>NET ASSETS (DEFICIT)</b>						
Invested in capital assets, net of related debt	-	-	-	47,723	-	47,723
Unrestricted	4,350	6,763	(24,011,420)	1,722,886	13,016	(22,264,405)
Total net assets (deficit)	<u>4,350</u>	<u>6,763</u>	<u>(24,011,420)</u>	<u>1,770,609</u>	<u>13,016</u>	<u>(22,216,682)</u>
Total liabilities and net assets (deficit)	<u>\$ 4,350</u>	<u>\$ 6,763</u>	<u>\$ 10,238,915</u>	<u>\$ 10,634,411</u>	<u>\$ 13,016</u>	<u>\$ 20,897,455</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, 2010**

**EXHIBIT 15**

**Governmental Activities**

	<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>Tax Increment Reinvestment Zone #2</b>	<b>Total Component Units</b>
<b>EXPENSES</b>						
General government	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500
Culture, parks and recreation	-	-	2,107,364	-	-	2,107,364
Public services	-	-	-	-	-	-
Interest on long term debt	-	-	1,603,153	352,256	-	1,955,409
Depreciation	-	-	-	2,110	-	2,110
Total expenses	-	-	3,710,517	356,866	-	4,067,383
<b>PROGRAM REVENUES</b>						
Charges for services						
Culture, parks and recreation	-	-	179,465	-	-	179,465
Capital Contributions	-	-	-	1,452,808	-	1,452,808
Total program revenues	-	-	179,465	1,452,808	-	1,632,273
<b>GENERAL REVENUES</b>						
Property taxes	-	-	-	441,907	12,924	454,831
Sales taxes	-	-	4,708,583	-	-	4,708,583
Investment earnings	22	38	42,413	25,758	92	68,323
Total general revenues	22	38	4,750,996	467,665	13,016	5,231,737
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	22	38	1,219,944	1,563,607	13,016	2,796,627
Net assets (deficit), beginning	4,328	6,725	(25,231,364)	207,002	-	(25,013,309)
Net assets (deficit), ending	\$ 4,350	\$ 6,763	\$ (24,011,420)	\$ 1,770,609	\$ 13,016	\$ (22,216,682)

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



**LEWISVILLE**

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**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. The City Council approves the trust's annual budget. 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 Health Benefit Trust is reported as a blended component unit since it provides services exclusively for the City of Lewisville.
- 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. The City Council approves the corporation's annual budget. 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. The Local Government Corporation is reported as a blended component unit since it's governing body is substantially the same as the City's.

Discretely Presented Component Units

The following entities are accounted for as discretely presented component units since the services provided are not entirely or exclusively for the City.

- 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. The City Council approves the corporation's annual budget. 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.

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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- 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. The City Council approves the authority's annual budget. In the event of dissolution, title to all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Industrial Development Authority, P.O. Box 299002, Lewisville, Texas, 75029.
- The City of Lewisville, in conjunction with Denton County, created the Tax Increment Reinvestment Zone Number 1, City of Lewisville, Texas, to provide additional financing resources to further enhance the redevelopment of the Old Town area of the City. The City Council appoints a board, and board members are removable by the City Council. The City Council approves the zone's annual budget. 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.
- The City of Lewisville, in conjunction with Denton County, created the Tax Increment Reinvestment Zone Number 2, City of Lewisville, Texas, to provide additional financing resources to pay for infrastructure costs to facilitate a mixed-use development project on approximately 427 acres at the intersection of I-35 and SH121. The City Council appoints five members of the board and an additional two positions are reserved for appointment by other taxing units levying taxes within the Zone. The City Council may remove board members and approves the zone's annual budget. Financial statement information can be obtained by contacting the Lewisville Tax Increment Reinvestment Zone Number 2, 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. The City Council approves the corporation's annual budget. 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

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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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:

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

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

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

The City reports the following non-major governmental funds:

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

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 Improvement District.

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.

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- 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 and major equipment operated by the City. Departments pay monthly charges to provide funds for future replacement of capital outlay as well as to reimburse the 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.

- 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 and their dependents.

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

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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 non-operating 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 follows 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."

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, 2010, the City had a tax margin of \$2.05979 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 statement of net assets 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 \$453,039.

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:

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<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
Servers	3

**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 governmental 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 statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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, which approximates the effective interest rate 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 funds 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 and discounts received on debt issuances are reported as other financing sources or 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.

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**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, Old Town Tax Increment Reinvestment Zone, and Tax Increment Reinvestment Zone #2 Funds.

All annual appropriations lapse at fiscal year-end. Long range financial plans are adopted for all capital project funds with all capital project appropriation balances to roll forward.

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 governmental funds. 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.

**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 \$24,011,420 at September 30, 2010.

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

At year end, the government's carrying amount of deposits was \$28,202,507 and the bank balance was \$29,148,796. All bank balances, including the bank balance of the discretely presented component units, 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

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through this account upon purchase, sale, or maturity. All assets in the account are held in the City's name.

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

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

Investments at September 30, 2010 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, 2010 was \$74,408,684. At September 30, 2010, the City also had \$94,238,475 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	Weighted Average Maturity (Days)
U.S. Government Agency securities	\$ 74,408,684	\$ 74,408,684	345
Investment in TexPool	94,238,475	94,238,475	1
Total investments	<u>\$ 168,647,159</u>	<u>\$ 168,647,159</u>	<u>346</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 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. Government 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, 2010.

### 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

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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.

**3. RECEIVABLES**

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

	General	Debt Service	General Capital Projects	Non-Major and Other Funds	Total Governmental Funds
Receivables					
Property taxes	\$ 600,906	\$ 237,094	\$ -	\$ -	\$ 838,000
Franchise taxes	1,593,248	-	-	-	1,593,248
Sales taxes	3,776,936	-	-	-	3,776,936
Mixed drink taxes	112,176	-	-	-	112,176
Accounts	1,100,648	-	-	1,081,538	2,182,186
Unbilled trade accounts	249,754	-	-	-	249,754
Interest	44,103	2,776	151,188	7,060	205,127
Court	783,116	-	-	-	783,116
Grants	-	-	-	575,969	575,969
Ambulance	1,894,688	-	-	-	1,894,688
Miscellaneous	-	-	-	15,011	15,011
Gross receivables	10,155,575	239,870	151,188	1,679,578	12,226,211
Less: allowance	(2,071,737)	(169,628)	-	-	(2,241,365)
Net total receivables	\$ 8,083,838	\$ 70,242	\$ 151,188	\$ 1,679,578	\$ 9,984,846

	Water and Sewer	Internal Service	Total Proprietary Funds	Total Governmental Funds	Total All Funds
Receivables					
Property taxes	\$ -	\$ -	\$ -	\$ 838,000	\$ 838,000
Franchise taxes	-	-	-	1,593,248	1,593,248
Sales taxes	-	-	-	3,776,936	3,776,936
Mixed drink taxes	-	-	-	112,176	112,176
Accounts	1,322,992	17,887	1,340,879	2,182,186	3,523,065
Unbilled trade accounts	2,983,985	-	2,983,985	249,754	3,233,739
Interest	129,626	31,983	161,609	205,127	366,736
Court	-	-	-	783,116	783,116
Grants	-	-	-	575,969	575,969
Ambulance	-	-	-	1,894,688	1,894,688
Miscellaneous	-	-	-	15,011	15,011
Gross receivables	4,436,603	49,870	4,486,473	12,226,211	16,712,684
Less: allowance	(176,757)	-	(176,757)	(2,241,365)	(2,418,122)
Net total receivables	\$ 4,259,846	\$ 49,870	\$ 4,309,716	\$ 9,984,846	\$ 14,294,562

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**4. INTERFUND TRANSACTIONS**

Interfund transactions and balances for the fiscal year 2010 were as follows:

**Due to/from other funds**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor governmental	\$ 337,954	Short-term funding of deficit cash
General Fund	Water & Sewer Utility	58,291	Properly classify revenue & expense
Debt Service Fund	Water & Sewer Utility	7,035,000	Advance - Debt Conversion
Internal Service Fund	Nonmajor governmental	1,500,000	Advance - Hotel/Convention Center
General Capital Projects	Nonmajor governmental	68,126	Properly classify revenue & expense
		<u>\$ 8,999,371</u>	

The interfund balance between the Internal Service Fund and Nonmajor governmental fund of \$1,500,000 is not expected to be collected within one year. 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 non-major governmental fund, for the purpose of a hotel and convention center project. The Hotel/Motel Tax Fund began reimbursing the Maintenance and Replacement Fund in 2006 and is expected to complete reimbursement by 2013 when an installment payment by the convention center is made to the City.

During the year, \$7,035,000 of revenue bonds were refunded and converted to general obligation debt. The interfund balance above between Debt Service Fund and the Water & Sewer Utility Fund reflects this principal portion that will be reimbursed each year when debt service is paid on the obligation with final payment and reimbursement to be complete by 2019.

**Interfund Transfers**

Transfers In	Transfers Out	Amount	Purpose
General	Water & Sewer Utility	\$ 3,190,456	Payments in lieu of taxes, franchise fee, and indirect cost reimbursement
General	Nonmajor Governmental	80,461	Indirect cost reimbursement
Debt Service	Water & Sewer Utility	70,438	Reimburse debt service
General Capital Projects	General	10,217,510	Financing of capital improvements
Nonmajor Governmental	General	51,917	Matching funds
Internal Service	General Capital Projects	35,496	Excess funds transfer
General Capital Projects	Nonmajor Governmental	12,000	Financing of capital improvements
		<u>\$ 13,658,278</u>	

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5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
<u>Governmental Funds</u>					
Capital assets, not being depreciated:					
Land	\$ 42,364,290	\$ 2,634,597	\$ -	\$ -	\$ 44,998,887
Construction in progress	27,542,144	14,366,095	(1,452,808)	(12,924,080)	27,531,351
Total capital assets, not being depreciated	<u>69,906,434</u>	<u>17,000,692</u>	<u>(1,452,808)</u>	<u>(12,924,080)</u>	<u>72,530,238</u>
Capital assets, being depreciated:					
Land improvements	292,629,320	2,968,606	-	8,454,423	304,052,349
Buildings	60,932,791	20,000	-	3,744,976	64,697,767
Other improvements	20,485,667	-	-	322,485	20,808,152
Machinery and equipment	22,032,507	425,010	(19,775)	402,196	22,839,938
Total capital assets being depreciated	<u>396,080,285</u>	<u>3,413,616</u>	<u>(19,775)</u>	<u>12,924,080</u>	<u>412,398,206</u>
Accumulated depreciation:					
Land improvements	(106,556,026)	(10,541,567)	-	-	(117,097,593)
Buildings	(16,985,894)	(1,873,951)	-	-	(18,859,845)
Other improvements	(3,085,021)	(1,659,768)	-	-	(4,744,789)
Machinery and equipment	(16,185,287)	(1,410,619)	19,775	-	(17,576,131)
Total accumulated depreciation	<u>(142,812,228)</u>	<u>(15,485,905)</u>	<u>19,775</u>	<u>-</u>	<u>(158,278,358)</u>
Total capital assets being depreciated, net	<u>253,268,057</u>	<u>(12,072,289)</u>	<u>-</u>	<u>12,924,080</u>	<u>254,119,848</u>
Total governmental funds capital assets, net	<u>323,174,491</u>	<u>4,928,403</u>	<u>(1,452,808)</u>	<u>-</u>	<u>326,650,086</u>
<u>Internal service funds</u>					
Capital assets, being depreciated:					
Other improvements	274,272	-	-	-	274,272
Machinery and equipment	20,840,400	1,404,090	(584,307)	-	21,660,183
Total internal service assets being depreciated	<u>21,114,672</u>	<u>1,404,090</u>	<u>(584,307)</u>	<u>-</u>	<u>21,934,455</u>
Accumulated depreciation:					
Other improvements	(39,002)	(20,127)	-	-	(59,129)
Machinery and equipment	(15,234,659)	(1,887,885)	548,231	-	(16,574,313)
Total accumulated depreciation	<u>(15,273,661)</u>	<u>(1,908,012)</u>	<u>548,231</u>	<u>-</u>	<u>(16,633,442)</u>
Total internal services funds capital assets, net	<u>5,841,011</u>	<u>(503,922)</u>	<u>(36,076)</u>	<u>-</u>	<u>5,301,013</u>
Governmental activities capital assets, net	<u>\$ 329,015,502</u>	<u>\$ 4,424,481</u>	<u>\$ (1,488,884)</u>	<u>\$ -</u>	<u>\$ 331,951,099</u>

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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,368,892	\$ -	\$ -	\$ -	\$ 2,368,892
Construction in progress	16,163,979	5,260,257	-	(7,924,912)	13,499,324
Total capital assets, not being depreciated	<u>18,532,871</u>	<u>5,260,257</u>	<u>-</u>	<u>(7,924,912)</u>	<u>15,868,216</u>
Capital assets, being depreciated:					
Land improvements	106,700	-	-	-	106,700
Buildings	1,131,504	-	-	-	1,131,504
Other improvements	459,368	-	-	-	459,368
Water system	131,982,900	457,442	-	4,619,328	137,059,670
Sewer system	95,009,759	131,992	-	3,275,561	98,417,312
Machinery and equipment	3,581,661	225,656	-	30,023	3,837,340
Total capital assets being depreciated	<u>232,271,892</u>	<u>815,090</u>	<u>-</u>	<u>7,924,912</u>	<u>241,011,894</u>
Accumulated depreciation:					
Land improvements	(71,216)	(2,379)	-	-	(73,595)
Buildings	(296,761)	(31,234)	-	-	(327,995)
Other improvements	(85,593)	(23,530)	-	-	(109,123)
Water system	(31,975,679)	(2,898,392)	-	-	(34,874,071)
Sewer system	(27,065,547)	(1,978,255)	-	-	(29,043,802)
Machinery and equipment	(2,418,614)	(268,355)	-	-	(2,686,969)
Total accumulated depreciation	<u>(61,913,410)</u>	<u>(5,202,145)</u>	<u>-</u>	<u>-</u>	<u>(67,115,555)</u>
Business-type activities capital assets, net					
Total capital assets being depreciated, net	<u>170,358,482</u>	<u>(4,387,055)</u>	<u>-</u>	<u>7,924,912</u>	<u>173,896,339</u>
Total capital assets, net	<u>\$ 188,891,353</u>	<u>\$ 873,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,764,555</u>

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During the current year, \$1,452,808 of construction in progress costs associated with the Tax Increment Reinvestment Zone #1 (Old Town), were moved to the discretely presented component unit.

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

Governmental activities:	
General government	\$ 678,446
Administration and legal	356,601
Finance	72,638
Community relations/tourism	115,946
Human resources	719
Municipal court	4,510
Information technology	135,043
Police	549,841
Fire	314,605
Public works	10,170,048
Parks and leisure	2,906,484
Community development	181,024
Internal service funds	1,908,012
Total depreciation expense - governmental activities	<u>\$ 17,393,917</u>
Business-type activities:	
Water and sewer	<u>\$ 5,202,145</u>

Outstanding commitments at September 30, 2010 under authorized construction contracts were approximately \$10,453,801. 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. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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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 has granted on an annually repeating basis another type of monetary credit referred to as 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, which is calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

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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.

The City contributes to the TMRS Plan at an actuarially determined rate. 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, 2009 valuation is effective for rates beginning January 2011).

The annual pension costs and net pension obligation is as follows:

<b>Net Pension Obligation</b>		
	FY 2009-10	FY 2008-09
Annual required contribution (ARC)	\$ 7,903,067	6,816,614
Interest on net pension obligation	103,741	-
Adjustment to the ARC	(84,713)	-
Annual pension costs (APC)	<u>7,922,095</u>	<u>6,816,614</u>
Contributions made	<u>(5,997,951)</u>	<u>(5,409,954)</u>
Increase (decrease) in net pension obligation	1,924,144	1,406,660
Net pension obligation, beginning of year	1,406,660	-
Net pension obligation, end of year	<u>\$ 3,330,804</u>	<u>1,406,660</u>

<b>Three-Year Trend Information</b>			
	FY 2009-10	FY 2008-09	FY 2007-08
	12/31/09	12/31/08	12/31/07
Actuarial valuation date			
Annual pension cost (APC)	\$ 7,922,095	\$ 6,816,614	\$ 4,871,746
Actual contributions made	5,997,951	5,409,954	4,871,746
Percentage of APC contributed	75.7%	79.4%	100.0%
Net pension obligation	\$ 3,330,804	\$ 1,406,660	\$ -

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

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**Schedule of Actuarial Assumptions and Valuations**

	FY 2009-10 12/31/09	FY 2008-09 12/31/08	FY 2007-08 12/31/07
Valuation date			
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	28 years; closed period	29 years; closed period	30 years; closed period
Asset valuation method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial assumptions:			
Investment rate of return *	7.5%	7.5%	7.0%
Projected salary increases *	Varies by age and service	Varies by age and service	Varies by age and service
Cost-of-living adjustments	2.1%	2.1%	2.1%
* Includes inflation at	3.0%	3.0%	3.0%

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Schedule of Actuarial Liabilities and Funding Progress**

	FY 2009-10 12/31/09	FY 2008-09 12/31/08	FY 2007-08 12/31/07
Actuarial valuation date			
Actuarial value of assets	\$ 93,785,332	\$ 86,651,580	\$ 79,908,001
Actuarial accrued liability	147,683,287	136,672,203	126,259,331
Funded ratio	63.5%	63.4%	63.3%
Unfunded actuarial accrued liability (UAAL)	53,897,955	50,020,623	46,351,330
Annual covered payroll	39,760,683	38,217,868	34,936,279
UAAL as a percentage of covered payroll	135.6%	130.9%	132.7%

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

## 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 \$0.4971 per \$1,000 gallons. Effective October 1, 2010, the rate became \$.4768 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 \$89,190 for the year ended September 30, 2010 to purchase life insurance policies for thirteen eligible retirees.

### Lewisville OPEB Liability Trust Fund

The City established an irrevocable trust in 2008 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 per the plan, however the City has not elected any increases to date. The employee remains on the plan until age 65 when they are moved to a fully insured Medicare supplement plan. The City contributes a flat \$50 per month toward the retiree's fully insured premium.

Membership of the plan consists of the following at October 1, 2009, the date of the latest actuarial valuation:

Number of retirees and beneficiaries receiving benefit	54
Active plan members	627

*Funding Status and Funding Progress*

The City made an initial contribution to the trust of \$2,000,000 for beginning plan assets in 2008. Annual required contributions (ARC) per GASB Statement 45 began 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.

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**Schedule of Funding Status and Funding Progress**

Actuarial Valuation Date	10/1/2009	10/1/2008 *
Actuarial Value of Assets	\$2,258,200	\$2,034,900
Actuarial Accrued Liability (AAL)	\$5,954,000	\$5,666,100
Unfunded AAL (UAAL)	\$3,695,800	\$3,631,200
Funded Ratio	37.9%	35.9%
Covered Payroll	\$38,868,039	\$36,991,239
UAAL as a Percentage of Covered Payroll	9.5%	9.8%

\* inception year

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.

**Schedule of Employer Contributions and Net OPEB Obligation**

Contribution Year	9/30/2010	9/30/2009 *
Annual Required Contribution	\$ 482,500	\$ 482,500
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	\$ 482,500	\$ 482,500
Contributions made	482,500	482,500
Change in OPEB obligation	\$ -	\$ -
Net OPEB obligation (asset)-beginning of year	-	-
Net OPEB obligation (asset)-end of year	\$ -	\$ -
Percentage of annual OPEB cost contributed	100.0%	100.0%

\* first contribution year

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.

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**Actuarial Assumptions**

Valuation date	10/1/2009	10/1/2008
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar, open	Level dollar, open
Amortization period	30 years	30 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
General Inflation	3.0%	3.0%

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

The Lewisville OPEB Liability Trust Fund does not issue a separate financial report. Additional information can be found in the Agency and Trust Funds section of this report.

**9. COMPONENTS OF RESTRICTED ASSETS**

Cash, interest receivable, investments and prepaid items	
Deposits	\$ 1,334,496
Money held in escrow	20,851
Revenue bond current debt service accounts	2,649,946
Revenue bond future debt service accounts	3,604,026
Revenue bond construction accounts	<u>30,029,806</u>
 Total	 <u>\$37,639,125</u>

The related liabilities payable from restricted assets at September 30, 2010 are as follows:

Deposits payable	\$1,334,496
Escrow payable	20,851
Accrued interest payable	211,445
Contracts and retainage payable	27,968
Current maturities of revenue bonds	<u>3,895,000</u>
 Total	 <u>\$5,489,760</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 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, 2010,

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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.

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

Restricted Assets	
Revenue bond current debt service accounts	\$2,649,946
Revenue bond future debt service accounts	<u>3,604,026</u>
	<u>\$6,253,972</u>
Less - Liabilities payable from restricted assets	
Accrued interest payable	\$ 211,445
Current maturities of revenue bonds	<u>3,895,000</u>
	<u>4,106,445</u>
Reserved for revenue bond retirement	<u>\$2,147,527</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 \$21,471,946 for Nationwide and \$22,867,383 for AIG Valic at September 30, 2010. 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.

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In accordance with GASB Statement No. 32, the deferred compensation plans are not included in the financial statements of the City.

**11. LONG TERM LIABILITIES**

General Obligation Bonds

During the year, the City issued General Obligation Refunding Bonds for the purpose of refunding a portion of the City's outstanding general obligation and revenue bond debt.

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% - 5.25%	\$64,810,000

Annual debt service requirements to maturity for General Obligation Bonds, including interest of \$15,880,902 are as follows:

<u>Year Ended September 30</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	6,590,000	2,587,024	9,177,024
2012	6,305,000	2,341,518	8,646,518
2013	6,345,000	2,097,189	8,442,189
2014	5,985,000	1,852,029	7,837,029
2015	5,890,000	1,600,946	7,490,946
2016-2020	23,715,000	4,595,749	28,310,749
2021-2025	9,980,000	806,447	10,786,447
	<u>\$ 64,810,000</u>	<u>\$ 15,880,902</u>	<u>\$ 80,690,902</u>

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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, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water supply and waste water treatment	2.00% - 5.00%	\$40,740,000
Less-Current maturities payable from restricted assets		<u>3,895,000</u>
		<u>\$36,845,000</u>

Revenue bond debt service requirements to maturity, including interest of \$10,380,891 are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	3,895,000	1,617,848	5,512,848
2012	3,990,000	1,463,131	5,453,131
2013	3,760,000	1,302,190	5,062,190
2014	3,555,000	1,146,954	4,701,954
2015	3,335,000	1,000,357	4,335,357
2016-2020	13,800,000	3,072,232	16,872,232
2021-2025	<u>8,405,000</u>	<u>778,179</u>	<u>9,183,179</u>
	<u>\$ 40,740,000</u>	<u>\$ 10,380,891</u>	<u>\$ 51,120,891</u>

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2010, the City was in compliance with all significant limitations and restrictions.

During 2010 the City issued \$9,600,000 of General Obligation Refunding bonds, plus a cash contribution of \$626,141 to refund a portion of the City's outstanding general obligation and revenue bond debt. The net proceeds of the refunding, plus the contribution, amounted to \$9,533,799 and were deposited with an escrow agent to fully redeem the bonds in the current year. As a result of the refunding, the City decreased its aggregated debt service payment to maturity by \$744,971 and realized an economic gain (difference between the present value of debt service payment on the old debt and the new debt) of \$575,695.

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

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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, 2010, \$2,525,000 of outstanding General Obligation Bonds are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 63,460,000	\$ 9,600,000	\$ (8,250,000)	\$ 64,810,000	\$ 6,590,000
Less deferred amount on refunding	(616,655)	(10,000)	64,481	(562,174)	
Premium	1,115,109	-	(100,542)	1,014,567	
Compensated absences	6,441,692	4,388,238	(4,118,179)	6,711,751	4,504,449
Net pension obligation	1,249,643	1,693,246	-	2,942,889	-
Governmental activity long-term liabilities	<u>\$ 71,649,789</u>	<u>\$ 15,671,484</u>	<u>\$ (12,404,240)</u>	<u>\$ 74,917,033</u>	<u>\$11,094,449</u>
Business type activities:					
Bonds payable	\$ 53,115,000	\$ -	\$ (12,375,000)	40,740,000	\$ 3,895,000
Less deferred amount on refunding	(672,435)	-	181,094	(491,341)	
Premium	497,562	-	(68,514)	429,048	
Discount	(87,361)	-	6,267	(81,094)	
Compensated absences	728,193	450,868	(394,802)	784,259	436,029
Net pension obligation	157,018	211,656	-	368,674	-
Business type activity long-term liabilities	<u>\$ 53,737,977</u>	<u>\$ 662,524</u>	<u>\$ (12,650,955)</u>	<u>\$ 41,749,546</u>	<u>\$ 4,331,029</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 March 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

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being utilized for constructing an athletic complex, an arts activity center, parking lot and related improvements.

Certificates of Obligation outstanding at September 30, 2010 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	3.625% - 5.25%	\$33,645,000

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>	
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	1,510,000	1,388,359	2,898,359
2015	1,580,000	1,315,134	2,895,134
2016-2020	9,155,000	5,320,724	14,475,724
2021-2025	9,945,000	2,858,884	12,803,884
2026-2030	4,945,000	1,168,875	6,113,875
2031-2032	2,340,000	106,425	2,446,425
	<u>\$ 33,645,000</u>	<u>\$ 16,680,068</u>	<u>\$ 50,325,068</u>

Certificates of Obligation outstanding at September 30, 2010 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	4.0% - 5.0%	\$7,800,000

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

Year Ended September 30	Certificates of Obligation		Total
	Principal	Interest	
2011	20,000	348,979	368,979
2012	40,000	347,779	387,779
2013	165,000	343,266	508,266
2014	205,000	334,941	539,941
2015	245,000	324,816	569,816
2016-2020	1,920,000	1,410,136	3,330,136
2021-2025	3,335,000	859,500	4,194,500
2026-2027	1,870,000	95,750	1,965,750
	<u>\$ 7,800,000</u>	<u>\$ 4,065,167</u>	<u>\$ 11,865,167</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.	\$ 34,930,000	\$ -	\$ (1,285,000)	\$ 33,645,000	\$ 1,335,000
Premium	285,363	-	(15,878)	269,485	-
Compensated absences	18,633	33,611	(12,433)	39,811	26,718
Net pension obligation	-	19,241	-	19,241	-
LPLDC activities total:	<u>35,233,996</u>	<u>52,852</u>	<u>(1,313,311)</u>	<u>33,973,537</u>	<u>1,361,718</u>
TIRZ activities:					
Bonds payable:					
Tax and Revenue C.O.	7,800,000	-	-	7,800,000	20,000
Premium	18,890	-	(1,066)	17,824	-
TIRZ activities total:	<u>7,818,890</u>	<u>-</u>	<u>(1,066)</u>	<u>7,817,824</u>	<u>20,000</u>
Component unit long-term liabilities	<u>\$ 43,052,886</u>	<u>\$ 52,852</u>	<u>\$ (1,314,377)</u>	<u>\$ 41,791,361</u>	<u>\$ 1,381,718</u>

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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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, the 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, 2010, the Lewisville Housing Finance Corporation Housing Revenue Bonds were outstanding. The principal amount payable was \$10,790,000.

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, 2010**

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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, no more than 90% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 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, 2010, City of Lewisville, Texas Contract Revenue and Special Assessment Improvement Bonds outstanding aggregated was \$86,295,000.

## **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 Self-Insurance Internal Service 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 2009-10, a total of \$976,536 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, 2008, the healthcare reinsurance provided excess coverage (beyond \$125,000 per occurrence) and an annual aggregate stop loss of approximately \$5,056,700 per plan year limit. The healthcare liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not reported claims. During FY 2009-10, total expenses for claims, reinsurance premiums, and administrative costs for healthcare amounted to \$6,968,959.

CITY OF LEWISVILLE, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

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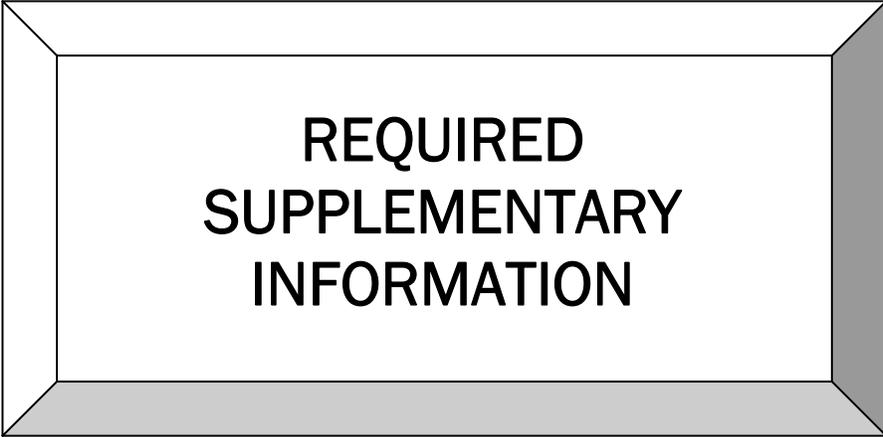
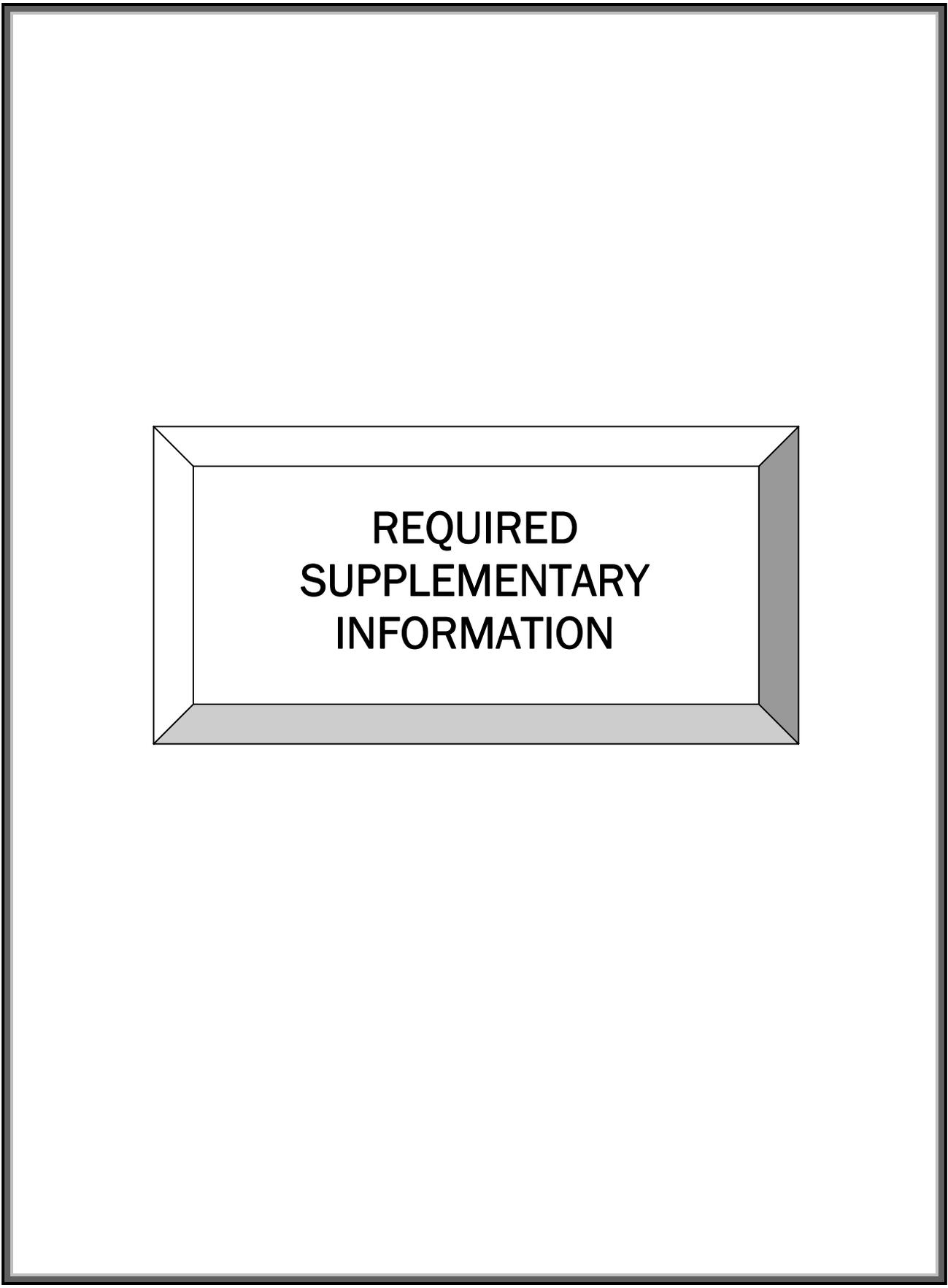
Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors 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, 2010 are as follows:

	<u>2010</u>	<u>2009</u>
Claims payable, beginning of year	\$ 1,378,303	\$ 1,384,648
Incurred claims	6,374,218	6,310,939
Claims payments	<u>(6,871,254)</u>	<u>(6,317,284)</u>
Claims payable, end of year	<u>\$ 881,267</u>	<u>\$ 1,378,303</u>

### 13. ACCOUNTING CHANGES

GASB Statement 51, "Accounting and Financial Reporting for Intangible Assets" addresses accounting and financial reporting standards for intangible capital such as water rights. The City implemented this standard for fiscal year 2010. The effect on the financial statements was the recording of donated water rights as capital assets.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

## CITY OF LEWISVILLE, TEXAS

EXHIBIT A-1

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

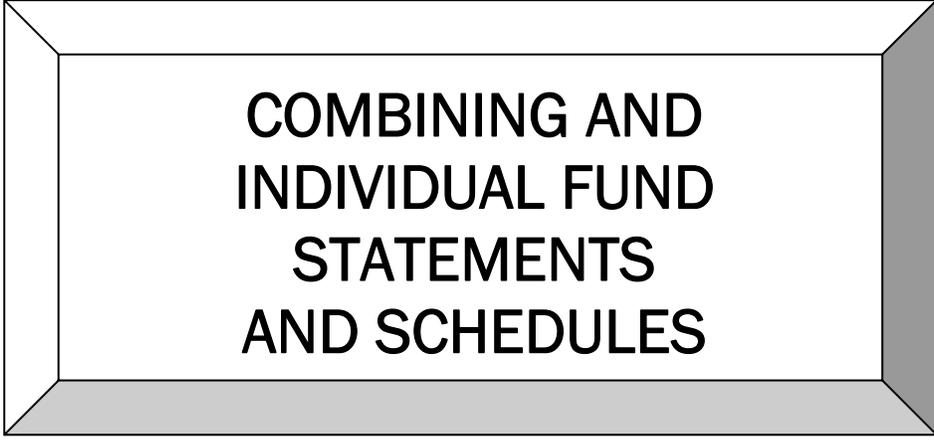
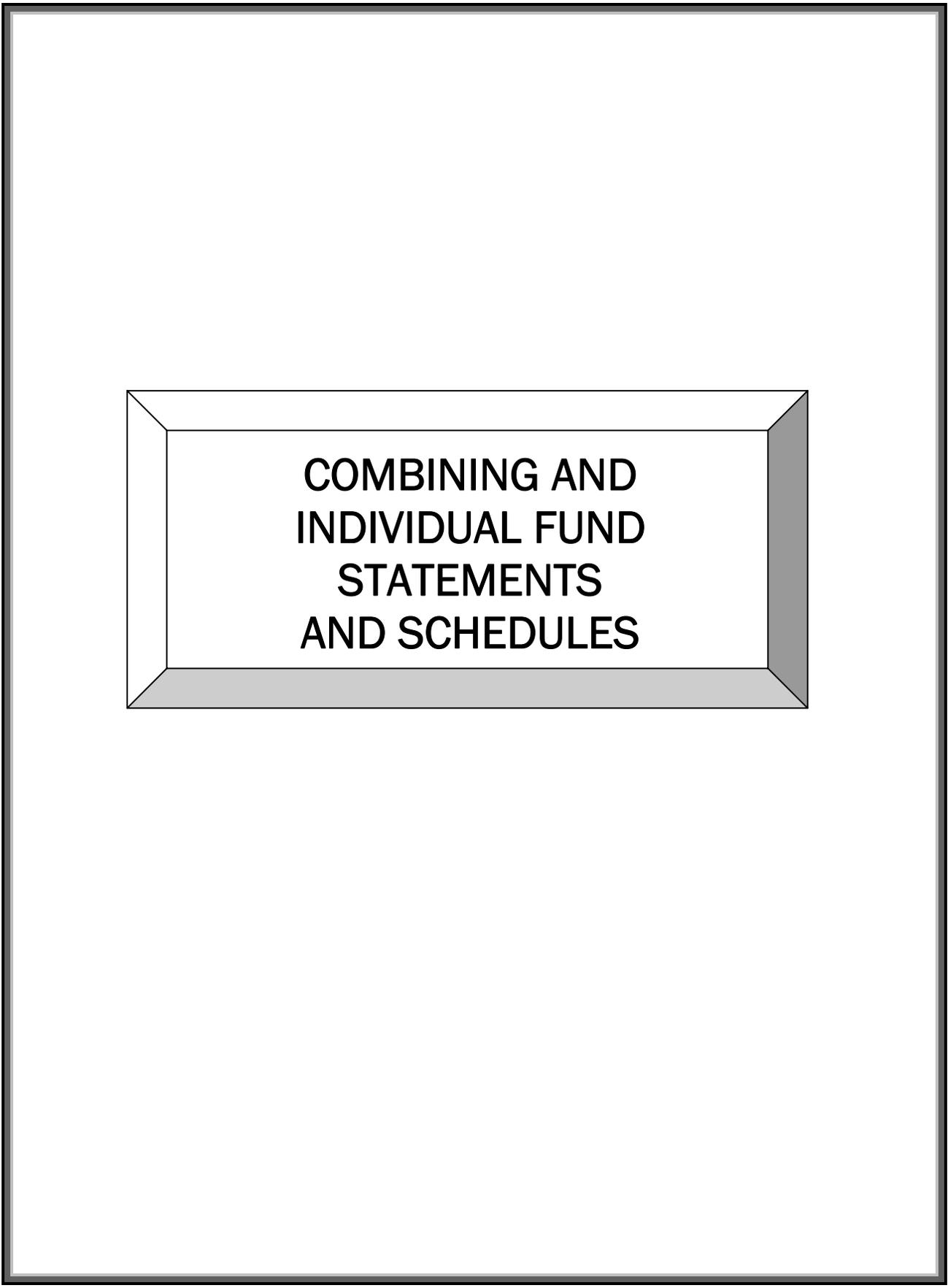
	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property and other taxes	\$45,333,823	\$45,333,823	\$45,983,524	\$ 649,701
Licenses and permits	1,192,904	1,192,904	1,894,107	701,203
Charges for services	5,626,064	5,626,064	5,522,540	(103,524)
Recreation	1,051,709	1,051,709	1,104,199	52,490
Fines and forfeitures	3,133,832	3,133,832	2,946,204	(187,628)
Investment earnings	324,752	324,752	76,820	(247,932)
Miscellaneous	519,280	519,280	470,971	(48,309)
Total revenues	<u>57,182,364</u>	<u>57,182,364</u>	<u>57,998,365</u>	<u>816,001</u>
<b>EXPENDITURES</b>				
Current				
General government	747,464	947,237	881,614	65,623
Mayor and council	66,850	66,850	53,024	13,826
Administrative and legal	2,281,728	2,288,727	2,230,548	58,179
Community relations/tourism	721,299	721,299	499,842	221,457
Police	18,612,403	18,676,564	18,273,679	402,885
Fire	14,930,094	14,933,816	14,809,499	124,317
Public services	4,463,475	4,477,690	4,163,473	314,217
Parks and leisure	6,232,241	6,224,384	5,798,718	425,666
Community development	5,028,765	5,039,449	4,905,578	133,871
Finance	1,264,266	1,265,564	1,211,778	53,786
Human resources	730,073	730,073	710,234	19,839
Information technology services	1,936,724	1,937,089	1,851,128	85,961
Municipal court	847,993	847,993	815,771	32,222
Capital outlay	34,995	53,285	34,995	18,290
Total expenditures	<u>57,898,370</u>	<u>58,210,020</u>	<u>56,239,881</u>	<u>1,970,139</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(716,006)</u>	<u>(1,027,656)</u>	<u>1,758,484</u>	<u>2,786,140</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,231,914	3,231,914	3,270,917	39,003
Transfers out	(10,467,010)	(10,276,936)	(10,269,427)	7,509
Total other financing sources (uses)	<u>(7,235,096)</u>	<u>(7,045,022)</u>	<u>(6,998,510)</u>	<u>46,512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(7,951,102)</u>	<u>(8,072,678)</u>	<u>(5,240,026)</u>	<u>2,832,652</u>
<b>FUND BALANCES, beginning</b>	<u>32,008,366</u>	<u>32,008,366</u>	<u>32,008,366</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$24,057,264</u>	<u>\$23,935,688</u>	<u>\$26,768,340</u>	<u>\$ 2,832,652</u>

**CITY OF LEWISVILLE, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2010**

**EXHIBIT A-2**

**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**



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

## 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.



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**CITY OF LEWISVILLE, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT B-1**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 4,867,872	\$ 5,499,261
Investments	18,974,247	23,631,296
Receivables (net of allowances for uncollectables of \$2,071,737 in 2010 and \$4,802,937 in 2009)		
Taxes	5,653,348	4,705,242
Accounts	1,911,104	2,806,784
Unbilled accounts	249,754	226,460
Interest	44,103	129,594
Court	225,529	213,458
Due from other funds	396,245	326,546
Prepaid items	201,588	228,411
Total assets	<u>\$ 32,523,790</u>	<u>\$ 37,767,052</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 1,512,150	\$ 1,027,310
Accrued liabilities	2,634,553	2,402,197
Deposits payable	7,890	8,000
Deferred revenues	1,506,013	2,219,983
Money held in escrow	94,844	101,196
Total liabilities	<u>5,755,450</u>	<u>5,758,686</u>
Fund balances		
Reserved for prepaid items	201,588	228,411
Reserved for encumbrances	136,854	121,575
Unrestricted, undesignated	26,429,898	31,658,380
Total fund balances	<u>26,768,340</u>	<u>32,008,366</u>
 Total liabilities and fund balances	 <u>\$ 32,523,790</u>	 <u>\$ 37,767,052</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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Property and other taxes	\$ 45,983,524	\$ 45,155,161
Licenses and permits	1,894,107	1,767,049
Charges for services	5,522,540	5,702,288
Recreation	1,104,199	1,096,845
Fines and forfeitures	2,946,204	2,950,843
Investment earnings	76,820	778,397
Miscellaneous	470,971	484,880
Total revenues	<u>57,998,365</u>	<u>57,935,463</u>
<b>EXPENDITURES</b>		
Current		
General government	7,438,168	7,814,635
Culture, parks and recreation	5,798,718	6,048,646
Public safety	33,898,949	33,186,994
Public services	9,069,051	9,285,332
Capital outlay	34,995	111,832
Total expenditures	<u>56,239,881</u>	<u>56,447,439</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,758,484</u>	<u>1,488,024</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	3,270,917	3,147,983
Transfers out	<u>(10,269,427)</u>	<u>(4,156,996)</u>
Total other financing sources (uses)	<u>(6,998,510)</u>	<u>(1,009,013)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(5,240,026)	479,011
<b>FUND BALANCES, beginning</b>	<u>32,008,366</u>	<u>31,529,355</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 26,768,340</u></u>	<u><u>\$ 32,008,366</u></u>

**CITY OF LEWISVILLE, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT C-1**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 321,269	\$ 408,144
Investments	1,251,680	1,755,380
Receivables (net of allowances for uncollectables of \$169,628 in 2010 and \$164,871 in 2009)		
Taxes	67,466	89,778
Interest	2,776	9,284
Due from other funds	7,035,000	-
Prepaid items	-	1,292
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,678,191</u>	<u>\$ 2,263,878</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accrued interest payable	\$ -	\$ 14,990
Deferred revenues	7,102,465	89,778
Total liabilities	<u>7,102,465</u>	<u>104,768</u>
Fund balances		
Reserved for prepaid items	-	1,292
Reserved for debt service	1,575,726	2,157,818
Total fund balance	<u>1,575,726</u>	<u>2,159,110</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ 8,678,191</u>	<u>\$ 2,263,878</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, 2010 AND 2009**

**EXHIBIT C-2**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes	\$ 7,861,818	\$ 8,027,058
Investment earnings	18,377	74,764
Total revenues	<u>7,880,195</u>	<u>8,101,822</u>
<b>EXPENDITURES</b>		
Debt Service		
Principal	5,695,000	5,205,000
Interest and fiscal charges	2,849,017	2,803,086
Total expenditures	<u>8,544,017</u>	<u>8,008,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(663,822)</u>	<u>93,736</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer In	70,438	963
Issuance of refunding bonds	2,565,000	-
Payment to refunding bond escrow agent	(2,555,000)	-
Total other financing sources (uses)	<u>80,438</u>	<u>963</u>
<b>NET CHANGE IN FUND BALANCES</b>	(583,384)	94,699
<b>FUND BALANCES, beginning</b>	<u>2,159,110</u>	<u>2,064,411</u>
<b>FUND BALANCES, ending</b>	<u>\$ 1,575,726</u>	<u>\$ 2,159,110</u>

**CITY OF LEWISVILLE, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**EXHIBIT C-3**

	<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	\$ 7,580,718	\$ 7,580,718	\$ 7,861,818	\$ 281,100
Investment earnings	60,000	60,000	18,377	(41,623)
Total revenues	<u>7,640,718</u>	<u>7,640,718</u>	<u>7,880,195</u>	<u>239,477</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	5,695,000	5,695,000	5,695,000	-
Interest and fiscal charges	<u>2,745,089</u>	<u>2,745,089</u>	<u>2,849,017</u>	<u>(103,928)</u>
Total expenditures	<u>8,440,089</u>	<u>8,440,089</u>	<u>8,544,017</u>	<u>(103,928)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(799,371)</u>	<u>(799,371)</u>	<u>(663,822)</u>	<u>135,549</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	70,438	70,438
Issuance of refunding bonds	-	2,661,376	2,565,000	(96,376)
Payment to refunding bond escrow agent	<u>-</u>	<u>(2,661,376)</u>	<u>(2,555,000)</u>	<u>106,376</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>80,438</u>	<u>80,438</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>(799,371)</u>	<u>(799,371)</u>	<u>(583,384)</u>	<u>215,987</u>
<b>FUND BALANCES, beginning</b>				
	<u>2,159,110</u>	<u>2,159,110</u>	<u>2,159,110</u>	<u>-</u>
<b>FUND BALANCES, ending</b>				
	<u>\$ 1,359,739</u>	<u>\$ 1,359,739</u>	<u>\$ 1,575,726</u>	<u>\$ 215,987</u>

**CITY OF LEWISVILLE, TEXAS  
GENERAL CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT D-1**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 17,703,903	\$ 8,519,973
Investments	68,975,269	36,643,478
Receivables		
Interest	151,188	188,556
Other	-	18,902
Due from other funds	68,126	-
Prepaid items	230,584	660
Total assets	<u>\$ 87,129,070</u>	<u>\$ 45,371,569</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 929,061	\$ 1,007,323
Deferred revenue	40,666,844	-
Money held in escrow	531,964	763,124
Due to other funds	-	9,484
Retainage payable	675,017	458,016
Total liabilities	<u>42,802,886</u>	<u>2,237,947</u>
Fund balances		
Reserved for prepaid items	230,584	660
Reserved for encumbrances	8,048,695	11,027,536
Reserved for capital projects	36,046,905	32,105,426
Total fund balances	<u>44,326,184</u>	<u>43,133,622</u>
 Total liabilities and fund balances	 <u>\$ 87,129,070</u>	 <u>\$ 45,371,569</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, 2010 AND 2009**

**EXHIBIT D-2**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 410,539	\$ 1,106,182
Contributions	4,018,465	5,072,965
Miscellaneous	3	37
Total revenues	<u>4,429,007</u>	<u>6,179,184</u>
<b>EXPENDITURES</b>		
Debt Service		
Interest and fiscal charges	-	66,528
Capital Outlay	13,430,459	22,880,879
Total expenditures	<u>13,430,459</u>	<u>22,947,407</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,001,452)</u>	<u>(16,768,223)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	10,229,510	4,132,826
Transfers out	(35,496)	(140,360)
Issuance of general obligation bonds	-	5,430,000
Premium (discount) on issuance of general obligation bonds	-	(9,037)
Total other financing sources (uses)	<u>10,194,014</u>	<u>9,413,429</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	1,192,562	(7,354,794)
<b>FUND BALANCES, beginning</b>	<u>43,133,622</u>	<u>50,488,416</u>
<b>FUND BALANCES, ending</b>	<u>\$ 44,326,184</u>	<u>\$ 43,133,622</u>



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## **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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 573,550	\$ 735,604
Investments	27,007,813	27,739,813
Receivables (net of allowances for uncollectables of \$176,757 in 2010 and \$294,678 in 2009)		
Accounts	1,146,235	1,330,284
Unbilled accounts	2,983,985	2,377,325
Interest	63,846	108,854
Due from other funds	-	9,484
Due from component units	-	28,453
Prepaid items	2,378	623
Restricted assets		
Cash	757,024	3,682,372
Investments	36,816,321	35,989,059
Interest receivable	65,780	104,294
Prepaid items	-	1,375
Total currents assets	<u>69,416,932</u>	<u>72,107,540</u>
Noncurrent assets		
Deferred bond issuance costs, net of amortization	<u>435,456</u>	<u>745,082</u>
Capital assets		
Land	2,368,892	2,368,892
Land improvements	106,700	106,700
Buildings	1,131,504	1,131,504
Other improvements	459,368	459,368
Water system	137,059,670	131,982,900
Sewer system	98,417,312	95,009,759
Machinery and equipment	3,837,340	3,581,661
Construction in progress	13,499,324	16,163,979
Total capital assets	<u>256,880,110</u>	<u>250,804,763</u>
Less - Accumulated depreciation	<u>(67,115,555)</u>	<u>(61,913,410)</u>
Capital assets, net of accumulated depreciation	<u>189,764,555</u>	<u>188,891,353</u>
Total noncurrent assets	<u>190,200,011</u>	<u>189,636,435</u>
Total assets	<u>\$ 259,616,943</u>	<u>\$ 261,743,975</u>

**EXHIBIT E-1**

	<u>2010</u>	<u>2009</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current liabilities payable from restricted assets		
Deposits payable	\$ 1,334,496	\$ 1,320,220
Accrued interest payable	211,445	280,178
Contracts and retainage payable	27,968	116,226
Money held in escrow	20,851	45,408
Current maturities of revenue bonds	3,895,000	5,360,000
Total current liabilities payable from restricted assets	<u>5,489,760</u>	<u>7,122,032</u>
Accounts payable	1,371,441	1,689,125
Accrued liabilities	397,798	300,719
Compensated absences	436,029	411,825
Due to other funds	1,278,291	47,166
Total current liabilities	<u>8,973,319</u>	<u>9,570,867</u>
Noncurrent liabilities		
Revenue bond payable	36,845,000	47,755,000
Compensated absences	348,230	316,368
Net pension obligation	368,674	157,018
Due to other funds	5,815,000	-
Deferred loss on refunding	(491,341)	(672,435)
Premium	429,048	497,562
Discount	(81,094)	(87,361)
Total noncurrent liabilities	<u>43,233,517</u>	<u>47,966,152</u>
Total liabilities	<u>52,206,836</u>	<u>57,537,019</u>
Net assets		
Invested in capital assets, net of related debt	172,162,748	166,895,435
Restricted		
For revenue bond retirements	2,147,527	1,914,446
Unrestricted	33,099,832	35,397,075
Total net assets	<u>\$ 207,410,107</u>	<u>\$ 204,206,956</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, 2010 AND 2009**

**EXHIBIT E-2**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water Sales	\$ 15,252,105	\$ 15,248,974
Sewer service	9,868,937	9,665,269
Tap fees	27,170	46,073
Industrial charges	132,662	119,820
Wholesale sewage treatment	694,314	439,434
Wholesale water sales	11,928	14,018
Reconnect and sample fees	159,554	123,866
Total charges for sales and service	<u>26,146,670</u>	<u>25,657,454</u>
Miscellaneous	81,358	57,586
Total operating revenues	<u>26,228,028</u>	<u>25,715,040</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	7,091,505	7,081,049
Administrative	7,202,802	7,076,262
Depreciation	5,202,145	5,038,157
Total operating expenses	<u>19,496,452</u>	<u>19,195,468</u>
Total operating income	<u>6,731,576</u>	<u>6,519,572</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	211,973	1,344,073
Interest expense	(1,860,259)	(1,517,953)
Amortization	(89,944)	(157,046)
Total non-operating revenues (expenses)	<u>(1,738,230)</u>	<u>(330,926)</u>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>4,993,346</u>	<u>6,188,646</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers out	(3,260,894)	(3,108,655)
Contributions from developers	589,435	904,162
Contributions - impact fees	881,264	919,107
Total transfers and capital contributions	<u>(1,790,195)</u>	<u>(1,285,386)</u>
<b>CHANGE IN NET ASSETS</b>	3,203,151	4,903,260
<b>NET ASSETS, beginning</b>	204,206,956	199,303,696
<b>NET ASSETS, ending</b>	<u>\$ 207,410,107</u>	<u>\$ 204,206,956</u>



**LEWISVILLE**

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**CITY OF LEWISVILLE, TEXAS  
WATER AND SEWER UTILITY ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 25,795,136	\$ 25,883,729
Cash received (paid) from transactions with other funds	7,084,062	(35,403)
Cash paid to employees for services	(5,606,570)	(5,481,740)
Cash paid for goods and services	(8,729,258)	(8,243,933)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	18,543,370	12,122,653
	<hr/>	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	(3,260,894)	(3,108,655)
	<hr/>	<hr/>
Net cash provided by (used in) noncapital financing activities	(3,260,894)	(3,108,655)
	<hr/>	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(5,032,874)	(8,520,826)
Proceeds from the sale of revenue bonds	-	11,900,000
Principal paid on revenue bond maturities	(4,870,000)	(4,975,000)
Principal refunded on revenue bonds	(7,505,000)	-
Impact fees	881,264	919,107
Interest paid	(2,280,842)	(2,040,257)
Reduction of unamortized bond issuance cost	237,341	-
Bond issuance cost paid	-	(77,923)
	<hr/>	<hr/>
Net cash provided by (used in) capital and related financing activities	(18,570,111)	(2,794,899)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(57,190,674)	(56,909,851)
Proceeds from sale and maturities of investments	57,095,412	47,871,956
Interest received	295,495	1,416,141
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	200,233	(7,621,754)
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH</b>	(3,087,402)	(1,402,655)
	<hr/>	<hr/>
<b>CASH, beginning of year</b>	4,417,976	5,820,631
	<hr/>	<hr/>
<b>CASH, end of year</b>	\$ 1,330,574	\$ 4,417,976
	<hr/>	<hr/>
Classified as		
Unrestricted cash and cash equivalents at end of year	\$ 573,550	\$ 735,604
Restricted cash and cash equivalents at end of year	757,024	3,682,372
	<hr/>	<hr/>
<b>TOTAL CASH AT END OF YEAR</b>	\$ 1,330,574	\$ 4,417,976
	<hr/>	<hr/>

	<u>2010</u>	<u>2009</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 6,731,576	\$ 6,519,572
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	5,202,145	5,038,157
Provision for uncollectible accounts	(117,921)	73,505
Change in assets and liabilities		
(Increase) decrease in receivables	(304,690)	142,624
(Increase) decrease in prepaid items	(380)	3,243
(Increase) decrease in due from other funds	37,937	(5,099)
(Increase) decrease in due from component units	-	(28,453)
Increase (decrease) in accounts payable and contracts payable	(342,241)	211,334
Increase (decrease) in net pension obligations	211,656	157,018
Increase (decrease) in accrued liabilities	97,079	(66,273)
Increase (decrease) in deposits payable	14,276	(10,455)
Increase (decrease) in contracts and retainage payable	(88,258)	80,129
Increase (decrease) in arbitrage payable	-	(58,995)
Increase (decrease) in compensated absences	56,066	68,197
Increase (decrease) in due to other funds	7,046,125	(1,851)
Total adjustments	<u>11,811,794</u>	<u>5,603,081</u>
Net cash provided by (used in) operating activities	<u>\$ 18,543,370</u>	<u>\$ 12,122,653</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ 589,435	\$ 904,162
Increase (decrease) in fair value of investments	196,857	204,150



**LEWISVILLE**

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## 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 or otherwise restricted to expenditures for particular purposes. The City has fourteen 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.



**LEWISVILLE**

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## 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 and one capital project fund are included as Non-Major Governmental Funds:

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

To account for assistance efforts in economic development initiatives.

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

To account for acquisition and construction of major capital facilities financed by the Castle Hills Public Improvement District.

CITY OF LEWISVILLE, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010

Special Revenues

	<u>Hotel/Motel Tax</u>	<u>Recreation Activity</u>	<u>Grant</u>	<u>Public Improvement District</u>	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>	<u>Police Asset Forfeiture</u>	<u>Employee Benevolent</u>
<b>ASSETS</b>								
Cash	\$ 425,338	\$ 61,753	\$ 9,859	\$ 41,621	\$ 11,920	\$ 71,016	\$ 26,047	\$ 4,662
Investments	1,629,473	240,591	38,409	162,156	46,441	271,526	73,624	18,158
Receivables								
Accounts	1,080,087	-	575,969	-	-	-	-	262
Interest	4,221	538	32	360	94	667	163	41
Other	-	-	-	-	-	-	-	-
Prepaid items	2,992,562	-	333	-	520	-	-	-
Total assets	<u>\$ 6,131,681</u>	<u>\$ 302,882</u>	<u>\$ 624,602</u>	<u>\$ 204,137</u>	<u>\$ 58,975</u>	<u>\$ 343,209</u>	<u>\$ 99,834</u>	<u>\$ 23,123</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts and contracts payable	\$ 57,275	\$ 13,662	\$ 137,405	\$ -	\$ 654	\$ 908	\$ 211	\$ 125
Deferred revenues	77,492	-	6,087	-	-	-	-	-
Due to other funds	1,500,000	-	406,080	-	-	-	-	-
Total liabilities	<u>1,634,767</u>	<u>13,662</u>	<u>549,572</u>	<u>-</u>	<u>654</u>	<u>908</u>	<u>211</u>	<u>125</u>
Fund balances								
Reserved for prepaid items	2,992,562	-	333	-	520	-	-	-
Reserved for encumbrances	4,800	-	74,697	-	-	-	-	-
Unreserved, undesignated	1,499,552	289,220	-	204,137	57,801	342,301	99,623	22,998
Total fund balances	<u>4,496,914</u>	<u>289,220</u>	<u>75,030</u>	<u>204,137</u>	<u>58,321</u>	<u>342,301</u>	<u>99,623</u>	<u>22,998</u>
Total liabilities and fund balances	<u>\$ 6,131,681</u>	<u>\$ 302,882</u>	<u>\$ 624,602</u>	<u>\$ 204,137</u>	<u>\$ 58,975</u>	<u>\$ 343,209</u>	<u>\$ 99,834</u>	<u>\$ 23,123</u>

Special Revenues

Fire and Police Training	LEOSE	Donations	Police Federal Forfeiture	Records Management	Juvenile Case Manager	Lewisville Local Government Corporation	Total	Castle Hills Capital Projects	Total Nonmajor Governmental Funds
\$ 10,349	\$ 1,863	\$ 30,515	\$ 38,314	\$ 260	\$ 17,786	\$ 10,258	\$ 761,561	\$ -	\$ 761,561
40,320	7,261	118,887	149,275	1,012	69,298	39,969	2,906,400	-	2,906,400
-	-	1,189	-	-	-	-	1,657,507	-	1,657,507
88	16	266	331	-	154	89	7,060	-	7,060
-	-	-	-	-	-	15,011	15,011	-	15,011
-	2,340	19,033	-	-	-	-	3,014,788	-	3,014,788
<u>\$ 50,757</u>	<u>\$ 11,480</u>	<u>\$ 169,890</u>	<u>\$ 187,920</u>	<u>\$ 1,272</u>	<u>\$ 87,238</u>	<u>\$ 65,327</u>	<u>\$ 8,362,327</u>	<u>\$ -</u>	<u>\$ 8,362,327</u>
\$ 28	\$ -	\$ 2,610	\$ -	\$ -	\$ 2,792	\$ -	\$ 215,670	\$ -	\$ 215,670
-	-	220	-	-	-	-	83,799	-	83,799
-	-	-	-	-	-	-	1,906,080	-	1,906,080
<u>28</u>	<u>-</u>	<u>2,830</u>	<u>-</u>	<u>-</u>	<u>2,792</u>	<u>-</u>	<u>2,205,549</u>	<u>-</u>	<u>2,205,549</u>
-	2,340	19,033	-	-	-	-	3,014,788	-	3,014,788
-	-	-	-	-	-	-	79,497	-	79,497
<u>50,729</u>	<u>9,140</u>	<u>148,027</u>	<u>187,920</u>	<u>1,272</u>	<u>84,446</u>	<u>65,327</u>	<u>3,062,493</u>	<u>-</u>	<u>3,062,493</u>
<u>50,729</u>	<u>11,480</u>	<u>167,060</u>	<u>187,920</u>	<u>1,272</u>	<u>84,446</u>	<u>65,327</u>	<u>6,156,778</u>	<u>-</u>	<u>6,156,778</u>
<u>\$ 50,757</u>	<u>\$ 11,480</u>	<u>\$ 169,890</u>	<u>\$ 187,920</u>	<u>\$ 1,272</u>	<u>\$ 87,238</u>	<u>\$ 65,327</u>	<u>\$ 8,362,327</u>	<u>\$ -</u>	<u>\$ 8,362,327</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, 2010

Special Revenues

	Hotel/Motel Tax	Recreation Activity	Grant	Public Improvement District	Municipal Court Security	Municipal Court Technology	Police Asset Forfeiture	Employee Benevolent
<b>REVENUES</b>								
Taxes	\$ 1,551,355	\$ -	\$ -	\$ 15,108	\$ -	\$ -	\$ -	\$ -
Recreation	-	398,419	-	-	-	-	-	-
Investment earnings	13,103	1,527	92	1,078	225	2,062	408	105
Grants								
Culture, parks and recreation	-	-	29,634	-	-	-	-	-
Public safety	-	-	1,247,926	-	-	-	-	-
Public services	-	-	381,973	-	-	-	-	-
Community development	-	-	656,809	-	-	-	-	-
Miscellaneous	532	1,860	7	-	63,870	84,949	16,000	3,472
Total revenues	<u>1,564,990</u>	<u>401,806</u>	<u>2,316,441</u>	<u>16,186</u>	<u>64,095</u>	<u>87,011</u>	<u>16,408</u>	<u>3,577</u>
<b>EXPENDITURES</b>								
Current								
General government	1,361,689	-	-	1,700	-	-	-	3,166
Culture, parks and recreation	-	376,695	29,713	-	-	-	-	-
Public safety	-	-	913,265	-	33,497	39,928	12,524	-
Public services	-	-	423,415	-	-	-	-	-
Capital Outlay	-	15,965	1,004,814	-	-	19,232	-	-
Total expenditures	<u>1,361,689</u>	<u>392,660</u>	<u>2,371,207</u>	<u>1,700</u>	<u>33,497</u>	<u>59,160</u>	<u>12,524</u>	<u>3,166</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>203,301</u>	<u>9,146</u>	<u>(54,766)</u>	<u>14,486</u>	<u>30,598</u>	<u>27,851</u>	<u>3,884</u>	<u>411</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	51,917	-	-	-	-	-
Transfers out	-	-	-	(1,560)	(50,901)	(40,000)	-	-
Proceeds from sale of assets	-	-	-	-	-	-	13,118	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>51,917</u>	<u>(1,560)</u>	<u>(50,901)</u>	<u>(40,000)</u>	<u>13,118</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>203,301</u>	<u>9,146</u>	<u>(2,849)</u>	<u>12,926</u>	<u>(20,303)</u>	<u>(12,149)</u>	<u>17,002</u>	<u>411</u>
<b>FUND BALANCES, beginning</b>	<u>4,293,613</u>	<u>280,074</u>	<u>77,879</u>	<u>191,211</u>	<u>78,624</u>	<u>354,450</u>	<u>82,621</u>	<u>22,587</u>
<b>FUND BALANCES, ending</b>	<u>\$ 4,496,914</u>	<u>\$ 289,220</u>	<u>\$ 75,030</u>	<u>\$ 204,137</u>	<u>\$ 58,321</u>	<u>\$ 342,301</u>	<u>\$ 99,623</u>	<u>\$ 22,998</u>

## Special Revenues

Fire and Police Training	LEOSE	Donations	Police Federal Forfeiture	Records Management	Juvenile Case Manager	Lewisville Local Government Corporation	Total	Castle Hills Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,566,463	\$ -	\$ 1,566,463
-	-	-	-	-	-	-	398,419	-	398,419
252	66	620	990	-	406	317	21,251	-	21,251
-	-	-	-	-	-	-	29,634	-	29,634
-	-	-	-	-	-	-	1,247,926	-	1,247,926
-	-	-	-	-	-	-	381,973	-	381,973
-	-	-	-	-	-	-	656,809	-	656,809
25,419	9,966	246,782	73,044	-	83,512	-	609,413	-	609,413
25,671	10,032	247,402	74,034	-	83,918	317	4,911,888	-	4,911,888
-	-	311,023	-	-	-	-	1,677,578	4	1,677,582
-	-	1,890	-	-	-	-	408,298	-	408,298
6,925	11,676	45,033	-	-	54,756	-	1,117,604	-	1,117,604
-	-	-	-	-	-	-	423,415	-	423,415
-	-	-	-	-	-	-	1,040,011	-	1,040,011
6,925	11,676	357,946	-	-	54,756	-	4,666,906	4	4,666,910
18,746	(1,644)	(110,544)	74,034	-	29,162	317	244,982	(4)	244,978
-	-	-	-	-	-	-	51,917	-	51,917
-	-	-	-	-	-	-	(92,461)	-	(92,461)
-	-	-	-	-	-	-	13,118	-	13,118
-	-	-	-	-	-	-	(27,426)	-	(27,426)
18,746	(1,644)	(110,544)	74,034	-	29,162	317	217,556	(4)	217,552
31,983	13,124	277,604	113,886	1,272	55,284	65,010	5,939,222	4	5,939,226
\$ 50,729	\$ 11,480	\$ 167,060	\$ 187,920	\$ 1,272	\$ 84,446	\$ 65,327	\$ 6,156,778	\$ -	\$ 6,156,778

**CITY OF LEWISVILLE, TEXAS  
HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-3**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 425,338	\$ 356,015
Investments	1,629,473	1,531,181
Receivables		
Accounts	1,080,087	761,124
Interest	4,221	9,593
Prepaid items	2,992,562	3,238,612
Total assets	<u>\$ 6,131,681</u>	<u>\$ 5,896,525</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 57,275	\$ 53,939
Due to other funds	1,500,000	1,500,000
Deferred revenues	77,492	48,973
Total liabilities	<u>1,634,767</u>	<u>1,602,912</u>
 Fund balances		
Reserved for prepaid items	2,992,562	3,238,612
Reserved for encumbrances	4,800	8,151
Unreserved, undesignated	1,499,552	1,046,850
Total fund balances	<u>4,496,914</u>	<u>4,293,613</u>
 Total liabilities and fund balances	<u>\$ 6,131,681</u>	<u>\$ 5,896,525</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, 2010 AND 2009**

**EXHIBIT F-4**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes	\$ 1,551,355	\$ 1,554,826
Investment earnings	13,103	51,546
Miscellaneous	532	3,921
Total revenues	<u>1,564,990</u>	<u>1,610,293</u>
<b>EXPENDITURES</b>		
Current		
General government	<u>1,361,689</u>	<u>1,453,077</u>
Total expenditures	<u>1,361,689</u>	<u>1,453,077</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>203,301</u>	<u>157,216</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>-</u>	<u>139,397</u>
Total other financing sources (uses)	<u>-</u>	<u>139,397</u>
<b>NET CHANGES IN FUND BALANCES</b>	203,301	296,613
<b>FUND BALANCES, beginning</b>	<u>4,293,613</u>	<u>3,997,000</u>
<b>FUND BALANCES, ending</b>	<u>\$ 4,496,914</u>	<u>\$ 4,293,613</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, 2010**

**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	\$ 1,619,624	\$ 1,619,624	\$ 1,551,355	\$ (68,269)
Investment earnings	33,975	33,975	13,103	(20,872)
Miscellaneous	(300,000)	(300,000)	532	300,532
Total revenues	<u>1,353,599</u>	<u>1,353,599</u>	<u>1,564,990</u>	<u>211,391</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>1,353,599</u>	<u>1,361,750</u>	<u>1,361,689</u>	<u>61</u>
Total expenditures	<u>1,353,599</u>	<u>1,361,750</u>	<u>1,361,689</u>	<u>61</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(8,151)</u>	<u>203,301</u>	<u>211,452</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>-</u>	<u>(8,151)</u>	<u>203,301</u>	<u>211,452</u>
<b>FUND BALANCES, beginning</b>	<u>4,293,613</u>	<u>4,293,613</u>	<u>4,293,613</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 4,293,613</u></u>	<u><u>\$ 4,285,462</u></u>	<u><u>\$ 4,496,914</u></u>	<u><u>\$ 211,452</u></u>

**CITY OF LEWISVILLE, TEXAS  
RECREATION ACTIVITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-6**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 61,753	\$ 54,657
Investments	240,591	235,073
Receivables		
Interest	538	1,244
Total assets	<u>\$ 302,882</u>	<u>\$ 290,974</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 13,662	\$ 10,900
Total liabilities	<u>13,662</u>	<u>10,900</u>
 Fund balances		
Reserved for encumbrances	-	6,830
Unreserved, undesignated	289,220	273,244
Total fund balances	<u>289,220</u>	<u>280,074</u>
 Total liabilities and fund balances	<u>\$ 302,882</u>	<u>\$ 290,974</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, 2010 AND 2009**

**EXHIBIT F-7**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Recreation	\$ 398,419	\$ 439,751
Investment earnings	1,527	6,653
Miscellaneous	1,860	2,156
Total revenues	<u>401,806</u>	<u>448,560</u>
<b>EXPENDITURES</b>		
Current		
Culture, parks and recreation	376,695	380,666
Capital outlay	15,965	-
Total expenditures	<u>392,660</u>	<u>380,666</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	9,146	67,894
<b>FUND BALANCES, beginning</b>	<u>280,074</u>	<u>212,180</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 289,220</u></u>	<u><u>\$ 280,074</u></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, 2010**

**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	\$ 385,856	\$ 385,856	\$ 398,419	\$ 12,563
Investment earnings	4,500	4,500	1,527	(2,973)
Miscellaneous	2,825	2,825	1,860	(965)
Total revenues	<u>393,181</u>	<u>393,181</u>	<u>401,806</u>	<u>8,625</u>
<b>EXPENDITURES</b>				
Current				
Culture, parks and recreation	380,335	380,335	376,695	3,640
Capital outlay	22,858	29,688	15,965	13,723
Total expenditures	<u>403,193</u>	<u>410,023</u>	<u>392,660</u>	<u>17,363</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,012)	(16,842)	9,146	25,988
<b>FUND BALANCES, beginning</b>	<u>280,074</u>	<u>280,074</u>	<u>280,074</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 270,062</u>	<u>\$ 263,232</u>	<u>\$ 289,220</u>	<u>\$ 25,988</u>

**CITY OF LEWISVILLE, TEXAS  
GRANT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-9**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 9,859	\$ 4,692
Investments	38,409	20,176
Receivables		
Accounts	575,969	395,167
Interest	32	78
Prepaid items	333	528
Total assets	<u>\$ 624,602</u>	<u>\$ 420,641</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 137,405	\$ 59,382
Due to other funds	406,080	279,380
Deferred revenue	6,087	4,000
Total liabilities	<u>549,572</u>	<u>342,762</u>
 Fund balances		
Reserved for prepaid items	333	528
Reserved for encumbrances	74,697	77,351
Total fund balances	<u>75,030</u>	<u>77,879</u>
 Total liabilities and fund balances	<u>\$ 624,602</u>	<u>\$ 420,641</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, 2010 AND 2009**

**EXHIBIT F-10**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 92	\$ 374
Grants		
Culture, parks and recreation	29,634	312,057
Public safety	1,247,926	238,649
Public services	381,973	686,616
Community development	656,809	-
Miscellaneous	7	-
Total revenues	<u>2,316,441</u>	<u>1,237,696</u>
<b>EXPENDITURES</b>		
Current		
Culture, parks and recreation	29,713	23,656
Public safety	913,265	249,459
Public services	423,415	711,780
Capital outlay	1,004,814	292,078
Total expenditures	<u>2,371,207</u>	<u>1,276,973</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(54,766)</u>	<u>(39,277)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	51,917	56,879
Total other financing sources (uses)	<u>51,917</u>	<u>56,879</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,849)	17,602
<b>FUND BALANCES, beginning</b>	<u>77,879</u>	<u>60,277</u>
<b>FUND BALANCES, ending</b>	<u>\$ 75,030</u>	<u>\$ 77,879</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, 2010**

**EXHIBIT F-11**

	<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	\$ 620	\$ 620	\$ 92	\$ (528)
Grants				
Culture, parks and recreation	-	31,689	29,634	(2,055)
Public safety	332,190	1,434,416	1,247,926	(186,490)
Public services	582,078	778,382	381,973	(396,409)
Community development	400,000	1,313,000	656,809	(656,191)
Miscellaneous	-	-	7	7
Total revenues	<u>1,314,888</u>	<u>3,558,107</u>	<u>2,316,441</u>	<u>(1,241,666)</u>
<b>EXPENDITURES</b>				
Current				
General government	400,000	-	-	-
Culture, parks and recreation	-	24,869	29,713	(4,844)
Public safety	388,156	1,092,161	913,265	178,896
Public services	611,640	1,207,674	423,415	784,259
Capital outlay	-	1,323,794	1,004,814	318,980
Total expenditures	<u>1,399,796</u>	<u>3,648,498</u>	<u>2,371,207</u>	<u>1,277,291</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(84,908)</u>	<u>(90,391)</u>	<u>(54,766)</u>	<u>35,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>85,528</u>	<u>91,281</u>	<u>51,917</u>	<u>(39,364)</u>
Total other financing sources (uses)	<u>85,528</u>	<u>91,281</u>	<u>51,917</u>	<u>(39,364)</u>
<b>NET CHANGE IN FUND BALANCES</b>	620	890	(2,849)	(3,739)
<b>FUND BALANCES, beginning</b>	<u>77,879</u>	<u>77,879</u>	<u>77,879</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 78,499</u>	<u>\$ 78,769</u>	<u>\$ 75,030</u>	<u>\$ (3,739)</u>

**CITY OF LEWISVILLE, TEXAS  
PUBLIC IMPROVEMENT DISTRICT TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-12**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 41,621	\$ 35,917
Investments	162,156	154,477
Receivables		
Interest	360	817
Total assets	<u>\$ 204,137</u>	<u>\$ 191,211</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Fund balances		
Unreserved, undesignated	<u>204,137</u>	<u>191,211</u>
Total fund balances	<u>204,137</u>	<u>191,211</u>
 Total liabilities and fund balances	<u>\$ 204,137</u>	<u>\$ 191,211</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, 2010 AND 2009**

**EXHIBIT F-13**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Taxes	\$ 15,108	\$ 15,180
Investment earnings	1,078	4,702
Total revenues	<u>16,186</u>	<u>19,882</u>
<b>EXPENDITURES</b>		
Current		
General government	1,700	3,398
Total expenditures	<u>1,700</u>	<u>3,398</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>14,486</u>	<u>16,484</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>	12,926	14,924
<b>FUND BALANCES, beginning</b>	<u>191,211</u>	<u>176,287</u>
<b>FUND BALANCES, ending</b>	<u>\$ 204,137</u>	<u>\$ 191,211</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, 2010**

**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	\$ 15,174	\$ 15,174	\$ 15,108	\$ (66)
Investment earnings	2,500	2,500	1,078	(1,422)
Total revenues	<u>17,674</u>	<u>17,674</u>	<u>16,186</u>	<u>(1,488)</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>8,956</u>	<u>8,956</u>	<u>1,700</u>	<u>7,256</u>
Total expenditures	<u>8,956</u>	<u>8,956</u>	<u>1,700</u>	<u>7,256</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>8,718</u>	<u>8,718</u>	<u>14,486</u>	<u>5,768</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>	7,158	7,158	12,926	5,768
<b>FUND BALANCES, beginning</b>	<u>191,211</u>	<u>191,211</u>	<u>191,211</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 198,369</u>	<u>\$ 198,369</u>	<u>\$ 204,137</u>	<u>\$ 5,768</u>

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-15**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 11,920	\$ 15,102
Investments	46,441	64,952
Receivables		
Interest	94	344
Prepaid items	520	150
Total assets	<u>\$ 58,975</u>	<u>\$ 80,548</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 654	\$ 1,924
Total liabilities	<u>654</u>	<u>1,924</u>
 Fund balances		
Reserved for prepaid items	520	150
Unreserved, undesignated	57,801	78,474
Total fund balances	<u>58,321</u>	<u>78,624</u>
 Total liabilities and fund balances	<u>\$ 58,975</u>	<u>\$ 80,548</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, 2010 AND 2009**

**EXHIBIT F-16**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Security fee	\$ 63,870	\$ 66,170
Investment earnings	225	2,129
Total revenues	<u>64,095</u>	<u>68,299</u>
<b>EXPENDITURES</b>		
Current		
Public safety	33,497	39,784
Total expenditures	<u>33,497</u>	<u>39,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>30,598</u>	<u>28,515</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	(50,901)	(37,768)
Total other financing sources (uses)	<u>(50,901)</u>	<u>(37,768)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(20,303)	(9,253)
<b>FUND BALANCES, beginning</b>	<u>78,624</u>	<u>87,877</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 58,321</u></u>	<u><u>\$ 78,624</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, 2010**

**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	\$ 72,250	\$ 72,250	\$ 63,870	\$ (8,380)
Investment earnings	1,500	1,500	225	(1,275)
Total revenues	<u>73,750</u>	<u>73,750</u>	<u>64,095</u>	<u>(9,655)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>34,800</u>	<u>34,800</u>	<u>33,497</u>	<u>1,303</u>
Total expenditures	<u>34,800</u>	<u>34,800</u>	<u>33,497</u>	<u>1,303</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>38,950</u>	<u>38,950</u>	<u>30,598</u>	<u>(8,352)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(38,901)</u>	<u>(50,901)</u>	<u>(50,901)</u>	<u>-</u>
Total other financing sources (uses)	<u>(38,901)</u>	<u>(50,901)</u>	<u>(50,901)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	49	(11,951)	(20,303)	(8,352)
<b>FUND BALANCES, beginning</b>	<u>78,624</u>	<u>78,624</u>	<u>78,624</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 78,673</u>	<u>\$ 66,673</u>	<u>\$ 58,321</u>	<u>\$ (8,352)</u>

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-18**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 71,016	\$ 67,029
Investments	271,526	288,279
Receivables		
Interest	667	1,666
Prepaid items	-	750
Total assets	<u>\$ 343,209</u>	<u>\$ 357,724</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 908	\$ 3,274
Total liabilities	<u>908</u>	<u>3,274</u>
 Fund balances		
Reserved for prepaids	-	750
Unreserved, undesignated	342,301	353,700
Total fund balances	<u>342,301</u>	<u>354,450</u>
 Total liabilities and fund balances	<u>\$ 343,209</u>	<u>\$ 357,724</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, 2010 AND 2009**

**EXHIBIT F-19**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Technology fee	\$ 84,949	\$ 88,212
Investment earnings	2,062	9,559
Total revenues	<u>87,011</u>	<u>97,771</u>
<b>EXPENDITURES</b>		
Current		
Public safety	59,160	117,918
Total expenditures	<u>59,160</u>	<u>117,918</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,851</u>	<u>(20,147)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	(40,000)	(32,709)
Total other financing sources (uses)	<u>(40,000)</u>	<u>(32,709)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(12,149)	(52,856)
<b>FUND BALANCES, beginning</b>	<u>354,450</u>	<u>407,306</u>
<b>FUND BALANCES, ending</b>	<u>\$ 342,301</u>	<u>\$ 354,450</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, 2010**

**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	\$ 92,479	\$ 92,479	\$ 84,949	\$ (7,530)
Investment earnings	6,500	6,500	2,062	(4,438)
Total revenues	<u>98,979</u>	<u>98,979</u>	<u>87,011</u>	<u>(11,968)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	69,333	69,333	39,928	29,405
Capital outlay	-	30,820	19,232	11,588
Total expenditures	<u>69,333</u>	<u>100,153</u>	<u>59,160</u>	<u>40,993</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	29,646	(1,174)	27,851	29,025
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(10,354)	(41,174)	(12,149)	29,025
<b>FUND BALANCES, beginning</b>	<u>354,450</u>	<u>354,450</u>	<u>354,450</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 344,096</u>	<u>\$ 313,276</u>	<u>\$ 342,301</u>	<u>\$ 29,025</u>

**CITY OF LEWISVILLE, TEXAS  
POLICE ASSET FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-21**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 26,047	\$ 22,985
Investments	73,624	67,350
Receivables		
Interest	163	357
Total assets	<u>\$ 99,834</u>	<u>\$ 90,692</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 211	\$ 8,071
Total liabilities	<u>211</u>	<u>8,071</u>
 Fund balances		
Unreserved, undesignated	99,623	82,621
Total fund balances	<u>99,623</u>	<u>82,621</u>
 Total liabilities and fund balances	<u>\$ 99,834</u>	<u>\$ 90,692</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, 2010 AND 2009**

**EXHIBIT F-22**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 408	\$ 2,541
Miscellaneous	16,000	25,754
Total revenues	<u>16,408</u>	<u>28,295</u>
<b>EXPENDITURES</b>		
Current		
Public safety	12,524	34,643
Total expenditures	<u>12,524</u>	<u>34,643</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,884	(6,348)
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of assets	13,118	5,560
Total other financing sources (uses)	<u>13,118</u>	<u>5,560</u>
<b>NET CHANGE IN FUND BALANCES</b>	17,002	(788)
<b>FUND BALANCES, beginning</b>	<u>82,621</u>	<u>83,409</u>
<b>FUND BALANCES, ending</b>	<u>\$ 99,623</u>	<u>\$ 82,621</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, 2010**

**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	\$ 2,055	\$ 2,055	\$ 408	\$ (1,647)
Miscellaneous	6,000	6,000	16,000	10,000
Total revenues	<u>8,055</u>	<u>8,055</u>	<u>16,408</u>	<u>8,353</u>
<b>EXPENDITURES</b>				
Current				
Public safety	18,500	18,500	12,524	5,976
Total expenditures	<u>18,500</u>	<u>18,500</u>	<u>12,524</u>	<u>5,976</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,445)</u>	<u>(10,445)</u>	<u>3,884</u>	<u>14,329</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	-	-	13,118	13,118
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,118</u>	<u>13,118</u>
<b>NET CHANGE IN FUND BALANCES</b>	(10,445)	(10,445)	17,002	27,447
<b>FUND BALANCES, beginning</b>	<u>82,621</u>	<u>82,621</u>	<u>82,621</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 72,176</u>	<u>\$ 72,176</u>	<u>\$ 99,623</u>	<u>\$ 27,447</u>

**CITY OF LEWISVILLE, TEXAS  
EMPLOYEE BENEVOLENT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-24**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 4,662	\$ 4,265
Investments	18,158	18,346
Receivables		
Accounts	262	-
Interest	41	96
Total assets	<u>\$ 23,123</u>	<u>\$ 22,707</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 125	\$ 120
Total liabilities	<u>125</u>	<u>120</u>
 Fund balances		
Unreserved, undesignated	<u>22,998</u>	<u>22,587</u>
Total fund balances	<u>22,998</u>	<u>22,587</u>
 Total liabilities and fund balances	<u>\$ 23,123</u>	<u>\$ 22,707</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, 2010 AND 2009**

**EXHIBIT F-25**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 105	\$ 525
Miscellaneous	3,472	5,297
Total revenues	<u>3,577</u>	<u>5,822</u>
<b>EXPENDITURES</b>		
Current		
General government	3,166	4,614
Total expenditures	<u>3,166</u>	<u>4,614</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	411	1,208
<b>FUND BALANCES, beginning</b>	<u>22,587</u>	<u>21,379</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 22,998</u></u>	<u><u>\$ 22,587</u></u>

**CITY OF LEWISVILLE, TEXAS  
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-26**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 10,349	\$ 6,064
Investments	40,320	26,084
Receivables		
Interest	88	138
Total assets	<u>\$ 50,757</u>	<u>\$ 32,286</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts and contracts payable	<u>\$ 28</u>	<u>\$ 303</u>
Total liabilities	<u>28</u>	<u>303</u>
 <b>Fund Balances</b>		
Unreserved, undesignated	<u>50,729</u>	<u>31,983</u>
Total fund balances	<u>50,729</u>	<u>31,983</u>
 Total liabilities and fund balances	<u>\$ 50,757</u>	<u>\$ 32,286</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, 2010 AND 2009**

**EXHIBIT F-27**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Charges for services	\$ 25,419	\$ 12,870
Investment earnings	252	799
Total revenues	<u>25,671</u>	<u>13,669</u>
<b>EXPENDITURES</b>		
Current		
Public safety	6,925	14,578
Total expenditures	<u>6,925</u>	<u>14,578</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	18,746	(909)
<b>FUND BALANCES, beginning</b>	<u>31,983</u>	<u>32,892</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 50,729</u></u>	<u><u>\$ 31,983</u></u>

**CITY OF LEWISVILLE, TEXAS  
 FIRE AND POLICE TRAINING SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**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	\$ 16,800	\$ 16,800	\$ 25,419	\$ 8,619
Investment earnings	600	600	252	(348)
Total revenues	<u>17,400</u>	<u>17,400</u>	<u>25,671</u>	<u>8,271</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>6,000</u>	<u>12,000</u>	<u>6,925</u>	<u>5,075</u>
Total expenditures	<u>6,000</u>	<u>12,000</u>	<u>6,925</u>	<u>5,075</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	11,400	5,400	18,746	13,346
<b>FUND BALANCES, beginning</b>	<u>31,983</u>	<u>31,983</u>	<u>31,983</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 43,383</u></u>	<u><u>\$ 37,383</u></u>	<u><u>\$ 50,729</u></u>	<u><u>\$ 13,346</u></u>

**CITY OF LEWISVILLE, TEXAS  
LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION  
SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-29**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 1,863	\$ 2,025
Investments	7,261	8,713
Receivables		
Interest	16	46
Prepaid items	2,340	2,340
Total assets	<u>\$ 11,480</u>	<u>\$ 13,124</u>
<b>FUND BALANCES</b>		
Reserved for prepaid items	\$ 2,340	\$ 2,340
Unreserved, undesignated	9,140	10,784
Total fund balances	<u>11,480</u>	<u>13,124</u>
 Total liabilities and fund balances	 <u>\$ 11,480</u>	 <u>\$ 13,124</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, 2010 AND 2009**

**EXHIBIT F-30**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 66	\$ 237
Miscellaneous	9,966	10,514
Total revenues	<u>10,032</u>	<u>10,751</u>
<b>EXPENDITURES</b>		
Current		
Public safety	<u>11,676</u>	<u>7,902</u>
Total expenditures	<u>11,676</u>	<u>7,902</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,644)	2,849
<b>FUND BALANCES, beginning</b>	<u>13,124</u>	<u>10,275</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 11,480</u></u>	<u><u>\$ 13,124</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, 2010**

**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	\$ 106	\$ 106	\$ 66	\$ (40)
Miscellaneous	10,500	10,500	9,966	(534)
Total revenues	<u>10,606</u>	<u>10,606</u>	<u>10,032</u>	<u>(574)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	17,697	17,697	11,676	6,021
Total expenditures	<u>17,697</u>	<u>17,697</u>	<u>11,676</u>	<u>6,021</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(7,091)	(7,091)	(1,644)	5,447
<b>FUND BALANCES, beginning</b>	<u>13,124</u>	<u>13,124</u>	<u>13,124</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 6,033</u>	<u>\$ 6,033</u>	<u>\$ 11,480</u>	<u>\$ 5,447</u>

**CITY OF LEWISVILLE, TEXAS  
DONATIONS SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-32**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 30,515	\$ 54,621
Investments	118,887	234,917
Receivables		
Accounts	1,189	29,993
Interest	266	1,177
Prepaid items	19,033	538
Total assets	<u>\$ 169,890</u>	<u>\$ 321,246</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 2,610	\$ 43,642
Deferred revenue	220	-
Total liabilities	<u>2,830</u>	<u>43,642</u>
Fund balances		
Reserved for prepaid items	19,033	538
Unreserved, undesignated	148,027	277,066
Total fund balances	<u>167,060</u>	<u>277,604</u>
 Total liabilities and fund balances	 <u>\$ 169,890</u>	 <u>\$ 321,246</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, 2010 AND 2009**

**EXHIBIT F-33**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 620	\$ 6,731
Miscellaneous	246,782	178,456
Total revenues	<u>247,402</u>	<u>185,187</u>
<b>EXPENDITURES</b>		
Current		
General government	311,023	57,679
Culture, parks and recreation	1,890	5,440
Public safety	45,033	45,625
Public services	-	1,000
Total expenditures	<u>357,946</u>	<u>109,744</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(110,544)	75,443
<b>FUND BALANCES, beginning</b>	<u>277,604</u>	<u>202,161</u>
<b>FUND BALANCES, ending</b>	<u>\$ 167,060</u>	<u>\$ 277,604</u>

**CITY OF LEWISVILLE, TEXAS  
POLICE FEDERAL FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-34**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 38,314	\$ 21,393
Investments	149,275	92,006
Receivables		
Interest	331	487
Total assets	<u>\$ 187,920</u>	<u>\$ 113,886</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 187,920</u>	<u>\$ 113,886</u>
Total fund balances	<u>187,920</u>	<u>113,886</u>
 Total liabilities and fund balances	<u>\$ 187,920</u>	<u>\$ 113,886</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, 2010 AND 2009**

**EXHIBIT F-35**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 990	\$ 1,901
Miscellaneous	73,044	63,313
Total revenues	<u>74,034</u>	<u>65,214</u>
<b>EXPENDITURES</b>		
Current		
Public safety	-	4,463
Total expenditures	<u>-</u>	<u>4,463</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	74,034	60,751
<b>FUND BALANCES, beginning</b>	<u>113,886</u>	<u>53,135</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 187,920</u></u>	<u><u>\$ 113,886</u></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, 2010**

**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	\$ 933	\$ 933	\$ 990	\$ 57
Miscellaneous	3,000	3,000	73,044	70,044
Total revenues	<u>3,933</u>	<u>3,933</u>	<u>74,034</u>	<u>70,101</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(6,067)	(6,067)	74,034	80,101
<b>FUND BALANCES, beginning</b>	<u>113,886</u>	<u>113,886</u>	<u>113,886</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ 107,819</u>	<u>\$ 107,819</u>	<u>\$ 187,920</u>	<u>\$ 80,101</u>

**CITY OF LEWISVILLE, TEXAS  
RECORDS MANAGEMENT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-37**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 260	\$ 240
Investments	1,012	1,032
Total assets	<u>\$ 1,272</u>	<u>\$ 1,272</u>
<b>FUND BALANCES</b>		
Unreserved, undesignated	\$ 1,272	\$ 1,272
Total fund balances	<u>1,272</u>	<u>1,272</u>
 Total liabilities and fund balances	 <u>\$ 1,272</u>	 <u>\$ 1,272</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, 2010 AND 2009**

**EXHIBIT F-38**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
Current		
General government	-	1,398
Total expenditures	<u>-</u>	<u>1,398</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(1,398)
<b>FUND BALANCES, beginning</b>	<u>1,272</u>	<u>2,670</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 1,272</u></u>	<u><u>\$ 1,272</u></u>

**CITY OF LEWISVILLE, TEXAS  
RECORDS MANAGEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
General government	1,670	1,670	-	1,670
Total expenditures	<u>1,670</u>	<u>1,670</u>	<u>-</u>	<u>1,670</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,670)	(1,670)	-	1,670
<b>FUND BALANCES, beginning</b>	<u>1,272</u>	<u>1,272</u>	<u>1,272</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u>\$ (398)</u>	<u>\$ (398)</u>	<u>\$ 1,272</u>	<u>\$ 1,670</u>

**CITY OF LEWISVILLE, TEXAS  
 JUVENILE CASE MANAGER SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-40**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 17,786	\$ 10,862
Investments	69,298	46,720
Interest	154	250
Total assets	<u>\$ 87,238</u>	<u>\$ 57,832</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts and contracts payable	\$ 2,792	\$ 2,548
Total liabilities	<u>2,792</u>	<u>2,548</u>
 Fund balances		
Unreserved, undesignated	<u>84,446</u>	<u>55,284</u>
Total fund balances	<u>84,446</u>	<u>55,284</u>
 Total liabilities and fund balances	<u>\$ 87,238</u>	<u>\$ 57,832</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, 2010 AND 2009**

**EXHIBIT F-41**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Manager fee	\$ 83,512	\$ 85,148
Investment earnings	406	1,064
Total revenues	<u>83,918</u>	<u>86,212</u>
<b>EXPENDITURES</b>		
Current		
Public safety	54,756	54,069
Total expenditures	<u>54,756</u>	<u>54,069</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	29,162	32,143
<b>FUND BALANCES, beginning</b>	<u>55,284</u>	<u>23,141</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 84,446</u></u>	<u><u>\$ 55,284</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, 2010**

**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	\$ 89,447	\$ 89,447	\$ 83,512	\$ (5,935)
Investment earnings	238	238	406	168
Total revenues	<u>89,685</u>	<u>89,685</u>	<u>83,918</u>	<u>(5,767)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>54,856</u>	<u>54,856</u>	<u>54,756</u>	<u>100</u>
Total expenditures	<u>54,856</u>	<u>54,856</u>	<u>54,756</u>	<u>100</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	34,829	34,829	29,162	(5,667)
<b>FUND BALANCES, beginning</b>	<u>55,284</u>	<u>55,284</u>	<u>55,284</u>	<u>-</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 90,113</u></u>	<u><u>\$ 90,113</u></u>	<u><u>\$ 84,446</u></u>	<u><u>\$ (5,667)</u></u>

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE LOCAL GOVERNMENT CORPORATION FUND  
 COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-43**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 10,258	\$ 12,211
Investments	39,969	52,521
Interest	89	278
Other receivables	15,011	-
Total assets	<u>\$ 65,327</u>	<u>\$ 65,010</u>
 <b>FUND BALANCES</b>		
Unreserved, undesignated	<u>\$ 65,327</u>	<u>\$ 65,010</u>
Total fund balances	<u>65,327</u>	<u>65,010</u>
 Total liabilities and fund balances	<u>\$ 65,327</u>	<u>\$ 65,010</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, 2010 AND 2009**

**EXHIBIT F-44**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ 317	\$ 1,602
Total revenues	<u>317</u>	<u>1,602</u>
<b>EXPENDITURES</b>		
Current		
General government	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	317	1,602
<b>FUND BALANCES, beginning</b>	<u>65,010</u>	<u>63,408</u>
<b>FUND BALANCES, ending</b>	<u><u>\$ 65,327</u></u>	<u><u>\$ 65,010</u></u>

**CITY OF LEWISVILLE, TEXAS  
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT  
 CAPITAL PROJECTS FUND COMPARATIVE BALANCE SHEETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT F-45**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 4
Total assets	<u>\$ -</u>	<u>\$ 4</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Fund balances		
Reserved for capital projects	-	4
Total fund balances	<u>-</u>	<u>4</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ 4</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, 2010 AND 2009**

**EXHIBIT F-46**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Investment earnings	\$ -	\$ 2,044
Total revenues	<u>-</u>	<u>2,044</u>
<b>EXPENDITURES</b>		
General government	4	-
Capital outlay	-	1,577,591
Total expenditures	<u>4</u>	<u>1,577,591</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(4)	(1,575,547)
<b>FUND BALANCES, beginning</b>	<u>4</u>	<u>1,575,551</u>
<b>FUND BALANCES, ending</b>	<u>\$ -</u>	<u>\$ 4</u>



# LEWISVILLE

Deep Roots. Broad Wings. Bright Future.

## 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.

### **MAINTENANCE AND REPLACEMENT FUND**

To provide for fleet maintenance services for City departments and account for the purchase of all vehicles and major equipment 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, 2010 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2009**

	<u>Self Insurance Risk</u>	<u>Health Insurance Risk Pool</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,676,176	\$ 330,812
Investments	6,433,063	1,566,827
Receivables		
Accounts	-	-
Interest	14,520	6,865
Other	854	17,033
Due from other funds	-	-
Inventory of supplies, at cost	-	-
Prepaid items	67,787	27,935
Total current assets	<u>8,192,400</u>	<u>1,949,472</u>
Noncurrent assets		
Capital assets		
Other improvements	274,272	-
Machinery and equipment	508,712	-
Vehicles	-	-
Accumulated depreciation	(506,088)	-
Capital assets, net of accumulated depreciation	<u>276,896</u>	<u>-</u>
Total assets	<u>8,469,296</u>	<u>1,949,472</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	25,416	-
Incurred but not reported claim reserve	248,336	632,931
Accrued liabilities	-	-
Total liabilities	<u>273,752</u>	<u>632,931</u>
<b>NET ASSETS</b>		
Invested in capital assets	276,896	-
Unrestricted	7,918,648	1,316,541
Net assets	<u>\$ 8,195,544</u>	<u>\$ 1,316,541</u>

**EXHIBIT G-1**

<b>Maintenance and Replacement</b>	<b>Totals</b>	
	<b>September 30, 2010</b>	<b>September 30, 2009</b>
\$ 1,210,340	\$ 3,217,328	\$ 2,924,715
4,715,539	12,715,429	13,768,420
-	-	22,698
10,598	31,983	65,611
-	17,887	69,052
1,500,000	1,500,000	1,500,000
97,099	97,099	73,326
4,900	100,622	46,692
<u>7,538,476</u>	<u>17,680,348</u>	<u>18,470,514</u>
-	274,272	274,272
3,758,252	4,266,964	4,113,029
17,393,219	17,393,219	16,727,371
(16,127,354)	(16,633,442)	(15,273,661)
<u>5,024,117</u>	<u>5,301,013</u>	<u>5,841,011</u>
<u>12,562,593</u>	<u>22,981,361</u>	<u>24,311,525</u>
7,500	32,916	259,480
-	881,267	1,378,303
74,910	74,910	66,717
<u>82,410</u>	<u>989,093</u>	<u>1,704,500</u>
5,024,117	5,301,013	5,841,011
7,456,066	16,691,255	16,766,014
<u>\$ 12,480,183</u>	<u>\$ 21,992,268</u>	<u>\$ 22,607,025</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, 2010 WITH  
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Self Insurance Risk</b>	<b>Health Insurance Risk Pool</b>
	<u>          </u>	<u>          </u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 1,889,003	\$ 5,672,693
Miscellaneous	311	90
Total operating revenues	<u>1,889,314</u>	<u>5,672,783</u>
 <b>OPERATING EXPENSES</b>		
Cost of sales and services, net of reimbursements	788,633	6,430,551
Administrative	-	538,408
Depreciation	25,541	-
Total operating expenses	<u>814,174</u>	<u>6,968,959</u>
 Operating income (loss)	<u>1,075,140</u>	<u>(1,296,176)</u>
 <b>NONOPERATING REVENUES</b>		
Investment earnings	38,257	13,649
Gain (loss) on disposal of assets	-	-
Total nonoperating revenues	<u>38,257</u>	<u>13,649</u>
 <b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>1,113,397</u>	<u>(1,282,527)</u>
 <b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	-	-
Intragovernmental contributions	-	-
Contributions from other funds	-	-
Total transfers and capital contributions	<u>-</u>	<u>-</u>
 <b>CHANGE IN NET ASSETS</b>	1,113,397	(1,282,527)
 <b>NET ASSETS, beginning</b>	<u>7,082,147</u>	<u>2,599,068</u>
 <b>NET ASSETS, ending</b>	<u><u>\$ 8,195,544</u></u>	<u><u>\$ 1,316,541</u></u>

**EXHIBIT G-2**

<b>Maintenance and Replacement</b>	<b>Totals</b>	
	<b>September 30, 2010</b>	<b>September 30, 2009</b>
\$ 1,918,447	\$ 9,480,143	\$ 10,441,060
120	521	143
<u>1,918,567</u>	<u>9,480,664</u>	<u>10,441,203</u>
1,606	7,220,790	7,501,953
625,714	1,164,122	1,398,097
1,882,471	1,908,012	1,848,599
<u>2,509,791</u>	<u>10,292,924</u>	<u>10,748,649</u>
<u>(591,224)</u>	<u>(812,260)</u>	<u>(307,446)</u>
30,802	82,708	381,485
79,299	79,299	124,690
<u>110,101</u>	<u>162,007</u>	<u>506,175</u>
<u>(481,123)</u>	<u>(650,253)</u>	<u>198,729</u>
35,496	35,496	-
-	-	269,033
-	-	17,620
<u>35,496</u>	<u>35,496</u>	<u>286,653</u>
(445,627)	(614,757)	485,382
<u>12,925,810</u>	<u>22,607,025</u>	<u>22,121,643</u>
<u>\$ 12,480,183</u>	<u>\$ 21,992,268</u>	<u>\$ 22,607,025</u>

**CITY OF LEWISVILLE, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2009**

	<b>Self Insurance Risk</b>	<b>Health Insurance Risk Pool</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 1,891,249	\$ 5,731,780
Cash paid to employees for services	-	-
Cash paid for goods and services	(1,114,686)	(544,129)
Cash paid for claims	(306,133)	(6,565,121)
Cash received for miscellaneous items	311	90
	<u>470,741</u>	<u>(1,377,380)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	-	-
Cash received (paid) on interfund loan	-	-
	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(54,134)	-
Proceeds from the sale of equipment	-	-
	<u>(54,134)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(7,319,330)	(4,743,961)
Proceeds from sale and maturities of investments	7,060,281	6,076,658
Interest received	58,097	2,908
	<u>(200,952)</u>	<u>1,335,605</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	215,655	(41,775)
<b>CASH, beginning of year</b>	<u>1,460,521</u>	<u>372,587</u>
<b>CASH, end of year</b>	<u>\$ 1,676,176</u>	<u>\$ 330,812</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,075,140	\$ (1,296,176)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	25,541	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	2,246	59,087
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	(43,309)	(5,721)
Increase (decrease) in accounts and claims payable	(588,877)	(134,570)
Increase (decrease) in accrued liabilities	-	-
Increase (decrease) in due to other funds	-	-
	<u>(604,399)</u>	<u>(81,204)</u>
Total adjustments	<u>(604,399)</u>	<u>(81,204)</u>
Net cash provided by (used in) operating activities	<u>\$ 470,741</u>	<u>\$ (1,377,380)</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ -	\$ -
Increase (decrease) in fair value of investments	(28,350)	(13,778)
From intragovernmental contributions	-	-

Maintenance and Replacement	Totals	
	September 30, 2010	September 30, 2009
\$ 1,941,145	\$ 9,564,174	\$ 10,377,556
(343,343)	(343,343)	(323,595)
(304,610)	(1,963,425)	(2,113,371)
-	(6,871,254)	(6,317,284)
120	521	143
<u>1,293,312</u>	<u>386,673</u>	<u>1,623,449</u>
35,496	35,496	-
-	-	250,000
<u>35,496</u>	<u>35,496</u>	<u>250,000</u>
(1,349,956)	(1,404,090)	(1,418,957)
115,375	115,375	124,690
<u>(1,234,581)</u>	<u>(1,288,715)</u>	<u>(1,294,267)</u>
(5,365,188)	(17,428,479)	(17,067,955)
5,344,531	18,481,470	17,497,883
45,163	106,168	388,916
<u>24,506</u>	<u>1,159,159</u>	<u>818,844</u>
118,733	292,613	1,398,026
<u>1,091,607</u>	<u>2,924,715</u>	<u>1,526,689</u>
<u>\$ 1,210,340</u>	<u>\$ 3,217,328</u>	<u>\$ 2,924,715</u>
\$ (591,224)	\$ (812,260)	\$ (307,446)
1,882,471	1,908,012	1,848,599
22,698	84,031	(63,504)
(23,773)	(23,773)	57,246
(4,900)	(53,930)	717
(153)	(723,600)	93,577
8,193	8,193	(1,355)
-	-	(4,385)
<u>1,884,536</u>	<u>1,198,933</u>	<u>1,930,895</u>
<u>\$ 1,293,312</u>	<u>\$ 386,673</u>	<u>\$ 1,623,449</u>
\$ -	\$ -	\$ 17,620
(21,331)	(63,459)	27,135
-	-	269,033

**CITY OF LEWISVILLE, TEXAS  
 SELF-INSURANCE RISK INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-4**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,676,176	\$ 1,460,521
Investments	6,433,063	6,174,014
Receivables		
Interest	14,520	34,360
Other	854	3,100
Prepaid items	67,787	24,478
Total current assets	<u>8,192,400</u>	<u>7,696,473</u>
Noncurrent assets		
Capital assets		
Other improvements	274,272	274,272
Machinery and equipment	508,712	454,578
Accumulated depreciation	(506,088)	(480,547)
Capital assets, net of accumulated depreciation	<u>276,896</u>	<u>248,303</u>
Total assets	<u>8,469,296</u>	<u>7,944,776</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	25,416	68,993
Incurred but not reported claim reserve	248,336	793,636
Total liabilities	<u>273,752</u>	<u>862,629</u>
<b>NET ASSETS</b>		
Invested in capital assets	276,896	248,303
Unrestricted	7,918,648	6,833,844
Total net assets	<u>\$ 8,195,544</u>	<u>\$ 7,082,147</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, 2010 AND 2009**

**EXHIBIT G-5**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 1,889,003	\$ 2,114,981
Miscellaneous	311	-
Total operating revenues	<u>1,889,314</u>	<u>2,114,981</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services		
Life insurance	305,508	262,939
Workers' compensation	(203,049)	487,486
Long term disability	63,140	68,063
Liability and property/casualty	566,618	654,567
Unemployment benefits	35,089	24,950
Employee assistance program	21,327	21,330
Depreciation	25,541	21,658
Total cost of sales and services, net of reimbursements	<u>814,174</u>	<u>1,540,993</u>
Operating income (loss)	<u>1,075,140</u>	<u>573,988</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	38,257	185,895
Total nonoperating revenues	<u>38,257</u>	<u>185,895</u>
<b>CHANGE IN NET ASSETS</b>	1,113,397	759,883
<b>NET ASSETS, beginning</b>	<u>7,082,147</u>	<u>6,322,264</u>
<b>NET ASSETS, ending</b>	<u><u>\$ 8,195,544</u></u>	<u><u>\$ 7,082,147</u></u>

**CITY OF LEWISVILLE, TEXAS  
 SELF-INSURANCE RISK INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-6**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 1,891,249	\$ 2,114,175
Cash paid for goods and services	(1,114,686)	(1,080,402)
Cash paid for claims	(306,133)	(368,411)
Cash received for miscellaneous items	311	-
	<u>470,741</u>	<u>665,362</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(54,134)</u>	<u>(20,000)</u>
Net cash provided by (used in) capital and related financing activities	<u>(54,134)</u>	<u>(20,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(7,319,330)	(7,511,511)
Proceeds from sale and maturities of investments	7,060,281	7,710,665
Interest received	58,097	191,664
	<u>(200,952)</u>	<u>390,818</u>
Net cash provided by (used in) investing activities		
<b>NET INCREASE (DECREASE) IN CASH</b>	215,655	1,036,180
<b>CASH, beginning of year</b>	<u>1,460,521</u>	<u>424,341</u>
<b>CASH, end of year</b>	<u><u>\$ 1,676,176</u></u>	<u><u>\$ 1,460,521</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,075,140	\$ 573,988
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	25,541	21,658
Change in assets and liabilities		
(Increase) decrease in accounts receivable	2,246	(806)
(Increase) decrease in prepaid expenses	(43,309)	3,883
Increase (decrease) in accounts and claims payable	(588,877)	66,639
	<u>(604,399)</u>	<u>91,374</u>
Total adjustments		
Net cash provided by (used in) operating activities	<u><u>\$ 470,741</u></u>	<u><u>\$ 665,362</u></u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Increase (decrease) in fair value of investments	\$ (28,350)	\$ 14,898

**CITY OF LEWISVILLE, TEXAS  
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-7**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 330,812	\$ 372,587
Investments	1,566,827	2,899,524
Receivables		
Interest	6,865	6,292
Other	17,033	65,952
Prepaid items	27,935	22,214
Total assets	<u>1,949,472</u>	<u>3,366,569</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	-	182,834
Incurred but not reported claim reserve	632,931	584,667
Total liabilities	<u>632,931</u>	<u>767,501</u>
<b>NET ASSETS</b>		
Unrestricted	1,316,541	2,599,068
Total net assets	<u>\$ 1,316,541</u>	<u>\$ 2,599,068</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, 2010 AND 2009**

**EXHIBIT G-8**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 5,672,693	\$ 5,558,819
Miscellaneous	90	50
Total operating revenues	<u>5,672,783</u>	<u>5,558,869</u>
<b>OPERATING EXPENSES</b>		
Health claims administration	538,408	561,030
Benefits and insurance	6,430,551	5,981,702
Total operating expenses	<u>6,968,959</u>	<u>6,542,732</u>
Operating income (loss)	<u>(1,296,176)</u>	<u>(983,863)</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	13,649	60,738
Total nonoperating revenues	<u>13,649</u>	<u>60,738</u>
<b>CHANGE IN NET ASSETS</b>	(1,282,527)	(923,125)
<b>NET ASSETS, beginning</b>	<u>2,599,068</u>	<u>3,522,193</u>
<b>NET ASSETS, ending</b>	<u>\$ 1,316,541</u>	<u>\$ 2,599,068</u>

**CITY OF LEWISVILLE, TEXAS  
HEALTH INSURANCE RISK POOL INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-9**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 5,731,780	\$ 5,495,635
Cash paid for goods and services	(544,129)	(564,540)
Cash paid for claims	(6,565,121)	(5,948,873)
Cash received for miscellaneous items	90	50
	<u>(1,377,380)</u>	<u>(1,017,728)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,743,961)	(3,396,907)
Proceeds from sale and maturities of investments	6,076,658	3,891,471
Interest received	2,908	63,631
	<u>1,335,605</u>	<u>558,195</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(41,775)	(459,533)
<b>CASH, beginning of year</b>	<u>372,587</u>	<u>832,120</u>
<b>CASH, end of year</b>	<u><u>\$ 330,812</u></u>	<u><u>\$ 372,587</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,296,176)	\$ (983,863)
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	59,087	(63,184)
(Increase) decrease in prepaid expenses	(5,721)	(3,510)
Increase (decrease) in accounts and claims payable	(134,570)	32,829
	<u>(81,204)</u>	<u>(33,865)</u>
Total adjustments	<u>(81,204)</u>	<u>(33,865)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (1,377,380)</u></u>	<u><u>\$ (1,017,728)</u></u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Increase (decrease) in fair value of investments	\$ (13,778)	\$ 1,091

**CITY OF LEWISVILLE, TEXAS  
 MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENTS OF NET ASSETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-10**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,210,340	\$ 1,091,607
Investments	4,715,539	4,694,882
Receivables		
Accounts	-	22,698
Interest	10,598	24,959
Due from other funds	1,500,000	1,500,000
Inventory of supplies, at cost	97,099	73,326
Prepaid items	4,900	-
Total current assets	<u>7,538,476</u>	<u>7,407,472</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	3,758,252	3,658,451
Vehicles	17,393,219	16,727,371
Accumulated depreciation	(16,127,354)	(14,793,114)
Capital assets, net of accumulated depreciation	<u>5,024,117</u>	<u>5,592,708</u>
Total assets	<u>12,562,593</u>	<u>13,000,180</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	7,500	7,653
Accrued liabilities	74,910	66,717
Total liabilities	<u>82,410</u>	<u>74,370</u>
<b>NET ASSETS</b>		
Invested in capital assets	5,024,117	5,592,708
Unrestricted	7,456,066	7,333,102
Net assets	<u>\$ 12,480,183</u>	<u>\$ 12,925,810</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, 2010 AND 2009**

**EXHIBIT G-11**

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services	\$ 1,918,447	\$ 2,767,260
Miscellaneous	120	93
Total operating revenues	<u>1,918,567</u>	<u>2,767,353</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services	1,606	916
Administrative	625,714	837,067
Depreciation	1,882,471	1,826,941
Total operating expenses	<u>2,509,791</u>	<u>2,664,924</u>
Operating income (loss)	<u>(591,224)</u>	<u>102,429</u>
<b>NONOPERATING REVENUES</b>		
Investment earnings	30,802	134,852
Gain on disposal of assets	79,299	124,690
Total nonoperating revenues	<u>110,101</u>	<u>259,542</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>(481,123)</u>	<u>361,971</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers in	35,496	-
Intragovernmental contributions	-	269,033
Contributions from other funds	-	17,620
Total transfers and capital contributions	<u>35,496</u>	<u>286,653</u>
<b>CHANGE IN NET ASSETS</b>	(445,627)	648,624
<b>NET ASSETS, beginning</b>	<u>12,925,810</u>	<u>12,277,186</u>
<b>NET ASSETS, ending</b>	<u>\$ 12,480,183</u>	<u>\$ 12,925,810</u>

**CITY OF LEWISVILLE, TEXAS  
MAINTENANCE AND REPLACEMENT INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT G-12**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 1,941,145	\$ 2,767,746
Cash paid to employees for services	(343,343)	(323,595)
Cash paid for goods and services	(304,610)	(468,429)
Cash received for miscellaneous items	120	93
	<u>1,293,312</u>	<u>1,975,815</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	35,496	-
Cash received (paid) on interfund loan	-	250,000
	<u>35,496</u>	<u>250,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,349,956)	(1,398,957)
Proceeds from the sale of equipment	115,375	124,690
	<u>(1,234,581)</u>	<u>(1,274,267)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,365,188)	(6,159,537)
Proceeds from sale and maturities of investments	5,344,531	5,895,747
Interest received	45,163	133,621
	<u>24,506</u>	<u>(130,169)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	118,733	821,379
<b>CASH, beginning of year</b>	<u>1,091,607</u>	<u>270,228</u>
<b>CASH, end of year</b>	<u>\$ 1,210,340</u>	<u>\$ 1,091,607</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (591,224)	\$ 102,429
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	1,882,471	1,826,941
Change in assets and liabilities		
(Increase) decrease in accounts receivable	22,698	486
(Increase) decrease in inventory	(23,773)	57,246
(Increase) decrease in prepaid expenses	(4,900)	344
Increase (decrease) in accounts payable	(153)	(5,891)
Increase (decrease) in accrued liabilities	8,193	(1,355)
Increase (decrease) in due to other funds	-	(4,385)
	<u>1,884,536</u>	<u>1,873,386</u>
Total adjustments	<u>1,884,536</u>	<u>1,873,386</u>
Net cash provided by (used in) operating activities	<u>\$ 1,293,312</u>	<u>\$ 1,975,815</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
From contributions of capital assets	\$ -	\$ 17,620
Increase (decrease) in fair value of investments	(21,331)	11,146
From intragovernmental contributions	-	269,033

## 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 and their dependents.



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**CITY OF LEWISVILLE, TEXAS  
 CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT  
 DEBT SERVICE AGENCY FUND  
 COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT H-1**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 8,323,954	\$ 6,572,187
Investments	-	376,105
Receivables		
Interest	62	624
Total assets	<u>\$ 8,324,016</u>	<u>\$ 6,948,916</u>
<b>LIABILITIES</b>		
Due to debt holders	<u>\$ 8,324,016</u>	<u>\$ 6,948,916</u>
Total liabilities	<u>\$ 8,324,016</u>	<u>\$ 6,948,916</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, 2010**

**EXHIBIT H-2**

	<u>Balance</u> <u>Oct. 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Sept. 30, 2010</u>
<b>ASSETS</b>				
Cash	\$ 6,572,187	\$ 9,092,032	\$ (7,340,265)	\$ 8,323,954
Investments	376,105	-	(376,105)	-
Receivables				
Interest	624	62	(624)	62
Total assets	<u>\$ 6,948,916</u>	<u>\$ 9,092,094</u>	<u>\$ (7,716,994)</u>	<u>\$ 8,324,016</u>
<b>LIABILITIES</b>				
Due to debt holders	<u>\$ 6,948,916</u>	<u>\$ 8,622,330</u>	<u>\$ (7,247,230)</u>	<u>\$ 8,324,016</u>
Total liabilities	<u>\$ 6,948,916</u>	<u>\$ 8,622,330</u>	<u>\$ (7,247,230)</u>	<u>\$ 8,324,016</u>

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE OPEB LIABILITY TRUST FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
SEPTEMBER 30, 2010 AND 2009**

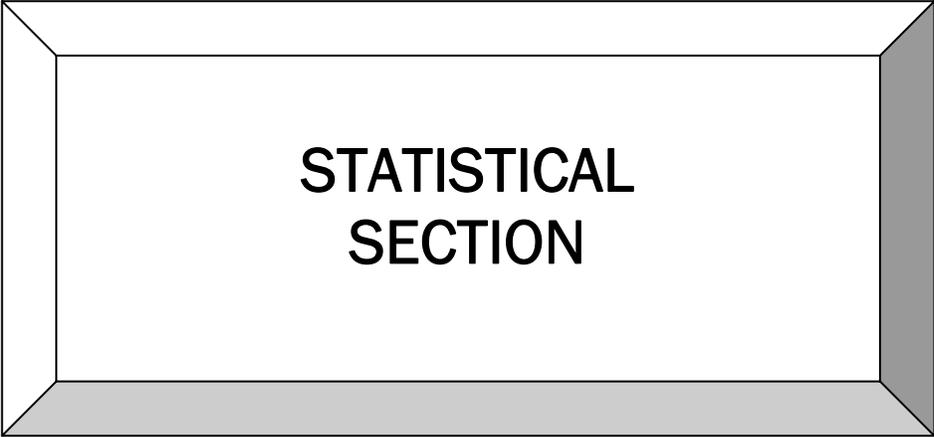
**EXHIBIT H-3**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 49,484	\$ 107,235
Investments		
Mutual funds - equity	1,540,102	1,393,554
Mutual funds - fixed income	1,050,318	760,510
Receivables		
Interest	1	586
Total assets	<u>2,639,905</u>	<u>2,261,885</u>
<b>LIABILITIES</b>		
Accounts payable	<u>2,925</u>	<u>3,700</u>
Total liabilities	<u>2,925</u>	<u>3,700</u>
<b>NET ASSETS</b>		
Held in trust for retiree health benefits	2,636,980	2,258,185
Total net assets	<u>\$ 2,636,980</u>	<u>\$ 2,258,185</u>

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE OPEB LIABILITY TRUST FUND  
 COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
 SEPTEMBER 30, 2010 AND 2009**

**EXHIBIT H-4**

	<u>2010</u>	<u>2009</u>
<b>ADDITIONS</b>		
Employer contributions	\$ 482,500	\$ 482,500
Investment earnings	55,851	39,009
Unrealized/realized gain, net	179,144	40,487
Total additions	<u>717,495</u>	<u>561,996</u>
<b>DEDUCTIONS</b>		
Benefits	<u>338,700</u>	<u>338,700</u>
Total deductions	<u>338,700</u>	<u>338,700</u>
<b>CHANGE IN NET ASSETS</b>	378,795	223,296
<b>NET ASSETS, beginning</b>	<u>2,258,185</u>	<u>2,034,889</u>
<b>NET ASSETS, ending</b>	<u><u>\$ 2,636,980</u></u>	<u><u>\$ 2,258,185</u></u>



**STATISTICAL  
SECTION**



**LEWISVILLE**

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# 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



**LEWISVILLE**

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TABLE 1

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>									
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	\$ 308,190,669	\$ 311,014,889
Restricted	9,338,234	6,655,568	3,158,418	2,954,825	1,446,727	1,725,352	1,756,591	1,867,844	1,324,264
Unrestricted	27,696,551	23,612,790	34,498,004	41,578,455	46,779,350	44,731,063	50,443,168	49,358,449	48,721,698
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	\$ 359,416,962	\$ 361,060,851
<b>Business-type activities</b>									
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	\$ 166,895,435	\$ 172,162,748
Restricted	2,848,796	2,413,643	2,132,858	1,845,879	1,576,475	2,075,929	2,024,478	1,914,446	2,147,527
Unrestricted	29,999,852	34,563,635	34,124,375	33,789,667	37,687,853	36,677,712	38,090,009	35,940,547	33,568,393
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	\$ 204,750,428	\$ 207,878,668
<b>Primary government</b>									
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	\$ 475,086,104	\$ 483,177,637
Restricted	12,187,030	9,069,211	5,291,276	4,800,704	3,023,202	3,801,281	3,781,069	3,782,290	3,471,791
Unrestricted	57,696,403	58,176,425	68,622,379	75,568,122	84,467,203	81,408,775	88,533,177	85,298,996	82,290,091
Total primary government	\$ 341,506,126	\$ 359,021,676	\$ 379,964,812	\$ 426,142,226	\$ 463,862,292	\$ 487,568,846	\$ 539,095,150	\$ 564,167,390	\$ 568,939,519

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

TABLE 2

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 10,746,552	\$ 10,760,138
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	8,667,117	9,299,504
Public safety	23,659,747	24,321,112	25,824,358	27,664,557	28,182,352	30,491,917	33,721,041	35,349,800	37,628,477
Public services	12,618,057	13,222,999	15,564,147	15,182,968	13,667,907	18,569,072	19,409,072	20,313,784	22,404,173
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	2,673,325	2,753,817
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	77,750,578	82,846,109
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	20,822,278	21,521,566
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	20,822,278	21,521,566
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	98,572,856	104,367,675
<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	3,386,580	3,306,827
Culture, parks & recreation	1,645,140	1,628,845	1,489,037	1,511,722	1,612,039	1,537,244	1,794,574	1,741,591	1,696,101
Public safety	3,416,714	3,293,367	3,666,332	4,500,082	4,695,193	4,560,499	5,422,367	5,929,457	5,000,197
Public services	1,875,590	1,675,907	1,542,101	1,524,658	1,816,495	2,118,574	2,067,879	1,516,232	1,656,995
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	1,202,143	2,228,626
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	23,865,801	11,183,861
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	37,641,804	25,072,607
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	25,657,454	26,146,670
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	1,823,269	1,470,699
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	27,480,723	27,617,369
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	65,122,527	52,689,976
<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)	(40,108,774)	(57,773,502)
Business-type activities	8,931,731	8,271,056	7,213,202	10,550,923	11,123,818	8,381,035	16,191,219	6,658,445	6,095,803
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)	\$ (33,450,329)	\$ (51,677,699)

TABLE 2

	Fiscal Year										
	2002	2003	2004	2005	2006	2007	2008	2009	2010		
<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	\$ 29,580,192	\$ 28,898,185		
Sales taxes	16,236,120	16,242,070	16,970,465	17,284,149	18,113,568	19,216,744	18,932,595	17,686,496	18,605,874		
Other taxes	94,192	147,819	179,804	201,297	1,074,299	1,043,749	1,119,792	1,095,822	1,046,346		
Franchise taxes	4,234,012	4,318,129	4,276,869	4,485,406	4,599,447	4,435,578	4,803,626	4,635,238	5,055,711		
Occupancy taxes	1,182,639	1,135,962	1,178,478	1,348,761	1,480,548	1,606,115	1,830,230	1,554,826	1,551,355		
Penalties and interest	151,149	196,223	202,683	252,204	231,016	209,514	238,428	219,250	186,231		
Investment earnings	2,754,709	1,680,425	695,017	1,518,114	2,350,326	3,614,454	3,287,167	2,051,754	526,984		
Gain (loss) on disposal of assets	64,153	-	43,925	77,563	470	(2,424,552)	9,682	5,560	13,118		
Miscellaneous	274,250	165,850	336,007	589,133	4,558,898	243,839	416,282	291,772	272,693		
Transfers	451,192	2,389,605	2,617,820	(286,860)	2,965,612	2,943,135	3,073,842	3,108,655	3,260,894		
Total governmental activities	46,105,622	48,012,152	49,242,374	48,774,941	60,499,670	57,146,281	61,647,820	60,229,565	59,417,391		
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	1,344,073	211,973		
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	57,586	81,358		
Transfers	(451,192)	(2,389,605)	(2,617,820)	286,860	(2,965,612)	(2,943,135)	(3,073,842)	(3,108,655)	(3,260,894)		
Total business-type activities	1,322,108	(1,319,083)	(1,161,200)	1,563,630	(646,560)	(87,216)	(989,335)	(1,706,996)	(2,967,563)		
Total primary government	47,427,730	46,693,069	48,081,174	50,338,571	59,853,110	57,059,065	60,658,485	58,522,569	56,449,828		
<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	20,120,791	1,643,889		
Business-type activities	10,253,839	6,951,973	6,052,002	12,114,553	10,477,258	8,293,819	15,201,884	4,951,449	3,128,240		
Total primary government	\$ 23,145,088	\$ 18,934,862	\$ 21,740,862	\$ 46,177,414	\$ 37,720,068	\$ 24,059,725	\$ 51,526,304	\$ 25,072,240	\$ 4,772,129		

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

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund									
Reserved	\$ 519,919	\$ 227,089	\$ 750,570	\$ 512,805	\$ 462,132	\$ 493,778	\$ 353,725	\$ 349,986	\$ 338,442
Unreserved	12,188,815	15,856,222	17,363,344	19,371,265	26,212,925	26,272,130	31,175,630	31,658,380	26,429,898
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>	<u>\$ 32,008,366</u>	<u>\$ 26,768,340</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	\$ 3,244,870	\$ 3,245,372
Encumbrances	9,443,300	5,468,943	3,759,595	5,226,719	4,795,639	10,326,967	10,158,069	11,119,868	8,128,192
Debt service	6,507,055	6,655,568	3,574,856	3,595,602	1,654,816	2,065,205	2,063,119	2,157,818	1,575,726
Capital projects	33,146,033	21,870,842	30,121,292	24,295,028	25,682,462	35,521,143	42,042,010	32,105,430	36,046,905
Unreserved, reported in									
Special revenue funds	(966,210)	(900,116)	2,062,957	866,024	977,086	1,099,831	1,808,703	2,603,972	3,062,493
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>	<u>\$ 51,231,958</u>	<u>\$ 52,058,688</u>

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

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 54,752,225	\$ 55,411,805
Licenses and permits	1,909,545	1,711,484	1,632,628	1,578,864	2,070,156	2,393,345	2,328,846	1,767,049	1,894,107
Charges for services	2,215,730	2,321,726	4,048,211	4,140,027	4,858,787	5,212,302	5,603,449	5,702,288	5,522,540
Recreation	1,449,901	1,402,512	1,290,580	1,332,438	1,426,331	1,385,188	1,591,676	1,536,596	1,502,618
Fines	1,975,469	2,414,448	2,488,340	2,686,299	2,826,234	2,680,535	2,916,566	2,950,843	2,946,204
Investment earnings	2,139,777	1,193,299	538,541	1,154,775	2,350,327	3,614,458	3,287,167	2,051,749	526,987
Grants									
Culture, parks and recreation	13,256	11,780	9,749	9,741	10,512	10,305	1,061,894	312,057	29,634
Public safety	221,582	200,270	199,699	559,031	384,964	588,798	220,857	238,649	1,247,926
Public services	889,755	1,200,842	1,029,873	1,557,993	730,845	1,256,152	708,082	686,616	1,038,782
Contributions and donations	4,970,537	2,676,258	10,689,358	12,803,249	3,499,030	3,205,708	27,641,031	5,072,965	4,018,465
Miscellaneous	560,513	448,786	601,293	1,084,302	4,961,341	761,399	975,687	1,026,729	1,080,387
Total revenues	<u>58,868,119</u>	<u>57,264,047</u>	<u>68,116,025</u>	<u>73,942,542</u>	<u>73,665,885</u>	<u>73,994,647</u>	<u>101,163,563</u>	<u>76,097,766</u>	<u>75,219,455</u>
<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	9,334,801	9,115,750
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	6,458,408	6,207,016
Public safety	22,262,598	23,279,103	25,422,485	26,960,074	28,400,718	30,221,744	32,450,887	33,755,435	35,016,553
Public services	7,846,700	8,369,365	8,525,945	9,101,845	9,049,144	9,696,518	9,724,646	9,998,112	9,492,466
Capital outlay	22,597,369	23,342,345	15,030,177	26,532,611	16,527,094	14,848,067	36,317,662	24,862,380	14,505,465
Debit service:									
Principal	3,575,000	4,050,000	7,608,634	4,846,032	7,163,197	5,335,000	4,995,000	5,205,000	5,695,000
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	2,869,614	2,849,017
Total expenditures	<u>71,091,754</u>	<u>73,057,466</u>	<u>71,742,839</u>	<u>83,687,318</u>	<u>77,417,309</u>	<u>77,019,401</u>	<u>102,579,818</u>	<u>92,483,750</u>	<u>82,881,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,223,635)</u>	<u>(15,793,419)</u>	<u>(3,626,814)</u>	<u>(9,744,776)</u>	<u>(3,751,424)</u>	<u>(3,024,754)</u>	<u>(1,416,255)</u>	<u>(16,385,984)</u>	<u>(7,661,812)</u>
<b>Other financing sources (uses)</b>									
Transfers in	15,484,416	6,041,322	6,523,247	6,192,216	7,780,970	16,364,425	12,103,060	7,478,048	13,622,782
Transfers out	(15,033,224)	(3,145,717)	(3,801,884)	(3,210,986)	(4,815,817)	(10,308,842)	(7,652,635)	(4,369,393)	(10,397,384)
Proceeds from refunding bonds	-	-	-	9,655,000	5,070,000	5,070,000	8,715,000	5,430,000	2,565,000
Proceeds from general obligation bonds	7,670,000	14,206,096	6,860,000	4,790,000	6,805,000	13,655,000	-	-	(2,555,000)
Proceeds from certificates of obligation	-	-	2,475,000	-	-	-	-	-	-
Payments to refunding bond escrow agent	-	(12,108,060)	-	(10,201,721)	-	(5,398,353)	-	-	-
Premium (discount) on issuance of general obligation bonds	-	-	27,941	762,754	658,892	-	(5,372)	(9,037)	-
Proceeds from sale of assets	-	-	-	-	755,354	14,890	9,682	5,560	13,118
Total other financing sources (uses)	<u>8,121,192</u>	<u>4,993,641</u>	<u>12,084,304</u>	<u>7,987,263</u>	<u>10,525,507</u>	<u>20,056,012</u>	<u>13,169,735</u>	<u>8,535,178</u>	<u>3,248,516</u>
Net change in fund balances	<u>\$(4,102,443)</u>	<u>\$(10,799,778)</u>	<u>\$8,457,490</u>	<u>\$(1,757,513)</u>	<u>\$6,774,083</u>	<u>\$17,031,258</u>	<u>\$11,753,480</u>	<u>\$(7,850,806)</u>	<u>\$(4,413,296)</u>
Debt service as a percentage of noncapital expenditures	12.2%	12.4%	17.5%	11.8%	16.0%	12.3%	11.7%	11.9%	12.1%

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

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

TABLE 5

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

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Less: Property Under Freeze	Less: TIRZ Zones Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property & Other					
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
2009	6,446,207,177	1,191,217,048	839,703,836	164,430,210	107,112,885	6,526,177,294	0.44021
2010	6,375,044,714	1,255,326,502	1,007,324,631	178,908,241	79,708,452	6,364,429,892	0.44021

**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		
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
2009	0.32156	0.11865	0.44021	1.3800	0.23577		2.0560
2010	0.32156	0.11865	0.44021	1.4087	0.24980		2.0987

Source: City of Lewisville, Denton County Tax Assessor

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

**TABLE 7**

	2010			2001		
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	\$ 85,027,707	1.34%	Vista Ridge Joint Venture	\$ 51,459,767	1.26%	
GTE Southwest Inc dba Verizon	55,318,260	0.87%	Harcourt, Inc	49,302,396	1.20%	
Teachers Insurance Annuity Association	47,411,896	0.74%	General Telephone Co	42,615,297	1.04%	
TIC Lago Vista LP, etal.	43,114,280	0.68%	Arcanum Chapel Hill Ltd	39,975,953	0.98%	
SYSCO Food Services of Dallas LP	36,570,609	0.57%	Texas New Mexico Power Company	39,594,706	0.97%	
OPUS West LP	36,249,470	0.57%	Vista Ridge OP&F Inc	38,013,526	0.93%	
KIR Lewisville LP P/S	35,019,123	0.55%	Southwest Prop LP P/S	37,194,392	0.91%	
BREOF Convergence LP	33,149,270	0.52%	LD Brinkman & Company, Texas	31,256,635	0.76%	
G&I VI Oak Forest LP	33,145,009	0.52%	Amlt at Oak Bend LP	23,626,817	0.58%	
GRE Vista Ridge LP	32,927,000	0.52%	RJW Interests III LP	23,004,589	0.56%	
<b>TOTAL</b>	<b>\$ 437,932,624</b>	<b>6.88%</b>	<b>TOTAL</b>	<b>\$ 376,044,078</b>	<b>9.19%</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
2001	18,799,829	3,921	18,803,750	18,598,798	98.93%	191,748	18,790,546	99.93%
2002	20,766,871	57,968	20,824,839	20,493,339	98.68%	287,209	20,780,548	99.79%
2003	21,752,602	63,953	21,816,555	21,476,523	98.73%	281,431	21,757,954	99.73%
2004	22,831,246	56,384	22,887,630	22,541,885	98.73%	273,615	22,815,500	99.68%
2005	23,542,373	40,835	23,583,208	23,292,813	98.94%	230,043	23,522,856	99.74%
2006	25,246,156	(35,274)	25,210,882	24,949,844	98.83%	211,196	25,161,040	99.80%
2007	26,677,093	7,349	26,684,442	26,470,497	99.23%	162,424	26,632,921	99.81%
2008	28,264,833	(45,798)	28,219,035	28,029,846	99.17%	137,608	28,167,454	99.82%
2009	29,966,864	(120,247)	29,846,617	29,762,422	99.32%	21,236	29,783,658	99.79%
2010	29,389,678	-	29,389,678	29,115,450	99.07%	-	29,115,450	99.07%

Source: Denton County Appraisal District and Denton County Tax Office

TABLE 9

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

	Calendar Year						
	2004	2005	2006	2007	2008	2009	2010
Construction	\$ 269,407,092	\$ 271,345,345	\$ 325,521,361	\$ 428,975,430	\$ 389,267,507	\$ 426,073,490	\$ 315,604,945
Manufacturing	577,502,805	651,749,063	891,564,228	829,222,026	891,125,270	751,857,471	753,995,737
Transportation, Warehousing	495,269,595	355,601,064	22,331,869	25,941,784	650,786,731	710,880,556	691,150,901
Wholesale Trade	334,301,142	374,468,902	492,483,851	546,277,231	623,518,433	745,420,584	801,433,783
Retail Trade	1,844,092,385	1,919,947,937	2,027,046,759	2,091,888,382	2,075,807,503	1,927,414,046	1,878,956,373
Finance, Insurance and Information	77,259,548	69,693,167	72,708,565	58,684,886	53,044,625	53,996,484	57,425,359
Real Estate, Rental and Leasing	32,156,100	54,857,322	39,287,358	55,201,502	49,024,728	34,973,325	19,078,930
Professional, Scientific and Technical Services	72,626,579	88,493,369	150,989,059	151,893,983	159,409,613	194,403,930	211,806,495
Admin, Support, Waste Mgmt, Remediation Services	97,175,211	200,665,461	292,811,541	158,959,087	166,466,814	163,933,681	166,933,359
Educational Services	1,221,464	1,300,212	3,510,020	7,222,172	6,159,101	5,983,619	7,033,934
Health Care and Social Assistance	4,280,367	5,698,121	5,586,377	5,232,521	9,610,245	6,350,766	5,141,407
Arts, Entertainment and Recreation	32,702,023	38,462,571	46,842,409	56,154,449	30,144,139	41,445,461	25,715,214
Accommodation and Food Services	165,856,056	178,596,005	199,071,846	203,938,455	207,232,660	209,960,645	209,744,109
Other Services	76,483,948	76,126,157	81,208,086	91,832,953	100,185,148	93,452,124	126,406,332
Other, including industries with less than four entities	78,305,983	76,944,820	79,133,007	55,438,461	62,016,500	56,823,976	51,936,646
Total	\$ 4,158,640,298	\$ 4,363,949,516	\$ 4,730,096,336	\$ 4,766,863,322	\$ 5,473,799,017	\$ 5,422,970,158	\$ 5,322,363,524
City direct sales tax rate	1.25%	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 Denton Co. Transit Authority	Total Direct & Overlapping Rates
	General Fund	Parks and Library Development Corporation			
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%
2009	1.00%	0.25%	0.50%	0.50%	1.75%
2010	1.00%	0.25%	0.50%	0.50%	1.75%

**Source:** Texas Comptroller of Public Accounts

TABLE II

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

Calendar year 2010				Calendar Year 2001					
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	9.97%	\$ 2,620,082	10.84%	OTHER	772	11.62%	\$ 2,987,512	17.78%
Discount Department Stores	9	0.11%	1,819,883	7.53%	Department Stores (except Discount Dep	8	0.12%	1,028,737	6.12%
Full-Service Restaurants	143	1.68%	1,297,974	5.37%	Home Centers	4	0.06%	732,584	4.36%
Department Stores	15	0.18%	1,208,512	5.00%	Department Stores	4	0.06%	658,378	3.92%
Lumber, Plywood, Millwork, and Wood Panel Wholesalers	7	0.08%	1,034,425	4.28%	Full-Service Restaurants	61	0.92%	636,275	3.79%
Electric Power Distribution	38	0.45%	796,600	3.30%	Household Appliance Stores	30	0.45%	486,715	2.90%
Limited-Service Restaurants	109	1.28%	744,390	3.08%	Miscellaneous Retail Stores, Not Elsewhe	466	7.01%	483,082	2.87%
Wireless Telecommunications Carriers	61	0.72%	678,792	2.81%	Eating Places	142	2.14%	443,264	2.64%
Home Centers	5	0.06%	612,269	2.53%	Limited-Service Restaurants	42	0.63%	340,133	2.02%
Radio, Television, and Other Electronics Stores	37	0.43%	532,683	2.20%	Telephone Communications, Except Radi	102	1.53%	339,029	2.02%
Total	1,273	14.96%	\$ 11,345,610	46.94%	Total	1,631	24.54%	\$ 8,135,709	48.42%

**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



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**CITY OF LEWISVILLE, TEXAS**  
**COMBINED SCHEDULE OF BONDS**  
**September 30, 2010**  
*(Unaudited)*

Issue	Interest		Date		Annual Serial	
	Rates	Payment Dates	Issued	Maturity	Payments	
General Obligation Bonds-						
Series 2002	4.75 - 5.25	02/15 & 08/15	04/01/02	02/15/2014	325,000 -	680,000
Series 2002 Refunding	3.50 - 4.00	02/15 & 08/15	12/15/02	02/15/2012	420,000 -	555,000
Series 2003	2.00 - 4.25	02/15 & 08/15	05/01/03	02/15/2019	40,000 -	200,000
Series 2004	4.00 - 5.25	02/15 & 08/15	06/01/04	02/15/2020	250,000 -	595,000
Series 2005 Refunding & Improvement	3.00 - 5.00	02/15 & 08/15	04/15/05	02/15/2021	365,000 -	1,645,000
Series 2006	4.00 - 5.00	02/15 & 08/15	05/15/06	02/15/2022	140,000 -	595,000
Series 2007 Refunding & Improvement	4.00 - 5.00	02/15 & 08/15	05/15/07	02/15/2023	510,000 -	2,235,000
Series 2008	3.50 - 4.38	02/15 & 08/15	05/15/08	02/15/2024	150,000 -	830,000
Series 2009	2.50 - 4.25	02/15 & 08/15	06/01/09	02/15/2025	250,000 -	710,000
Series 2010 Refunding	2.67 - 2.67	02/15 & 08/15	04/01/10	02/15/2019	600,000 -	2,000,000
Total General Obligation Bonds						
Revenue Bonds-						
Series 2002 Refunding	3.00 - 5.00	02/15 & 08/15	02/15/02	02/15/2013	185,000 -	2,145,000
Series 2002-A	4.75 - 5.25	02/15 & 08/15	04/01/02	02/15/2018	355,000 -	745,000
Series 2003	2.00 - 4.50	02/15 & 08/15	05/01/03	02/15/2019	225,000 -	380,000
Series 2003-A Refunding	2.00 - 4.00	02/15 & 08/15	08/15/03	02/15/2012	60,000 -	750,000
Series 2005 Refunding & Improvement	3.00 - 5.00	02/15 & 08/15	04/15/05	02/15/2021	220,000 -	1,345,000
Series 2006	4.00 - 4.63	02/15 & 08/15	05/15/06	02/15/2022	180,000 -	340,000
Series 2008	3.50 - 4.25	02/15 & 08/15	05/15/08	02/15/2024	430,000 -	775,000
Series 2009	2.00 - 4.30	02/15 & 08/15	06/01/09	02/15/2025	590,000 -	975,000
Total Revenue Bonds						
Total Bonds Payable						

NC= Non-Callable  
CC = Currently Callable

TABLE 12

Bonds			Requirements Fiscal Year Ended September 30, 2011		Option Date
Issued	Retired/ Defeased	Outstanding	Principal	Interest	
7,735,000	5,660,000	2,075,000	485,000	87,321	02/15/11
11,335,000	10,460,000	875,000	600,000	23,000	NC
2,440,000	880,000	1,560,000	150,000	58,756	02/15/13
6,860,000	2,010,000	4,850,000	395,000	211,206	02/15/14
14,445,000	4,010,000	10,435,000	1,500,000	468,478	02/15/16
6,805,000	1,165,000	5,640,000	370,000	243,086	02/15/17
18,725,000	1,810,000	16,915,000	690,000	770,951	02/15/18
8,715,000	575,000	8,140,000	150,000	331,431	02/15/19
5,430,000	710,000	4,720,000	250,000	163,175	02/15/20
9,600,000	-	9,600,000	2,000,000	229,620	CC
<u>92,090,000</u>	<u>27,280,000</u>	<u>64,810,000</u>	<u>6,590,000</u>	<u>2,587,024</u>	
11,810,000	11,300,000	510,000	155,000	19,354	NC
8,500,000	3,435,000	5,065,000	535,000	235,124	02/15/11
4,600,000	1,690,000	2,910,000	275,000	111,100	02/15/13
4,870,000	3,745,000	1,125,000	750,000	30,000	NC
11,475,000	3,315,000	8,160,000	910,000	363,588	02/15/16
4,000,000	770,000	3,230,000	210,000	135,123	02/15/17
10,300,000	1,870,000	8,430,000	460,000	330,094	02/15/19
11,900,000	590,000	11,310,000	600,000	393,465	02/15/20
<u>67,455,000</u>	<u>26,715,000</u>	<u>40,740,000</u>	<u>3,895,000</u>	<u>1,617,848</u>	
<u>\$ 159,545,000</u>	<u>\$ 53,995,000</u>	<u>\$ 105,550,000</u>	<u>\$ 10,485,000</u>	<u>\$ 4,204,872</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					
2001	44,029,780	-	3,500,000	57,825,000	105,354,780	5.84%	1,307		
2002	48,299,780	-	3,390,000	61,155,000	112,844,780	6.32%	1,385		
2003	46,574,780	-	3,390,000	60,455,000	110,419,780	5.50%	1,317		
2004	49,216,146	2,475,000	-	54,340,000	106,031,146	5.33%	1,234		
2005	49,213,197	2,475,000	-	51,635,000	103,323,197	4.94%	1,169		
2006	51,330,000	-	-	49,300,000	100,630,000	4.13%	1,129		
2007	59,515,000	-	-	42,510,000	102,025,000	3.79%	1,114		
2008	63,235,000	-	-	46,190,000	109,425,000	4.38%	1,179		
2009	63,460,000	-	-	53,115,000	116,575,000	4.59%	1,239		
2010	64,810,000	-	-	40,740,000	105,550,000	4.10%	1,108		

**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)

General Bonded Debt Outstanding									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Less Available Debt Service Funds	Net General Bonded Debt	Percentage of Taxable Assessed Value of Property*	Per Capita**	
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	
2009	63,460,000	-	-	63,460,000	2,157,818	61,302,182	0.94%	652	
2010	64,810,000	-	-	64,810,000	1,575,726	63,234,274	0.99%	664	

**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, 2010  
 (Unaudited)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Lewisville Independent School District	\$ 995,917,161	28.68%	\$ 285,629,042
Coppell Independent School District	142,273,994	0.68%	967,463
Denton County	496,900,000	11.90%	59,131,100
Dallas County	121,176,552	0.03%	36,353
Dallas County Community College District	416,040,000	0.03%	124,812
Dallas County Hospital District	705,000,000	0.03%	211,500
Denton County Levee Improvement District #1	8,539,999	86.13%	7,355,501
Denton County RUD #1	10,795,000	100.00%	10,795,000
Subtotal, overlapping debt			364,250,771
<b>City of Lewisville (direct debt)</b>	64,810,000	100.00%	64,810,000
<b>Total direct and overlapping debt</b>			<u>\$ 429,060,771</u>

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

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

**TABLE 16**

Fiscal Year	Total Revenues	Less: Operating Expenses	Net Available Revenue	Waterworks and Sewer System Revenue Bonds		Maximum P & I Requirement	Times Coverage
				Average Annual Requirement	Times Coverage		
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	28,553,142	13,205,679	15,347,463	3,522,329	4.357	7,424,561	2.067
2008	29,198,493	13,715,038	15,483,455	3,629,359	4.266	6,919,927	2.238
2009	27,978,220	14,157,311	13,820,909	4,191,171	3.298	7,498,648	1.843
2010	27,321,265	14,294,307	13,026,958	3,408,059	3.822	5,512,848	2.363

**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
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	2,437,241	27,354	32.3	13,676	4.0%
2007	91,550	2,691,387	29,398	32.6	14,702	3.6%
2008	92,850	2,497,665	26,900	30.6	15,233	4.0%
2009	94,070	2,542,430	27,027	31.4	15,780	6.7%
2010	95,290	2,575,403	27,027	31.4	15,678	6.4%

**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 2009 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 2009 amount.

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

**TABLE 18**

	2010		2001		
<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>
JP Morgan Chase	2,817	5.03%	Lewisville Independent School District	1,803	3.88%
Lewisville Independent School District (Lewisville employment only)	2,122	3.79%	(Lewisville employment only)	1,100	2.37%
Vista Ridge Mall (all outlets)	1,980	3.53%	Xerox	1,085	2.34%
Med Fusion Laboratories	900	1.61%	Horizon Health Corp	710	1.53%
Nationstar Mortgage	900	1.61%	Ultrak	650	1.40%
Wal-Mart (all City locations)	873	1.56%	Lewisville Medical Center	616	1.33%
Lewisville Medical Center	803	1.43%	City of Lewisville	600	1.29%
City of Lewisville	688	1.23%	Fleming Companies, Inc.	450	0.97%
SYSCO Foods	625	1.12%	Four Seasons	380	0.82%
21st Century Insurance	500	0.89%	School of Tomorrow	300	0.65%
			Dillard's		
<b>Total</b>	<b>12,208</b>	<b>21.80%</b>	<b>Total</b>	<b>7,694</b>	<b>16.58%</b>

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

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

**TABLE 19**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government and Administration and Legal	52.0	56.0	56.0	55.0	59.0	58.3	57.0	58.0	58.9	55.9
Public Safety	313.0	321.0	320.0	324.0	325.0	338.0	341.0	350.0	349.0	350.0
Public Services	125.0	126.0	125.0	123.0	123.0	124.0	123.0	124.0	126.0	126.0
Community Development	60.0	61.0	61.0	61.0	63.0	65.7	70.0	72.0	75.1	77.1
Parks and Leisure	66.0	69.0	68.0	68.0	67.0	71.0	71.0	72.0	72.0	79.0
<b>Total</b>	616.0	633.0	630.0	631.0	637.0	657.0	662.0	676.0	681.0	688.0

**Source:** City Budget Office

TABLE 20

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General government</b>										
Public Records										
Number of telephone information requests	3,246	5,931	7,354	8,743	11,747	17,879	12,953	12,074	13,868	13,138
Birth and death certificates issued	5,382	5,889	5,005	5,490	6,398	6,141	6,896	6,455	6,336	4,691
<b>Culture, parks &amp; recreation</b>										
Parks and Leisure										
Number registered for recreation programs	N/A	4,484	3,915	3,912	2,723	2,749	3,752	4,412	4,336	5,277
Public swim admissions	27,858	22,923	22,772	21,292	55,329	63,915	59,422	51,322	48,028	43,888
Library visits	325,787	336,840	311,403	297,676	295,255	291,141	398,160	398,568	383,836	451,015
Library volumes circulated	567,949	574,541	527,803	495,406	463,666	447,449	719,620	766,182	815,191	774,629
Lake Park day use area attendance	123,432	131,523	110,574	110,572	171,007	160,113	119,781	193,690	191,721	131,667
<b>Public safety</b>										
Police										
Calls for service	60,593	58,666	59,177	62,597	63,570	63,813	61,949	66,358	74,658	66,751
Part 1 crimes	3,433	4,320	4,420	4,478	4,305	3,610	3,238	3,577	4,039	4,038
Number of accidents	3,075	3,000	2,904	2,870	2,838	2,863	2,695	2,482	2,458	2,409
Fire										
Number of fire incidents	2,870	2,816	2,904	2,910	2,909	3,258	3,098	3,007	3,246	3,107
Number of EMS incidents	4,874	4,866	4,874	4,674	5,153	5,373	5,557	5,771	6,088	6,069
<b>Public services</b>										
Public Services										
Concrete paving repair (cubic yards)	N/A	1,107	1,285	1,475	1,279	1,225	1,211	1,187	966	830
Concrete utility cut repair (cubic yards)	N/A	418	336	319	420	709	457	415	393	221
Asphalt pothole repair (tons)	N/A	201	205	426	81	83	100	54	38	78
Community Development										
Building permits issued	927	833	1,081	922	844	948	766	698	552	509
Municipal Water System										
Number of customers (meters)	19,701	19,783	19,486	19,630	19,955	20,560	20,781	21,233	21,987	21,912
Average daily water consumption (MGD)	12.32	12.53	13.03	12.43	16.04	16.04	13.35	14.71	14.75	14.44
System capacity (MGD)	27	27	32	32	38	38	38	38	38.4	38.4
Number of water main breaks	119	98	94	73	93	212	106	120	113	75
Sewer System										
System treatment capacity (MGD)	12	12	12	12	12	15	15	15	15	15
Sanitation (residential)										
Residential refuse collected (tons)	32,659	32,525	35,941	31,846	27,523	27,691	28,765	27,528	27,732	27,179
Commercial refuse collected (tons)	115,566	133,517	115,661	120,535	112,205	104,929	108,242	107,798	106,084	109,773

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 the summer of 2005, the City's two existing pools were remodeled to water parks with pools and related amenities.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Culture, parks &amp; recreation</b>										
Parks and Leisure										
Number of Parks	27	27	30	32	32	32	32	32	33	33
Parks (acres)	950	950	961	1,240	1,240	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	37	37
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	85	95	94	96	94
Fire Stations	6	6	6	6	6	6	6	6	7	7
<b>Public services</b>										
Public Services										
Streets - Paved (miles)	537	547	538	538	565	573	573	571	571	573
Alleys - Paved (miles)	73	76	78	80	83	85	85	85	85	85
Number of Street Lights	N/A	N/A	2,600	2,600	2,600	2,600	2,600	2,600	2,773	2,983
Water and Sewer										
Water Mains (miles)	N/A	N/A	N/A	N/A	N/A	385	387	390	393	397
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	2,295	2,376	3,096	3,188	3,261
Sanitary Sewer (miles)	N/A	N/A	N/A	N/A	N/A	305	307	310	312	315

Source: City Departments

Notes:

N/A - Data not available.

Fire Hydrants for 2008 were located by GPS, thereby giving a more accurate accounting than those counted on previous years' maps.

Street Lights prior to 2009 were estimated.