

**CITY OF IRVING, TEXAS**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended September 30, 2008**

**Prepared by the  
City of Irving, Texas  
Financial Services Department**

# CITY OF IRVING, TEXAS

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IRVING

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February 20, 2009

Honorable Mayor and City Council  
City of Irving  
Irving, Texas

Dear Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Irving, Texas, for the year ended September 30, 2008, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the City, on both 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.

These statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the report. The City's MD&A can be found on pages 3 – 14, immediately following the independent auditors' report.

### **CITY OF IRVING PROFILE**

Irving is a city of enormous opportunity because of its location between Dallas and Fort Worth. The City was founded in 1903 during the height of the railroad age. Julius Otto Schulze, a field engineer in charge of a survey crew, and Otis Brown, a rod man, learned that a 32-mile stretch of railroad was being laid from Fort Worth to Dallas. The pair purchased eighty acres of land that became the original town site of Irving. After deeding a land parcel to the railroad, the two gentlemen drew up the town plat on a wagon cloth that is preserved at Irving City Hall today.

Just as the city's original development centered around transportation, current development also centers on transportation. Irving's expansion and development has been the result of the development of outstanding multi-modal transportation systems that include an extensive highway system, commuter and freight rail lines, and D/FW International Airport, one of the world's busiest airports located at the city's western boundary. There is unrivaled access to and from the Dallas/Fort Worth Metroplex and the world.

**City Manager's Office**

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More than 86,000 households and 210,100 residents call Irving home. Irving is also home to the corporate headquarters of many prominent businesses such as Exxon Mobil, Kimberly Clark, Advance PCS, Michaels Stores, Aviall, Zale Corporation, Flowserve, Nokia America, Fluor Corporation, NEC America, and the Boy Scouts of America. Other companies with a significant presence in Irving include Microsoft, Frito Lay, Owens Corning, Holt Equipment, National Chemsearch, Abbott Laboratories, Northrop Grumman, RIM, Carrington Laboratories, Citicorp and Amazon.com.

The City operates under the Council-Manager form of government. Comprised of a Mayor and eight members, the City Council is responsible for enacting ordinances and resolutions establishing policy and governance of the City. The City Manager is the Chief Executive Officer and is responsible for carrying out policies approved by the City Council.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Irving covers 67.6 square miles in northwestern Dallas County, with more than 15,000 acres dedicated to master-planned developments. These well-conceived locations include Las Colinas, DFW Freeport, and Valley Ranch. Businesses recognize the many advantages offered by Irving's location and quality of life, and their employees benefit from Irving's accessibility, diverse range of housing, strong infrastructure, excellent schools, and exceptional recreational and health-care facilities. To maintain the economic health of the Las Colinas area, the Tax Increment Finance (TIF) District has been established to help spur growth in the undeveloped areas.

Irving is the nation's 115<sup>th</sup> largest, Texas' 12<sup>th</sup> largest and Dallas County's third largest city according to the Census Bureau. Five major highways traverse the City, including the newly constructed State Highway 161 and President George Bush Turnpike.

The City's General Obligation Bonds, Series 2008 received the rating of "AAA" from Standard & Poor's and "Aaa" from Moody's Investor Services.

Although the national economy is continuing to slow down, Irving continues to experience dynamic development activity. The City currently has several major commercial, residential, and mixed-use developments underway. Each of these projects will have a significant impact on the City's property tax base, and will enhance Irving's residential, commercial, cultural and recreational amenities. The City offers tax abatements and other incentives which continue to bring major corporations to Irving, and attract and retain major commercial development. Some of the larger projects are described below.

- Water Street – This mixed-use project in the heart of the Las Colinas Urban Center with approximately 240,000 square feet of retail, 515 apartments, 40 for-sale condominiums, and a 140 room hotel is scheduled to begin construction in 2009. The project also includes the reclamation of 1.4 acres from Lake Carolyn and the construction of a promenade along the lakeshore.

- Irving Convention Center – The City has begun design and site preparation on a convention center also located in the Las Colinas Urban Center. The Convention Center will anchor a 40-acre mixed-use project, and is slated to include a 2,500 seat concert venue, 10 restaurants, 100 condominiums, and a convention hotel. Construction began on the convention center in September 2008 and the facility will open in late 2009/early 2010.
- Crossroads – The City has entered into exclusive negotiations with Forest City Enterprises for the redevelopment of the Texas Stadium area (428.9-acre). The Forest City proposal contemplates a mix of uses including more than 2.5 million square feet of office space, nearly 250 hotel rooms, 120,000+ square feet of retail uses and upwards of 2400 units of mid- to high-density for-sale and rental residential units. Included in the concept would be an urban open space system of trails, pocket parks, and urban squares. At buildout in 2020, Forest City estimates the project would generate over \$602 million in new development. It is important to note that final plans are subject to a contract being signed with Forest City. The City is currently in negotiations with a developer for an alternative use for the stadium and stadium site.
- Heritage Crossing – The City has contracted with the McDougal Companies for the study and redevelopment of Irving’s Heritage District. Planning and land acquisition is currently underway, with the first phase of development to begin in 2009.
- Transit Oriented Development (TOD) – The DART Orange Line will connect D/FW International Airport with downtown Dallas. This vital section of the DART rail network is scheduled for completion in 2011 and will include eight stations in Irving. The line includes stops at Texas Stadium, the University of Dallas, North Lake College, and three stops in the Las Colinas Urban Center. Development proposals around each station call for high density, mixed-use developments that combine office, residential, retail and other commercial uses. Projects planned for the area surrounding the proposed Las Colinas stations total \$3.9 billion. These developments include 6.7 million square feet of office space, retail, restaurants, hotels, entertainment and civic space.

Some notable incentive agreements during fiscal year 2008 are: **FlightSafety International** is the world’s leading aviation training company. Thousands of pilots train to proficiency each year at 40-plus Learning Centers in the United States, Canada, France and the United Kingdom, and for all aircraft types – fixed-wing and rotorcraft - whether for the commercial, corporate, private or military sectors. The company has been operational in Irving on DFW Airport since 2001. **Forward Air Corporation** is a leader in the air freight industry, providing surface transportation and related logistics services to the North American air freight and LTL (Less Than Load) market. **LifeSynch** (a Humana Inc. company) is an industry expert in the field of behavioral and behavior change. LifeSynch has been the leading provider of specialized, integrated medical-behavioral care management services, provided Employee Assistance/Work-Life solutions, improved health through personalized Wellness opportunities, and assured proper behavioral health pharmacy to deliver positive outcomes for employers and health plans.

Commercial, retail, and residential development continues at a brisk pace in Irving. New developments completed within the last year, currently underway, or in the planning stages, include 7.4 million square feet of office, retail, restaurant, entertainment and civic space, 12,700 multi-family and single-family residential units, and 2,000 additional hotel rooms, which will generate 7 million annual visitors to the city.

In addition to the developments at Water Street and the Convention Center in the Urban Center, there are a number of residential and hotel developments currently underway in the Las Colinas area. The North Shore development at Northwest Highway and Las Colinas Boulevard will be located next to the Convention Center and a DART light rail station. It will include 1,000+ residential units, and 500,000 square feet of retail and office space. Escena Las Colinas is a mixed use development south of La Villita that will include 1,000 residential units and retail, office, and restaurant space.

In anticipation of the expansion of State Highway 161 south of State Highway 183 (southwest Irving), Luber Bros., Hartwig, Inc., Mesco Building Solutions and Reckitt Benckiser distribution center have all been recently constructed in the Valley View Business Park.

Irving continues to experience widespread recognition as a corporate location of choice. Communities have devoted decades to obtain just one of the many corporate or hospitality venues that call Irving home. Given the quality and quantity of the remaining developable land (in excess of 2,500 acres outside of the airport property) and the highly desirable location of Irving within the DFW region, continued new development activity within Irving is assured for decades to come. These circumstances provide the basis for considerable optimism about Irving's future prospects.

## **MAJOR INITIATIVES**

During calendar years 2007 and 2008, the Police Department reduced violent and property crimes each year by seven percent over the five year average. This success is attributable to the increase in patrol officers over the past few years. Additionally, the use of innovative policing techniques focus on high crime areas and ways to reduce the opportunity for crime through community education and the Crime Free Multi-Housing program.

Code Enforcement was aligned under the Police Department in FY 2007-08. This reorganization has yielded several benefits as code officers have established close working relationships with police and have combined code enforcement efforts with police initiatives. A prime result of this combination has been the collaborative efforts to address crime, code violations, and substandard housing on Tudor Lane.

Bringing **multifamily housing** into code compliance was a major accomplishment in FY 2007-08. A four-tier rating system was established for all multifamily complexes; those with Category 4 ratings became the primary focus in this initiative. To date, seven apartment complexes and fourplexes have been demolished. A hotel that functioned in a similar manner to an apartment is in the process of demolition. An additional four complexes are currently vacant, fenced, and awaiting



demolition. In addition, 13 more complexes with a total of 356 units, and two more hotels are expected to be torn down in FY 2008-09.

Over the past year, several code guidelines have been revised and new programs created to help address those areas in Irving needing clean up in order to foster a visually appealing city. Code Enforcement has also achieved significant results in addressing other non-compliant structures, with 18 accessory structures, 20 single-family residences, 55 pole signs, three motels and four commercial properties being demolished in FY 2007-08. Another key initiative was the enforcement of outside storage regulations for tire shops. Ninety percent of the city's 97 tire shops have been brought into compliance and no longer display, perform work or store tires outside of their businesses.

Projects for the South Austin Heights neighborhood were completed in FY 2007-08. This was the first neighborhood to be targeted as part of the **Neighborhood Enhancement Program**. After an initial neighborhood assessment, City staff met with residents and assisted them in forming a new neighborhood association. Code Enforcement focused on cleaning up violations and Public Works repaired and improved streets, alleyways, sidewalks, traffic control signs, and drainage in the neighborhood.

Construction will be completed in spring 2009, on the **Gateway Improvements** at MacArthur Boulevard at Shady Grove Lane. When completed, utility poles will have been removed and lines relocated underground. Pole signs for the businesses at each corner of the intersection have been replaced with monument signs, and the intersection will have landscaping and streetscaping enhancements. Additional gateways and intersections throughout the City are planned for FY 2008-09.

Staff negotiated agreements with seven properties on MacArthur Boulevard and Shady Grove Drive for economic incentives for signage and façade improvement. These locations will replace their pole signs with more aesthetic monument signs.

**Eyes on Irving**, an employee tip line, was implemented to encourage City staff to provide a higher level of customer service by reporting nonemergency issues (abandoned grocery carts, potholes, high grass/weeds, trash, etc.) while driving around the City. Since it was created in November 2007, more than 400 reports have been called in by employees. This program allows City staff to be more proactive in identifying and correcting issues. It also builds employee pride in the City.

A **Mystery Shopper** program has been incorporated to ensure the City continues to improve customer service. The first shopper event involved nine city departments which have heavy interaction with external customers. Almost 500 personal and phone mystery shops were conducted February–April 2008. The results indicated an 88.5% average in customer service ranking. This information will be used to develop general and targeted employee training and to initiate additional customer service efforts.

The **Texas Department of Transportation (TxDOT)** has moved forward with plans to begin the reconstruction of the State Highway 183, Loop 12 and State Highway 114 interchange this budget year. The City will be responsible for a portion of the right-of-way acquisitions and utility relocation costs associated with this project, as well as for the expansion of State Highway 183 through Irving. Total funding will be significant, potentially exceeding \$30 million; staff is currently conducting a detailed analysis of the obligations. Sources of funding have not been fully identified at this time, pending notification from TxDOT on the final project scope and the amount of construction and land acquisition required of the City.

In January 2006, the City Council and the Dallas Cowboys organization reached an agreement defining the relationship between the two entities during the remaining term of the lease of **Texas Stadium**. The agreement detailed the transitional elements of the stadium at the end of the Cowboy's lease. In May 2006, voters approved two propositions for the adoption of a 10% admissions tax and a tax on parking fees, as permitted under a state statute generally referred to as the **Brimer Bill**. The two propositions passed with an 87% approval rate. Over the final three football seasons, \$12.4 million was collected. These funds will assist the City in assuming responsibility for the venue site and facilities and will be applied to fund a range of capital projects authorized under that statute.

The City and two major landowners in the area of Texas Stadium embarked upon a comprehensive assessment of development options and opportunities, the results of which have already influenced right-of-way and infrastructure plans of DART and TxDOT.

## **FINANCIAL INFORMATION**

Discussion of Controls. The City's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles.

Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of the control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgment by management.

Information regarding general accounting policies can be found in the Notes to Basic Financial Statements beginning on page 29.

## OTHER INFORMATION

Independent Audit - An annual audit is required to be made of the financial statements of the City of Irving by an independent auditor. Grant Thornton LLP was engaged to perform the audit for the fiscal year ended September 30, 2008; their opinion is included in this report.

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 Irving for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. This was the 25<sup>th</sup> consecutive year that the City has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report, which contents conformed to program standards. Such reports satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and thus are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2007. In order to qualify for the Budget Award, the City's budget document was judged proficient in all categories.

Acknowledgements - Many persons are responsible for the preparation of the report, and for the maintenance of the records upon which it is based. Appreciation is expressed to City employees throughout the organization, especially those staff members in Financial Services and Strategic Resources and Budget, who were instrumental in the successful completion of this report. Certain individuals worked many extra hours and exhibited extraordinary effort in ensuring the accuracy and timeliness of this report, and their contribution to this effort is greatly appreciated.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Tommy Gonzalez  
City Manager



Max S. Duplant  
Chief Financial Officer



IRVING

**CITY OF IRVING, TEXAS**

**CITY COUNCIL**

Herbert A. Gears, Mayor

Rick Stopfer, Mayor Pro-Tem

Joe Philipp, Deputy Mayor Pro-Tem

Rose Cannaday, Councilmember

Beth Van Duyne, Councilmember

Lewis Patrick, Councilmember

Allan E. Meagher, Councilmember

Sam Smith, Councilmember

Thomas D. Spink, Councilmember

\* \* \* \* \*

Tommy Gonzalez, City Manager

Janice Carroll, City Secretary

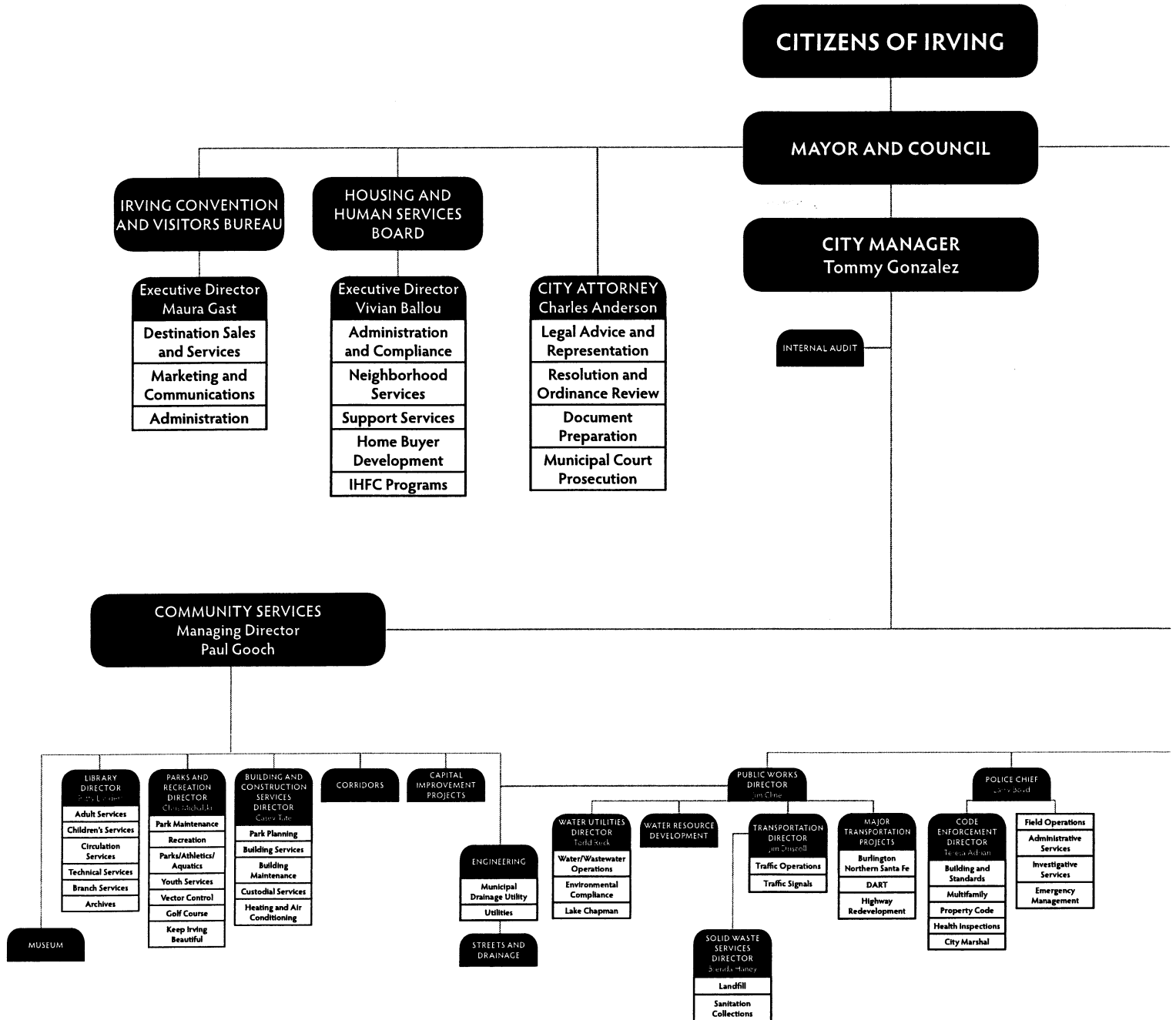
Charles Anderson, City Attorney

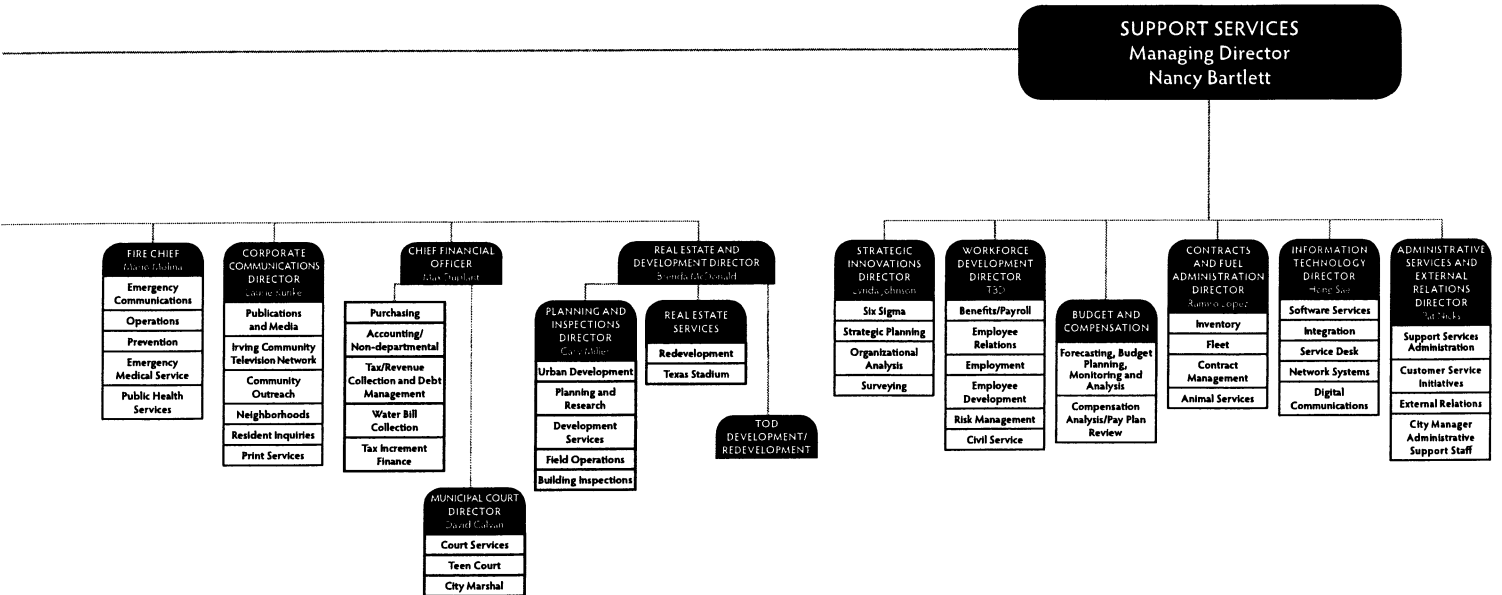
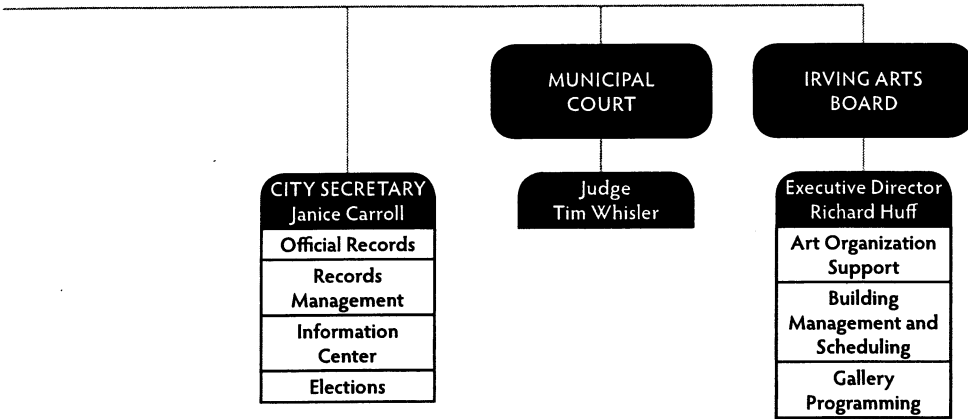
Max S. Duplant, Chief Financial Officer

Regina H. Givens, Controller

Martin Avila, Accounting Manager

# City of Irving Organizational Chart





*Tommy Gonzalez*  
Tommy Gonzalez  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Irving  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



President

Executive Director





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

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**Grant Thornton LLP**  
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We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Irving, Texas, (the "City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These 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 as 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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2009 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 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, budgetary comparison schedule -General Fund, the Schedules of Funding Progress for the Supplemental Benefit Plan, the Firemen's Relief and Retirement Fund, the Texas Municipal Retirement System, and the Retiree Health Plan on pages 3 through 14, and 69 through 73, respectively, 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 introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements of the City. The other supplementary information, as listed in the table of contents 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 section 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  
February 20, 2009

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

**(Unaudited)**

Our discussion and analysis of the City of Irving's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the accompanying letter of transmittal and the accompanying basic financial statements. We have also provided tables of comparative analyses of selected financial data.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$731 million. Of this amount, \$90 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities increased the City of Irving's net assets by \$37 million or 86% of the total growth in net assets. This increase is attributed to expenses being less than budgeted, increase in property taxes and increased hotel/motel occupancy taxes. Business type activities increased the City's net assets by \$7 million (14%) from charges for services.
- The General Fund fund balance increased by \$.04 million from the prior fiscal year. The ending General Fund fund balance is 20% of General Fund expenditures.
- The Debt Service Fund fund balance was \$8.2 million at year-end, which represents 30% of the annual debt service payments. Funds that are included in the Debt Service Fund can only be used for debt service.
- The City's long-term governmental activities bonded debt outstanding increased \$20.1 million during the fiscal year. General Obligation Improvement bonds in the amount of \$32.7 million were issued to fund capital improvements including street improvements, park improvements, landfill improvements, animal shelter facilities, fire services, Veteran's Memorial Park, and pay costs associated with the issuance of the bonds. Certificate of Obligations bonds in the amount of \$4 million were issued for the purpose of acquiring and demolishing dangerous structures, design and construction cost associated with the new animal shelter and pay the cost associated with the issuance of the certificates. Principal repayments of \$16.7 million including \$1 million paid from Hotel Occupancy Tax were made during the year.
- New Lien Revenue Refunding and Improvement Bonds in the amount of \$12.1 million were issued to provide funds to make certain improvements and extensions to the City's Waterworks and Sewer System and to pay the costs associated with the bond issuance. Principal payments of \$8.7 million were made during the year.

**UNDERSTANDING AND USING THIS ANNUAL REPORT**

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

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

The following table summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain.

---

**Features of the City of Irving's Financial Statements**

***Fund Statements***

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks.	Activities the City operates similar to private business, such as the water and sewer system	Instances in which the city is the trustee or agent for someone else's resources, such as the retirement plan for City employees
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenues, Expenses, and Changes in Net Assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; can include capital assets
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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**CITY OF IRVING, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2008**  
**(Unaudited)**

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

The government-wide statements are designed to provide the reader with a snapshot of the City of Irving's finances and activities as a whole. The statements are similar to those found in the annual reports of private-sector companies.

The Statement of Net Assets includes all of the City's assets and liabilities using the accrual basis of accounting. The Statement of Activities accounts for all of the revenues and expenses for the year regardless of when cash is received or paid. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. Non-financial factors, such as changes in the property tax base and the condition of the infrastructure (roads, water and sewer lines, and buildings), should also be considered in order to assess the overall health of the City of Irving.

The government-wide financial statements of the City of Irving are divided into two categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, police, fire, parks and recreation, community development, public health and environmental services and public works. Property taxes, sales taxes, and gross receipts taxes finance most of these activities.
- **Business-type activities** – The City charges fees to customers to help cover the costs of providing water and sanitary sewer services.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required to be established by State law and by bond covenants. The City Council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

**Governmental funds** – Most 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 called modified accrual accounting, which measures cash and all other financial assets that can readily be 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds statements that explain the relationships (or differences) between them.

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

**(Unaudited)**

The City of Irving presents information 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 Street Improvement Bond Fund, all of which are considered to be major funds. Information from the remaining governmental funds is combined into a single, aggregate presentation. Individual fund data is provided later in the Comprehensive Annual Financial Report.

***Proprietary funds*** – Services for which the City charges customers for the services it provides – whether to outside customers or to other units of the City – 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 fund (a type of proprietary fund) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary fund. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the Garage and Equipment Replacement Fund, Computer Replacement Fund, and the Self-Insurance Fund.

**The City as Trustee**

The City is the trustee, or fiduciary, for its employees' Supplemental Benefit Plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities 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 their intended purposes.

**THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's combined net assets were \$731 million as of September 30, 2008 as shown in Table 1. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$256 million. This information focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities. Note that only the unrestricted net assets are available for future expenses.

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

**(Unaudited)**

**Table 1**  
**Net Assets**

**(In Millions)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 251	\$ 222	\$ 97	\$ 96	\$ 348	\$ 318
Capital assets	504	467	370	364	874	831
Total assets	<u>755</u>	<u>689</u>	<u>467</u>	<u>460</u>	<u>1,222</u>	<u>1,149</u>
Non-current liabilities outstanding	259	233	200	197	459	430
Other liabilities	20	18	11	13	31	31
Total liabilities	<u>\$ 279</u>	<u>\$ 251</u>	<u>\$ 211</u>	<u>210</u>	<u>\$ 490</u>	<u>\$ 461</u>
<b>Net Assets</b>						
Invested in capital assets, net of debt	366	334	205	202	571	536
Restricted	54	54	17	18	71	72
Unrestricted	55	50	35	30	90	80
Total net assets	<u>\$ 475</u>	<u>\$ 438</u>	<u>\$ 257</u>	<u>\$ 250</u>	<u>\$ 732</u>	<u>\$ 688</u>

The largest portion of the City's net assets (78.1%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, infrastructure and construction in progress), less any debt used to acquire those assets that is still outstanding. As the City uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$90 million may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City of Irving was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

**Governmental Activities**

Governmental activities increased the City of Irving's net assets by \$37 million or 86% of the total growth in net assets. This increase is attributed to expenses being less than budgeted, increase in property taxes and increased hotel/motel occupancy taxes.

The City's program revenues for governmental activities increased by \$6.6 million during the year. Most of the increase compared to last year is attributed to payment from Water & Sanitary Sewer for indirect charges (\$4 million), TIF operating grants and increased charges for services consisting of increased municipal court fines (\$1.1 million), red light camera fines (\$.6 million), municipal drainage fees due to increased rates (\$.6 million), an increase in building permits revenue (\$.2 million), restaurant plan reviews (\$.2 million).

The general revenues increased by \$21.9 million during the year. This increase is primarily due to increased property values (\$8 million); increased sales tax collections by \$3.8 million; additional 2% Hotel Occupancy Tax (approved by voter in November 2007 for the Entertainment Venue Project) \$2.7 million; additional parking and admission taxes generated from Texas Stadium events—primarily increased Cowboy ticket sales during the last season by \$3.4 million; franchise fees by \$2 million; intergovernmental by \$4 million; and sale of capital assets by \$4 million. Also, special items increased by \$5.5 million, due to sale of real estate to Texas Department of Transportation.

Expenses for the governmental activities increased by \$26.2 million primarily due to increased economic development activity, recognition of OPEB liability, increased code enforcement activities, increase in salaries and benefits in fire and police departments due to positions added. In Table 2, Animal Services is shown as a separate expense function as of FY08.

**Business-type Activities**

Business type activities increased the City's net assets by \$7 million (14%) from charges for services. The City's operating revenues increased by \$9.6 million (15%) primarily attributed to a recovery in the water consumption revenues after the usually large amount of rainfall in the prior year and an increase in rates.

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

**Table 2**  
**Changes in Net Assets**  
**(In Thousands)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 47,586	\$ 39,219	\$ 71,659	\$ 62,085	\$ 119,245	\$ 101,304
Operating grants and contributions	8,779	7,141	-	-	8,779	7,141
Capital grants and contributions	4,184	7,544	2,306	2,776	6,490	10,320
<b>General Revenues:</b>						
Property taxes	92,875	84,888	-	-	92,875	84,888
Sales taxes	50,650	46,896	-	-	50,650	46,896
Other taxes	43,461	35,803	-	-	43,461	35,803
Investment income	8,203	10,271	2,793	3,966	10,996	14,237
Miscellaneous	814	365	-	-	814	365
Gain on sale of assets	4,082	-	-	-	4,082	-
<b>Special Item:</b>						
Sale of real estate	7,515	-	-	-	7,515	-
Gas well leases	-	2,000	-	-	-	2,000
<b>Total revenues</b>	<b><u>268,149</u></b>	<b><u>234,127</u></b>	<b><u>76,758</u></b>	<b><u>68,827</u></b>	<b><u>344,907</u></b>	<b><u>302,954</u></b>
<b>Expenses:</b>						
General government	48,229	44,315	-	-	48,229	44,315
Police	52,541	43,604	-	-	52,541	43,604
Fire	33,480	30,050	-	-	33,480	30,050
Public health and environmental services	8,390	7,160	-	-	8,390	7,160
Animal Services	1,014	1,192	-	-	1,014	1,192
Parks and recreation	15,680	13,515	-	-	15,680	13,515
Municipal court	3,159	2,985	-	-	3,159	2,985
Library	7,416	6,559	-	-	7,416	6,559
Community development	24,040	23,885	-	-	24,040	23,885
Drainage Utilities	4,685	3,984	-	-	4,685	3,984
Traffic and transportation	23,656	19,195	-	-	23,656	19,195
Interest on long-term debt	9,082	8,729	8,380	8,322	17,462	17,051
Water and sanitary sewer	-	-	61,663	58,694	61,663	58,694
<b>Total expenses</b>	<b><u>231,372</u></b>	<b><u>205,173</u></b>	<b><u>70,043</u></b>	<b><u>67,016</u></b>	<b><u>301,415</u></b>	<b><u>272,189</u></b>
Increase in net assets	36,777	28,954	6,715	1,811	43,492	30,765
Net assets beginning of year	438,280	409,326	249,765	247,954	688,045	657,280
Net assets end of year	<b><u>\$ 475,057</u></b>	<b><u>\$ 438,280</u></b>	<b><u>\$ 256,480</u></b>	<b><u>\$ 249,765</u></b>	<b><u>\$ 731,537</u></b>	<b><u>\$ 688,045</u></b>

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

**(Unaudited)**

**ANALYSIS OF THE CITY'S FUNDS**

The unreserved fund balance of the General Fund at the end of the year was \$31.7 million; total fund balance was \$34 million. The General Fund fund balance increased by \$.04 million from the prior year.

The Debt Service Fund fund balance decreased by over \$2.9 million, which was \$1 million more than the budgeted decrease, primarily due to lower property tax and less interest revenues than forecasted.

The Street Improvement fund balance increased by \$7.7 million from the prior year. This increase is attributed to an increase in the amount of bonds issued.

The Water & Sanitary Sewer Fund net assets increased by \$6.7 million. A majority of this increase resulted from increased water revenues from the prior year.

**General Fund Budgetary Highlights**

During the fiscal year ended September 30, 2008, the City Council adopted amendments to the budget in the net amount of \$.2 million. An adjustment was made at the beginning of the year reallocating funding for \$1.7 million for encumbrances and \$.3 million in carry forwards for projects budgeted in fiscal year 2006-2007, but did not begin until fiscal year 2007-2008.

Sales Tax revenues were initially budgeted at \$48 million, in keeping with the City's conservative revenue projections. The budget was increased by \$1.2 million on September 4, 2008 to adjust for actual collections over budgeted estimates. Strong collections in the fourth quarter continued to exceed estimates and resulted in an 8.45% increase over prior year actual which was also a 5.6% increase over the adopted budget.

Property Tax revenues for the current year were below the original budget by about \$1.7 million. Current year revenues come to 97.5% of adopted budget. However, prior year collections and penalties and interest surpassed budgeted amounts by over \$.4 million making total revenues for the category at 98.15% of the adopted budget.

Interest Income increased \$.3 million over original budget of \$1.4 million due to accurate cash flow management and higher than projected yields.

Intergovernmental revenues were budgeted at \$5.1 million. Of that total, \$4.1 million represents reimbursement of services provided by the General Fund to the Water and Sanitary Sewer Fund. The actual transfer amount based on a cost of service study was \$4 million. In FY 07-08, the city was awarded a grant of \$1 million to purchase land to promote transit-oriented development. However, grant funds for this award are disbursed on a reimbursement basis, and no transactions eligible for reimbursement were made during the fiscal year.

General Fund came well within the adjusted budget of \$178.8 million due to salary savings and other operational efficiencies. Transfers out were made in the amount of \$8.4 million primarily to Non-Bond CIP and Compensated Absences to fund projects that were cut from the FY 08-09 budget and to allocate operational savings.

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

Compensated Absences to fund projects that were cut from the FY 08-09 budget and to allocate operational savings.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2008, the City had a net \$874 million invested in a broad range of capital assets including buildings, police and fire vehicles and equipment, park facilities, roads, bridges and water and sanitary sewer lines (see table 3). This amount represents a net increase (including additions and deductions) over the prior year of \$43 million.

**Table 3**  
**Capital Assets at Year-End**  
**In Thousands**

	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Land	\$ 64,331	\$ 58,394	\$ 3,486	\$ 3,486	\$ 67,817	\$ 61,880
Buildings and improvements	126,157	121,625	-	-	126,157	121,625
Equipment	78,984	71,854	-	-	78,984	71,854
Construction in progress	43,615	24,930	15,508	25,400	59,123	50,330
Infrastructure	420,415	403,066	494,635	466,733	915,050	869,799
Other	794	476	20,940	20,940	21,734	21,416
Total capital assets	<u>734,296</u>	<u>680,345</u>	<u>534,569</u>	<u>516,559</u>	<u>1,268,865</u>	<u>1,196,904</u>
Less: accumulated depreciation	<u>230,774</u>	<u>213,174</u>	<u>164,296</u>	<u>152,723</u>	<u>395,070</u>	<u>365,897</u>
<b>Totals</b>	<b><u>\$ 503,522</u></b>	<b><u>\$ 467,171</u></b>	<b><u>\$ 370,273</u></b>	<b><u>\$ 363,836</u></b>	<b><u>\$ 873,795</u></b>	<b><u>\$ 831,007</u></b>

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

This year's major additions include (in millions):

Northgate Pump Station	\$	10.2
Cimarron Park Aquatics Center		3.8
Wildwood Paving		2.7
Belt Line Road Paving Rehabilitation Project		2.6
Chamberlain Street Improvements		2.5
Rehabilitation of Tanks at Walnut Hill, Macarthur PS, and Hackberry PS		2.2
French Street/Grauwyler Road Sanitary Sewer I&I Improvements		2.1
Dry Branch Stream-Bank Stabilization Improvements		1.8
Nursery/Railroad Sanitary Sewer Interceptor Sec 1		1.5
Dry Branch Creek Interceptor Sec 4		1.0

See Notes (1)(h) and (5) for more detailed information regarding capital asset activity and changes in capital asset lives.

**Debt**

At year-end, the City had \$412 million in outstanding debt as compared to \$389 million last year, an increase of 6% - as shown in Table 4.

**Table 4**  
**Outstanding Debt, at Year-End**  
**(In Millions)**

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds (backed by the City)	\$ 199	\$ 182	\$ -	\$ -	\$ 199	\$ 182
Revenue bonds (backed by specific tax and fee revenues)	13	10	177	174	190	184
Note payable	4	4			4	4
Water supply obligation	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
Totals	<u>\$ 216</u>	<u>\$ 196</u>	<u>\$ 196</u>	<u>\$ 193</u>	<u>\$ 412</u>	<u>\$ 389</u>

The City's general obligation debt continues to be rated Aaa by Moody's Investor Services and AAA by Standard and Poor's. The outstanding debt for governmental activities increased by \$20 million during the fiscal year. The City issued \$32.7 million in new bonds for various capital projects. Principal repayments of \$16.7 million on previously issued bonds were made in fiscal year 2008. The special revenue bonds used for governmental activities were issued to construct the Irving Arts Center facility and to purchase land for a planned convention center. These bond payments, \$1 million in fiscal year, were made with Hotel Occupancy Taxes and transfers from the Convention Center Complex Fund.

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

The outstanding revenue bonds for business-type activities include those bonds issued for improvements to the City's water and sanitary sewer systems including the water pipeline extending from Lake Chapman in east Texas to Lake Lewisville north of the City. The water pipeline project to bring the City's own water supply from east Texas has been in the making for fifty years and funds have been accumulated to partially offset the need for debt issuance for the project.

Debt information is included in sections (1)(j) and (6) of the Notes to the Basic Financial Statements.

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

Total General Fund revenues and transfers in for fiscal year 2009 are budgeted at \$183.3 million, which is \$4.3 million higher than the re-estimated fiscal year 2008 level. Fiscal year 2009 includes increased ad valorem tax revenues and franchise fee revenues.

The certified tax roll as of January 1, 2008 (affecting the 2009 fiscal year) is up \$900 million from the prior year. These adjustments are due to increases in property assessments, particularly commercial and business personal property, and new construction in the amount of \$373 million. The tax rate remained constant at \$0.5406 per \$100 valuation, but the increased assessed values will generate \$4.8 million more ad valorem tax revenues than in 2008.

Estimated Sales tax revenues for fiscal year 2008 rose by 5.2% over fiscal year 2007. The fiscal year 2009 revenues have also been conservatively projected at \$49.6 million, \$.3 million above the fiscal year 2008 estimates. On January 1, 2008, the City extended sales tax collections to gas and electric utilities in the city. This increase was projected to increase collections for fiscal year 2008 by \$.8 million an increase fiscal year 2009 collections by \$1.1 million. On November 4, 2008, residents approved the package sale of beer and wine in the city. This is also expected to increase sales and mixed beverage tax revenues during the fiscal year 2009. These two revenue increases are anticipated to partially mitigate the effects of the national recession on local sales tax collection.

General Fund expenditures budgeted for fiscal year 2009, reflecting a 4.7% increase from the re-estimated fiscal year 2008 figures, are at \$183.3 million.

In the fiscal year 2009 budget, rate increases were adopted for both water and wastewater. Water rates were increased for additional monthly consumption above the first 10,000 gallons for residential and commercial customers. The rate structure will be elevated during 2009 as part of the comprehensive rate model. The wastewater rates include a 4% increase in both the base rate and the volume charge. An additional service charge was assessed for each dwelling unit of a master metered residential service location to account for increased wastewater maintenance and repairs from this customer category.

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

**SEPTEMBER 30, 2008**

**(Unaudited)**

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Financial Services Department at City of Irving, 825 W. Irving Blvd. Irving, TX 75060 or at 972-721-2401.

**City of Irving, Texas**  
**Statement of Net Assets**  
September 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 144,272,810	\$ 13,015,639	\$ 157,288,449
Investments	78,603,898	18,212,836	96,816,734
Receivables (net of allowance for doubtful accounts)	24,534,220	13,115,733	37,649,953
Due from other governments	1,022,013	-	1,022,013
Inventories	289,541	777,615	1,067,156
Real estate held for resale	269,874	-	269,874
Prepays	-	13,035	13,035
Other assets	78,876	-	78,876
Net pension asset	744,500	-	744,500
<b>Restricted assets:</b>			
Cash and cash equivalents	-	38,451,954	38,451,954
Investments	-	11,456,216	11,456,216
Bond issuance costs	1,195,350	1,911,833	3,107,183
Accrued interest receivable	-	155,737	155,737
<b>Capital assets:</b>			
Non-depreciable	108,739,439	18,994,349	127,733,788
Depreciable (net)	394,781,861	351,279,220	746,061,081
Total assets	<u>754,532,382</u>	<u>467,384,167</u>	<u>1,221,916,549</u>
<b>Liabilities:</b>			
Accounts payable	6,874,031	3,122,442	9,996,473
Accrued wages & benefits	5,729,868	469,121	6,198,989
Accrued interest payable	1,240,144	1,649,599	2,889,743
Customer deposits	-	5,481,233	5,481,233
Unearned revenue	4,595,161	-	4,595,161
Retainage payable	922,956	319,421	1,242,377
Sundry payables	1,028,260	-	1,028,260
<b>Non-current liabilities:</b>			
<b>Due within one year:</b>			
Compensated absences	1,379,751	24,282	1,404,033
Payable to State Comptroller	720,000	-	720,000
Note Payable	485,000	-	485,000
Bonds payable	16,560,000	9,000,000	25,560,000
Bond premium and loss on refunding	285,800	359,311	645,111
Water supply obligations	-	266,331	266,331
Liability for unpaid claims	3,819,952	-	3,819,952
<b>Due in more than one year:</b>			
OPEB liability	2,351,340	131,963	2,483,303
Compensated absences	21,239,117	373,784	21,612,901
Arbitrage payable	449,979	150,610	600,589
Landfill closure postclosure liability	4,050,425	-	4,050,425
Payable to State Comptroller	2,992,236	-	2,992,236
Note Payable	3,320,000	-	3,320,000
Bonds payable	195,330,000	168,050,000	363,380,000
Bond premium and loss on refunding	1,105,749	2,480,434	3,586,183
Water supply obligations	-	19,025,788	19,025,788
Liability for unpaid claims	4,995,654	-	4,995,654
Total liabilities	<u>279,475,423</u>	<u>210,904,319</u>	<u>490,379,742</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	365,606,339	204,615,788	570,222,127
<b>Restricted for:</b>			
Capital projects	2,360,976	-	2,360,976
Debt service	7,359,867	16,661,648	24,021,515
Special purposes	44,722,748	-	44,722,748
Unrestricted	55,007,029	35,202,412	90,209,441
Total net assets	<u>\$ 475,056,959</u>	<u>\$ 256,479,848</u>	<u>\$ 731,536,807</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
Statement of Activities  
Year Ended September 30, 2008

Function/Program Activities	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 48,229,354	\$ 12,921,750	\$ 471,729	\$ -
Police	52,540,508	2,908,439	569,731	-
Fire	33,479,594	2,305,043	188,779	-
Public health & environmental services	8,390,413	10,518,201	9,186	-
Animal Services	1,014,473	116,223	-	-
Parks and recreation	15,679,724	1,534,994	85,600	-
Municipal court	3,159,091	8,975,637	1,160	-
Library	7,415,986	212,785	66,280	-
Community Development	24,040,199	3,273,828	7,386,323	-
Drainage utilities	4,684,685	4,401,189	-	-
Public works	23,655,756	418,123	-	4,184,215
Interest on long-term debt	9,082,340	-	-	-
Total governmental activities	<u>231,372,123</u>	<u>47,586,212</u>	<u>8,778,788</u>	<u>4,184,215</u>
Business-type activities:				
Water and sanitary sewer	70,042,610	71,658,774	-	2,306,213
Total business-type activities	<u>70,042,610</u>	<u>71,658,774</u>	<u>-</u>	<u>2,306,213</u>
Total primary government	<u>\$ 301,414,733</u>	<u>\$ 119,244,986</u>	<u>\$ 8,778,788</u>	<u>\$ 6,490,428</u>

General revenues:

Taxes:
Property taxes
Sales taxes
Franchise Fees
Hotel / motel occupancy taxes
Investment income
Miscellaneous
Gain on sale of assets
Special item - sale of real estate
Total general revenues and special items
Change in net assets
Net assets, beginning of year
Net assets, end of year

(continued)

See accompanying notes to basic financial statements



**Net (Expense) revenue and changes in net assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (34,835,875)	\$	\$ (34,835,875)
(49,062,338)		(49,062,338)
(30,985,772)		(30,985,772)
2,136,974		2,136,974
(898,250)		(898,250)
(14,059,130)		(14,059,130)
5,817,706		5,817,706
(7,136,921)		(7,136,921)
(13,380,048)		(13,380,048)
(283,496)		(283,496)
(19,053,418)		(19,053,418)
(9,082,340)		(9,082,340)
<u>(170,822,908)</u>		<u>(170,822,908)</u>
-	3,922,377	3,922,377
-	<u>3,922,377</u>	<u>3,922,377</u>
\$ <u>(170,822,908)</u>	\$ <u>3,922,377</u>	\$ <u>(166,900,531)</u>

92,875,009	-	92,875,009
50,650,481	-	50,650,481
18,932,880	-	18,932,880
24,528,126	-	24,528,126
8,202,947	2,792,518	10,995,465
814,397	-	814,397
4,082,049	-	4,082,049
7,514,543	-	7,514,543
<u>207,600,432</u>	<u>2,792,518</u>	<u>210,392,950</u>
36,777,524	6,714,895	43,492,419
438,279,435	249,764,953	688,044,388
\$ <u>475,056,959</u>	\$ <u>256,479,848</u>	\$ <u>731,536,807</u>

(concluded)

City of Irving, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2008

Assets	General	Debt service	Street improvement	Nonmajor governmental funds	Total governmental funds
Cash and cash equivalents	\$ 11,346,731	\$ 5,152,031	\$ 29,803,741	\$ 79,657,128	\$ 125,959,631
Investments	18,188,752	2,962,093	2,950,867	32,318,136	56,419,848
Receivables (net of allowance for doubtful accounts):					
Taxes	10,767,532	468,761	-	4,816,257	16,052,550
Franchise fees	1,208,912	-	-	-	1,208,912
Paving assessments	-	-	515,362	-	515,362
Accrued interest	167,258	30,369	84,992	280,882	563,501
Accounts receivable	3,934,104	-	538,781	1,375,748	5,848,633
Due from other funds	988,600	-	-	17,853	1,006,453
Due from other governments	-	-	-	1,022,013	1,022,013
Real estate held for resale	-	-	-	269,874	269,874
Other assets	33,457	-	-	45,419	78,876
Total Assets	<u>\$ 46,635,346</u>	<u>\$ 8,613,254</u>	<u>\$ 33,893,743</u>	<u>\$ 119,803,310</u>	<u>\$ 208,945,653</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	3,328,577	13,243	51,402	2,353,832	5,747,054
Accrued wages and benefits	5,269,090	-	-	389,779	5,658,869
Due to other funds	233	-	-	1,006,220	1,006,453
Retainage payable	-	-	494,225	428,731	922,956
Sundry payables	760,568	-	-	267,692	1,028,260
Deferred / unearned revenue	3,037,490	380,929	515,362	4,595,161	8,528,942
Total liabilities	<u>12,395,958</u>	<u>394,172</u>	<u>1,060,989</u>	<u>9,041,415</u>	<u>22,892,534</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	2,525,511	-	8,252,058	43,022,148	53,799,717
Retirement of general obligation bonds	-	6,641,681	-	-	6,641,681
Retirement of special revenue bonds	-	1,577,401	-	-	1,577,401
Unreserved	31,713,877	-	24,580,696	-	56,294,573
<b>Unreserved, reported in nonmajor:</b>					
Special revenue funds	-	-	-	32,586,210	32,586,210
Capital projects funds	-	-	-	35,153,537	35,153,537
Total fund balances	<u>34,239,388</u>	<u>8,219,082</u>	<u>32,832,754</u>	<u>110,761,895</u>	<u>186,053,119</u>
Total liabilities and fund balances	<u>\$ 46,635,346</u>	<u>\$ 8,613,254</u>	<u>\$ 33,893,743</u>	<u>\$ 119,803,310</u>	<u>\$ 208,945,653</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Assets  
 September 30, 2008

Total fund balances--governmental funds \$ 186,053,119

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Equipment	\$	36,092,644	
Land		64,330,934	
Buildings and improvements		126,009,031	
Works of art		793,431	
Infrastructure assets		420,414,265	
Construction in progress		43,216,808	
Accumulated depreciation		<u>(202,213,766)</u>	
Total capital assets			488,643,347

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues are recognized when earned. 3,933,781

Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, and computer replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 45,936,420

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	\$	211,890,000	
Bond issuance costs		(1,195,350)	
Bond premium and loss on refunding		1,391,549	
Accrued interest on bonds		1,240,144	
Payable to State Comptroller		3,712,236	
Compensated absences		22,618,868	
Note Payable		3,805,000	
Arbitrage Liability		449,979	
OPEB Liability		2,291,357	
Landfill closure & postclosure		<u>4,050,425</u>	
Total long-term liabilities			(250,254,208)

Net pension asset for the excess contributions over the required annual contributions to the Fireman's pension 744,500

Net assets of governmental activities \$ 475,056,959

See accompanying notes to basic financial statements

**City of Irving, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2008**

	<u>General</u>	<u>Debt service</u>	<u>Street improvement</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>Revenues:</b>					
Taxes	\$ 139,555,165	\$ 23,178,970	\$ -	\$ 24,057,876	\$ 186,792,011
Fees, licenses, permits and inspections	9,391,964	-	-	-	9,391,964
Fines, forfeitures, and penalties	7,567,511	-	-	1,062,680	8,630,191
Charges for services	9,042,741	-	1,418	7,323,252	16,367,411
Intergovernmental and intragovernmental	4,018,809	-	-	9,316,057	13,334,866
Investment income	1,783,938	563,047	925,471	3,712,037	6,984,493
Sale of property	-	-	-	814,398	814,398
Miscellaneous	7,663,360	-	400	2,345,520	10,009,280
<b>Total revenues</b>	<u>179,023,488</u>	<u>23,742,017</u>	<u>927,289</u>	<u>48,631,820</u>	<u>252,324,614</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	43,805,131	-	-	1,795,520	45,600,651
Police	49,571,109	-	-	561,713	50,132,822
Fire	32,559,915	-	-	236,744	32,796,659
Public health and environmental services	7,327,015	-	-	22,169	7,349,184
Animal Services	1,140,830	-	-	-	1,140,830
Parks and recreation	13,598,925	-	-	175,900	13,774,825
Municipal court	2,635,410	-	-	469,274	3,104,684
Library	6,675,333	-	-	165,982	6,841,315
Community Development	3,034,269	-	-	25,326,659	28,360,928
Drainage utilities	-	-	-	3,996,393	3,996,393
Public Works	11,990,571	-	-	497,994	12,488,565
<b>Debt service:</b>					
Principal	-	16,660,000	-	475,000	17,135,000
Interest and other charges	-	9,146,828	71,154	329,525	9,547,507
Contract payments	-	1,816,112	-	-	1,816,112
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>11,878,307</u>	<u>29,663,698</u>	<u>41,542,005</u>
<b>Total expenditures</b>	<u>172,338,508</u>	<u>27,622,940</u>	<u>11,949,461</u>	<u>63,716,571</u>	<u>275,627,480</u>
<b>Excess (deficiency) of revenues under expenditures</b>	<b>6,684,980</b>	<b>(3,880,923)</b>	<b>(11,022,172)</b>	<b>(15,084,751)</b>	<b>(23,302,866)</b>
<b>Other financing sources (uses):</b>					
Issuance of general obligation and certificate of obligation bonds	-	-	19,040,000	17,685,000	36,725,000
Premium on bonds issued	-	-	-	4,320	4,320
Transfers in	1,791,206	901,215	-	9,246,806	11,939,227
Transfers out	(8,440,801)	-	(326,735)	(3,171,691)	(11,939,227)
Proceeds from sale of capital assets	-	-	-	11,527,983	11,527,983
<b>Total other financing sources (uses)</b>	<u>(6,649,595)</u>	<u>901,215</u>	<u>18,713,265</u>	<u>35,292,418</u>	<u>48,257,303</u>
<b>Net change in fund balances</b>	<b>35,385</b>	<b>(2,979,708)</b>	<b>7,691,093</b>	<b>20,207,667</b>	<b>24,954,437</b>
<b>Fund balances, beginning of year</b>	<u>34,204,003</u>	<u>11,198,790</u>	<u>25,141,661</u>	<u>90,554,228</u>	<u>161,098,682</u>
<b>Fund balances, end of year</b>	<u>\$ 34,239,388</u>	<u>\$ 8,219,082</u>	<u>\$ 32,832,754</u>	<u>\$ 110,761,895</u>	<u>\$ 186,053,119</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 Year Ended September 30, 2008

Net change in fund balances--total governmental funds \$ 24,954,437

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other miscellaneous involving capital assets (ie, disposals) in the current period.

Capital outlay expenditures	\$	48,891,909	
Depreciation expense		<u>(15,300,946)</u>	
Net adjustment			33,590,963

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. 1,132,641

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the receipt of capital assets from developers. 1,877,346

The issuance of long-term debt (e.g., bonds, tax anticipation notes) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the the treatment of long-term debt and related items.

Debt issued:			
GO bonds, certificates of obligation, revenue bonds and note payable	\$	36,725,000	
Bond premium		4,320	
Bond premium amortization		(498,082)	
Refunding loss amortization		197,859	
Current bond issuance costs net of amortization		<u>(104,600)</u>	
Total debt issued		36,324,497	
Repayments:			
To bondholders/debtors	\$	<u>(17,135,000)</u>	
Net adjustment			(19,189,497)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in sales tax overpayment to State Comptroller for sales taxes	\$	(721,352)	
Increase in the amount of compensated absences		1,386,271	
Increase in the amount for Landfill Closure liability		468,389	
Decrease in the amount for Arbitrage liability		(58,410)	
Increase in the amount of OPEB liability		2,291,357	
Decrease in accrued interest on general obligation bonds		<u>(1,934)</u>	
Total adjustment			(3,364,321)

To record decrease in net pension asset on Fireman's pension (442,335)

Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences and computer replacement, to individual funds.

Change in net assets of the internal service funds (1,781,710)

Change in net assets of governmental activities \$ 36,777,524

See accompanying notes to basic financial statements

City of Irving, Texas  
Statement of Fund Net Assets  
Proprietary Funds  
September 30, 2008

	<b>Business-type Activities- enterprise funds</b>	<b>Governmental Activities-</b>
	<b>Water and sanitary sewer</b>	<b>Internal service funds</b>
<b>Assets:</b>		
Current assets:		
Current assets - unrestricted:		
Cash and cash equivalents	\$ 13,015,639	\$ 18,313,179
Investments	18,212,836	22,184,050
Accounts receivable, net	13,021,028	151,755
Accrued interest	94,705	193,507
Inventories, at cost	777,615	289,541
Prepaid expenses	13,035	-
Total current assets - unrestricted	45,134,858	41,132,032
Current assets - restricted:		
Cash and cash equivalents	37,121,721	-
Investments	2,061,604	-
Accrued interest receivable	155,737	-
Total current assets - restricted	39,339,062	-
Total current assets	84,473,920	41,132,032
Noncurrent assets:		
Cash and cash equivalents, bond reserve	1,330,233	-
Investments, bond reserve	9,394,612	-
Bond issuance costs	1,911,833	-
Capital assets:		
Equipment	-	42,892,250
Land	3,486,280	-
Water rights	20,939,506	-
Plant / infrastructure	494,635,633	147,980
Construction in progress	15,508,069	398,266
Less accumulated depreciation	(164,295,919)	(28,560,543)
Total capital assets, net	370,273,569	14,877,953
Total noncurrent assets	382,910,247	14,877,953
Total assets	467,384,167	56,009,985
<b>Liabilities:</b>		
Current liabilities:		
Current liabilities - unrestricted funds		
Accounts payable	2,826,219	1,126,977
Accrued wages and benefits	469,121	70,999
Deposits	5,481,233	-
Compensated absences payable	24,282	-
Estimated liability for unpaid claims	-	3,819,952
Total current liabilities - unrestricted funds	8,800,855	5,017,928
Current liabilities payable from restricted assets:		
Accounts payable	296,223	-
Retainage payable	319,421	-
Water supply obligations	266,331	-
Revenue bonds	9,000,000	-
Bond premium and loss on refunding	359,311	-
Accrued interest payable	1,649,599	-
Total current liabilities payable from restricted assets	11,890,885	-
Total current liabilities	20,691,740	5,017,928
Noncurrent liabilities, net of current portion:		
Compensated absences payable	373,784	-
Arbitrage payable	150,610	-
OPEB payable	131,963	59,983
Revenue bonds	168,050,000	-
Bond premium and loss on refunding	2,480,434	-
Water supply obligations	19,025,788	-
Estimated liability for unpaid claims	-	4,995,654
Total noncurrent liabilities	190,212,579	5,055,637
Total liabilities	210,904,319	10,073,565
<b>Net assets:</b>		
Invested in capital assets, net of related debt	204,615,788	14,877,953
Restricted for debt service	16,661,648	-
Unrestricted	35,202,412	31,058,467
Total net assets	\$ 256,479,848	\$ 45,936,420

See accompanying notes to basic financial statements

**City of Irving, Texas**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended September 30, 2008

	<b>Business-type Activities-</b>	
	<u><b>Enterprise Fund</b></u>	<u><b>Governmental</b></u>
	<u><b>Water and sanitary sewer</b></u>	<u><b>Activities- Internal service funds</b></u>
Operating revenues:		
Charges for services	\$ 71,658,774	\$ 32,669,038
Miscellaneous	-	163,032
Total operating revenues	<u>71,658,774</u>	<u>32,832,070</u>
Operating expenses:		
Water purchases	11,559,385	-
Sewer treatment costs	12,659,184	-
Personnel services	9,650,308	1,488,787
Supplies	2,627,084	5,187,862
Maintenance	1,960,938	1,102,511
Light and power	3,680,462	-
Depreciation	11,572,922	3,647,143
Sundry charges	706,048	10,949
Administrative charges	4,018,809	-
Claims	-	20,486,496
Insurance premiums	-	2,459,504
Other	3,227,384	1,517,591
Total operating expenses	<u>61,662,524</u>	<u>35,900,843</u>
Operating income (loss)	<u>9,996,250</u>	<u>(3,068,773)</u>
Nonoperating revenues (expenses):		
Investment income	2,792,518	1,218,454
Interest expense and fiscal charges	(8,380,086)	-
Gain on disposal of capital assets	-	68,609
Total nonoperating revenue (expense)	<u>(5,587,568)</u>	<u>1,287,063</u>
Income (loss) before contributions	4,408,682	(1,781,710)
Capital contributions	<u>2,306,213</u>	<u>-</u>
Change in net assets	6,714,895	(1,781,710)
Net assets, beginning of year	<u>249,764,953</u>	<u>47,718,130</u>
Net assets, end of year	<u>\$ 256,479,848</u>	<u>\$ 45,936,420</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2008**

	<b>Business-type Activities-</b> <b>Enterprise fund</b>	<b>Governmental</b>
	<b>Water and</b>	<b>Activities-</b>
	<b>sanitary</b>	<b>Internal</b>
	<b>sewer</b>	<b>service funds</b>
	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:		
Receipts from customers	\$ 68,508,427	\$ 32,535,917
Payments to suppliers for goods, services and claims	(41,103,688)	(25,604,641)
Payments to employees	(9,430,644)	(1,419,328)
Other receipts	-	130,443
Other payments	-	(1,155,038)
Net cash provided by operating activities	<u>17,974,095</u>	<u>4,487,353</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of revenue bonds	12,115,000	-
Bond issuance cost	(259,527)	-
Premium received on sale of bonds	(124,319)	-
Proceeds from sale of capital assets	-	88,854
Acquisition of capital assets	(15,754,664)	(4,549,381)
Principal paid on revenue bonds	(8,705,000)	-
Principal paid on water supply rights	(257,941)	-
Interest paid on revenue bonds / water supply rights	(9,038,120)	-
Net cash used in capital and related financing activities	<u>(22,024,571)</u>	<u>(4,460,527)</u>
Cash flows from investing activities:		
Interest on investments	3,096,860	1,295,550
Purchase of investments	(58,936,854)	(38,506,121)
Maturities and sale of investments	77,272,773	30,736,540
Net cash provided by (used in) investing activities	<u>21,432,779</u>	<u>(6,474,031)</u>
Net increase (decrease) in cash and cash equivalents	17,382,303	(6,447,205)
Cash and cash equivalents, beginning of year	<u>34,085,290</u>	<u>24,760,384</u>
Cash and cash equivalents, end of year	<u>51,467,593</u>	<u>18,313,179</u>
Classified as:		
Current assets - unrestricted	13,015,639	18,313,179
Current assets - restricted	37,121,721	-
Noncurrent assets - restricted	1,330,233	-
Total	<u>\$ 51,467,593</u>	<u>\$ 18,313,179</u>

(continued)

See accompanying notes to basic financial statements



**City of Irving, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended September 30, 2008**

	<b>Business-type activities- Enterprise fund</b>	<b>Governmental activities-</b>
	<b>Water and sanitary sewer</b>	<b>Internal service funds</b>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 9,996,250	\$ (3,068,773)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	11,572,922	3,647,143
Changes in assets and liabilities:		
Increase in accounts receivable	(2,739,408)	(146,786)
Decrease in inventories	521,130	(90,592)
Increase in prepaid assets	(835)	-
Increase (decrease) in accounts payable	(1,184,689)	367,707
Increase in accrued wages and benefits	100,006	9,476
Increase in estimated liability for unpaid claims	-	3,709,195
Increase in OPEB payable	131,963	59,983
Decrease in compensated absences	(12,305)	-
Decrease in deposits	(410,939)	-
Total adjustments	<u>7,977,845</u>	<u>7,556,126</u>
Net cash provided by operating activities	<u>\$ 17,974,095</u>	<u>\$ 4,487,353</u>
 Noncash financing, capital, and investing activities:		
Capitalized Interest	\$ 382,101	\$ -
Contributions of capital assets	<u>2,306,213</u>	<u>-</u>
Total noncash activities	<u>\$ 2,688,314</u>	<u>\$ -</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2008**

	<u>Pension trust funds</u>	<u>Agency fund Cash bond</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,581,076	47,541
Interest receivable on investments	110,531	409
Investments, at fair value		
U.S. Government securities	5,398,707	49,411
Common stock	20,034,014	-
Mortgage and asset backed securities	10,400,362	-
Corporate bonds	1,427,825	-
Certificates of deposit	95,558	-
Total assets	<u>40,048,073</u>	<u>97,361</u>
<b>Liabilities</b>		
Sundry payables	<u>-</u>	<u>97,361</u>
Total liabilities	<u>-</u>	<u>97,361</u>
<b>Net assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 40,048,073</u>	<u>-</u>

See accompanying notes to basic financial statements

**City of Irving, Texas**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2008**

		<u><b>Pension trust funds</b></u>
<b>Additions:</b>		
Employee contributions	\$	2,112,493
Investment income		
Net decrease in fair value of investments		(7,227,806)
Interest income		1,814,899
Total investment income		<u>(5,412,907)</u>
Less investment expense		<u>(362,885)</u>
Net investment income		<u>(5,775,792)</u>
Total additions		(3,663,299)
<b>Deductions:</b>		
Benefits and refunds paid		2,697,711
Administrative costs		133,510
Total deductions		<u>2,831,221</u>
Change in net assets		(6,494,520)
Net assets, beginning of year		<u>46,542,593</u>
Net assets, end of year	\$	<u><u>40,048,073</u></u>

See accompanying notes to basic financial statements



IRVING

# CITY OF IRVING, TEXAS

## Notes to Basic Financial Statements

September 30, 2008

### (1) Summary of Significant Accounting Policies

The City of Irving, Texas (the City), was incorporated in 1914 under Article XI of the Constitution of the State of Texas (Home-Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in the enterprise funds and the business-type activities to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The more significant accounting and reporting policies and practices used by the City are described below:

#### (a) Reporting Entity

The City is a municipality governed by an elected mayor and eight-member council. As required by GAAP, these financial statements present the City (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City based upon the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Generally, GASB Statement No. 14 requires entities upon which the City is able to impose its will, or that are fiscally dependent upon the City, to be included in the City's financial reporting entity. Additionally, those entities that the nature and significance of their relationship with the City is such that exclusion from the City's financial reporting entity would render the City's financial statements incomplete or misleading, should also be included in the City's reporting entity.

**Blended Component Units** – Those entities that meet the above-established criteria for inclusion, as well as either of the following criteria: (1) provide services entirely or almost entirely for the City, or (2) whose board is substantively the same as the City's Council, are required to be included as part of the primary government's financial statements through "blended" presentation. The entities that meet the above-established criteria for inclusion as a blended component unit are:

**City of Irving Supplemental Benefit Plan (SBP)** – City employees elect the SBP Board, and a liaison City Council member is appointed by the City Council. The Irving City Council adopts the budget for SBP and sets the employee and employer contribution rates based upon actuarial valuations. The Irving City Council is authorized to establish benefit levels and approve actuarial assumptions used in the determination of contribution levels. The SBP does not have separately issued financial statements.

**City of Irving Voluntary Employee Beneficiary Association (VEBA)** – The Irving City Council adopts the budget for the VEBA and sets the employee and employer contribution rates. The Irving City Council is authorized to establish benefit levels and approve assumptions used in the determination of contribution levels. VEBA does not have separately issued financial statements.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

**Irving Housing Finance Corporation (IHFC)** – The IHFC was incorporated in November 2006 for the purpose of benefiting and accomplishing public purposes of, and on behalf of, the City. The IHFC board is comprised of the City Council members, with the Mayor acting as President. All IHFC transactions are reviewed by the Executive Director of the Housing and Human Services Department and the IHFC Treasurer (City's Chief Financial Officer) who are employees of the City. IHFC does not have separately issued financial statements.

#### (b) **Basis of Presentation**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

##### ***Government-wide and Fund Financial Statements***

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 included among program revenues are reported 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.

##### ***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. The agency fund applies the accrual basis of accounting but has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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 government 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. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closure/postclosure costs, and sales tax overpayments are

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

recorded only when the liability has matured.

Property taxes, sales taxes, hotel/motel taxes, gross receipts taxes, intergovernmental revenues, certain charges for services, 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 the City receives the cash.

The following is a brief description of the specific major funds used by the City in fiscal year 2008.

#### ***Governmental Funds***

Governmental funds are those through which most governmental functions typically are financed. The City reports the following major governmental funds:

**General Fund** – The General Fund is the City’s primary operating fund. It accounts for all resources of the general government, except those that are required legally or by sound financial management to be accounted for in another fund.

**Debt Service Fund** – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The general long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds due in annual installments from 2008 through 2029. The City’s property tax is levied, in part, to finance the debt service agreements of the general obligation bonds.

**Street Improvement Capital Project Fund** – The Street Improvement Capital Project Fund accounts for the financing and construction of improvements to and the extension of the City’s streets. The construction is financed primarily by the proceeds of general obligation bonds and interest on investments. Paving assessments were levied to finance a part of the cost of repairing residential streets.

The City reports the following major proprietary fund:

**Water and Sanitary Sewer Fund** – The Water and Sanitary Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, new construction, financing and related debt service, and billing and collections.

Additionally, the City reports the following funds:

Internal service funds account for garage and equipment replacement, the City’s self-insurance programs and computer replacement provided to other departments of the City, on a cost reimbursement basis.

The pension trust funds account for the activities of the Supplemental Benefit Plan and the Voluntary Employee Beneficiary Association, which accumulate resources for pension-related benefits to qualified City employees and an agency fund to account for cash bond funds.

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 enterprise functions and various other functions of the government. Elimination of these charges would

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Except in certain instances, when both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

For pension trust funds, contributions from members are recorded when the employer makes payroll deductions from plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Non-current governmental assets and liabilities not reported at the fund level are included in the Governmental activities column in the government-wide Statement of Net Assets.

**(c) *Cash, Cash Equivalents, and Investments***

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury including its agencies and instrumentalities, municipal bonds, and investment pools consisting of U.S. Treasury obligations, repurchase agreements, commercial paper, and mutual funds.

Trustees for the SBP are authorized to invest in securities directly or indirectly guaranteed by the U.S. government, securities insured by the FDIC, common stocks, corporate bonds, real estate investment transactions (REIT), and money market funds. The City's policy is to record investments with maturities of one year or less at the time of purchase at amortized cost. All other investments are recorded at fair value. It is the City's (exclusive of the SBP Fund) practice to hold all investments to maturity.

**(d) *Cash and Cash Equivalents***

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and investment pools to be cash equivalents.

**(e) *Inventories***

Inventories are recorded as expenditures in governmental funds at the time of purchase and accordingly, have not been reported on the governmental funds Balance Sheet. Inventories for the proprietary funds consist of fuel and parts, and are recorded at cost using the first in/first out method.



**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

**(f) Interfund Transactions**

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from” or “due to” other funds, as they are expected to be repaid within one year. There were no internal amounts due between governmental and business type activities as of the end of the year within the government-wide financial statements.

**Transactions Between Funds**

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund reimbursed. Reimbursement for services provided by the General Fund to the Water and Sanitary Sewer Fund are recorded as revenues and expenses respectively.

Eliminations are made in the Statement of Activities to remove the doubling-up effect of internal service fund activity. The effects of similar internal events that are, in effect, allocations of overhead expenses from one function to another or are within the same function are eliminated. The effect of interfund services provided and used between functions is not eliminated in the Statement of Activities. Internal service fund asset and liability balances that are not eliminated in the Statement of Net Assets are reported in the governmental activities column.

**(g) Water Supply Rights**

Water supply rights represent the City’s contractual rights to utilize water at Lake Chapman for municipal and industrial use. The City began receiving water from Lake Chapman during fiscal year 2003. Water rights are being amortized on a straight-line basis over the term of the related obligation of 50 years. See notes 1(j) and 6 for additional information regarding the City’s contractual obligations.

**(h) Capital Assets**

Capital assets are defined by the government as those tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost if original cost is not available (estimated fair value, plus any ancillary charges, at time of receipt for assets contributed). Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

The City of Irving’s capitalization threshold for capital assets is \$5,000. Major outlays for capital assets and improvements are capitalized as projects are constructed. Infrastructure acquired prior to June 30, 1980 is reported. Maintenance and repairs are charged to operations as incurred whereas improvements and betterments that extend the useful lives of capital assets are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

of the capitalized value of the assets constructed, if significant. However, interest is not capitalized in the governmental activities, as this is prohibited under Generally Accepted Accounting Principles (GAAP). For fiscal year 2008, interest costs were capitalized in the Water and Sanitary Sewer fund in the amount of \$382,101.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible (such as land, land improvements and art work). Capital assets that are being or have been depreciated are reported net of accumulated depreciation in the Statement of Net Assets. Depreciation expense for capital assets that can be specifically identified with a function are included in that function's direct expenses whereas depreciation expense for shared capital assets are ratably included in the direct expenses of the appropriate function unless otherwise indicated as unallocated. Depreciation expense for general infrastructure assets is not allocated to the various functions but is reported as a direct expense of the function normally associated with capital outlays for, and maintenance of, infrastructure assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Estimated Useful Life</u>
Buildings and improvements	50-65 years
Infrastructure and plant	50 years
Furniture, fixtures, and equipment	5-20 years
Vehicles	2-12 years

**(i) Federal and State Grants and Entitlements**

Grants and entitlements received for purposes normally financed through the general government are accounted for within the special revenue funds. Community Development Block Grants are the more significant grants classified as special revenue funds. Revenues are recognized when all eligibility requirements have been met and the funds are available.

**(j) Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance cost and deferred losses are amortized over the life of the bonds using the straight line method. 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 the debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

General obligation bonds, which have been issued to fund capital projects of the general government, are to be repaid from the ad valorem tax revenues of the City. General obligation bond debt is recorded in the governmental activities column in the Statement of Net Assets.

Certificates of obligation, which have been issued for the purpose of acquiring land related to the proposed Convention Center, are to be repaid from the hotel occupancy tax revenues of the City.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

Certificate of obligation debt is recorded in the governmental activities column in the Statement of Net Assets.

Special revenue bonds, which have been issued to fund a Civic Auditorium, are to be repaid from the hotel occupancy tax revenues of the City. Special revenue bond debt is recorded in the governmental activities column in the Statement of Net Assets.

Water and Sanitary Sewer revenue bonds, which have been issued to fund capital projects, are to be repaid from the net revenues of the Water and Sanitary Sewer System fund. Water and Sanitary Sewer revenue bond debt is accounted for in the Water and Sanitary Sewer fund.

Water supply obligations, which represent long-term contracts between the City and the U.S. government for specified rights to a water supply in return for payment of costs to construct facilities, are to be repaid from the net revenues of the Water and Sanitary Sewer fund. Water supply obligation debt is accounted for in the Water and Sanitary Sewer fund.

In the governmental funds Balance Sheet, liabilities arising from interfund activities and matured liabilities (other than those associated with proprietary or fiduciary funds) are reported as governmental fund liabilities. Matured liabilities include: (1) liabilities that normally are due and payable in full when incurred, and (2) the matured portion of general long-term indebtedness (the portion that has come due for payment). Debt service on formal debt issues (such as bonds and tax notes) is recognized as a governmental fund liability and expenditure when due.

**(k) *Compensated Absences***

All regular full-time employees accrue vacation and sick leave on a bi-weekly basis. Vacation leave may only be accrued up to a maximum number of hours, based on an employee's length of service. Sick leave may be accrued up to an unlimited amount. Compensatory leave may be accrued up to a maximum amount.

Upon employee termination and completion of the six (6) month orientation period, the City pays for unused vacation and compensatory leave up to a maximum allowable accrual. General government employees are not paid for accrued sick leave; however, police and firemen are paid for unused sick leave up to a maximum of 90 days.

**(l) *Net Assets/Fund Equity***

In the government-wide financial statements, the net assets are reported in three components (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. 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, unless a separate fund is utilized for only that purpose. The use of the separate fund itself communicates the legal segregation for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**(m) *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

**(2) Cash and Cash Equivalents and Investments**

State statutes, the City's Investment Policy and the City's Depository and Investment Agreement govern the investments of the City (exclusive of the SBP). Major provisions of the City's investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City's agent for safekeeping. The deposits and investments of the SBP are held separately from those of other City funds by an outside trustee appointed by the City.

**Deposits** – At September 30, 2008, the carrying amount of the City's (exclusive of SBP) deposits was \$3,318,959 and the bank balance was \$6,910,990 which was entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. Supplemental Benefit Plan deposits of \$1,436,773, representing money market mutual funds, are held by a bank trust and are managed by independent investment managers for the ultimate benefit of city employees who participate. These investments are reported at fair value. At September 30, 2008, the City's cash on hand totaled \$19,693.

**Investments** – The City's investments held as of September 30, 2008, were as follows:

	<b>Carrying Amount</b>	<b>Fair Value</b>
Pooled investments		
Certificates of Deposit	\$ 100,000	\$ 100,000
Stadium Bonds Trust	4,423,333	4,423,333
Federal Home Loan Bank	43,167,169	43,259,030
Federal Home Loan Mortgage Corporation (Freddie Mac)	34,536,042	34,721,936
Federal National Mortgage Association (Fannie Mae)	41,008,056	41,323,768
Texpool Investment Pool	88,828,654	88,828,654
TexStar Investment Pool	70,947,382	70,947,382
Columbia Government Reserves Money Market Fund	18,905,319	18,905,319
Subtotal	\$ 301,915,955	\$ 302,509,422
<b>Supplemental Benefit Plan (SBP)</b>		
Federal National Mortgage Association (Fannie Mae)	\$ 1,920,013	\$ 1,920,013
United State Treasury Notes	3,305,443	3,305,443
United State Treasury Bonds	173,251	173,251
Common Stocks	20,034,014	20,034,014
Mortgage & Asset Backed Securities	10,400,362	10,400,362
Corporate Bonds	1,427,825	1,427,825
Certificates of Deposit	95,558	95,558
Subtotal	37,356,466	37,356,466
Total	\$ 339,272,421	\$ 339,865,888

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

All of the above items with a maturity date of three months or less from date of purchase and investment pools are included in cash equivalents for financial reporting purposes.

All investments of the City during the year were in Federal Home Loan Discount Notes, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), Texpool Investment Pool, TexStar Investment Pool, Columbia Government Reserves Money Market Fund, or a supplemental benefit trust fund. The Stadium Bonds Trust investments, held by the Texas Stadium Special Revenue Fund, represent the City's portion in an irrevocable trust that the City set up to refund the stadium bonds. The City has called and tendered offer for a portion of these bonds; therefore, the trust at September 30, 2008 exceeds the outstanding debt at that date. The City sweeps idle cash into an overnight money market fund. The Columbia Government Reserve fund is rated Aaa by Moody's and AAA by Standard and Poor's Investor Services. The objective of the overnight fund is to preserve principal value and maintain a high degree of liquidity while providing current income. The fund pursues its objective by investing in a diversified portfolio of high quality money market, primarily U.S. Government Obligations.

*Interest Rate Risk* – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City of Irving manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City of Irving monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio on a quarterly basis. The City's investment policy (exclusive of SBP Fund) limits the weighted average of its portfolio to 365 days for its operating funds. The policy requires that maturities in the capital project and debt service funds be sufficient to cover obligations in those funds. At September 30, 2008, the maximum weighted average maturity by investment type was 101 days. Overnight money market fund is not a perceived problem due to the overnight nature of the investments. The SBP portfolio managed by Macquarie Allegiance Capital (MAC) is tightly constrained in regards to the duration to that of the index target, the Barclays Aggregate Index. SBP investments with a longer time horizon than operating accounts are constrained to six months above or below the duration of the index target. Historically, for the past twenty years the duration of this above mentioned index target has averaged 4.56 years with a standard deviation of 0.26 years.

*Credit Risk* – Generally, this 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. By policy, the City of Irving requires a minimum rating of AAA or its equivalent on all investments. The City's investments in U.S. Agency securities (FHLB, FNMA, FHLMC, and FFCB) US Agencies Obligations were rated AAA, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively. The investment in Texas Local Government Pools (Texpool and Texstar) carried a credit rating of AAA by Standard and Poor's as of September 30, 2008. Credit risk of the overnight money market fund is not a perceived issue as the U.S. Government Agencies consistently maintain the highest credit ratings an organization can receive.

The investment policy of the SBP requires that investments in securities have received an investment grade rating of A or better. Fixed income securities for SBP make up 44.24% of the total investments with an average maturity of 17.26 years and 89% of the securities have a credit rating of Aaa.

# CITY OF IRVING, TEXAS

## Notes to Basic Financial Statements

September 30, 2008

*Concentration of Credit Risk* – The City of Irving limits investment in any investment type to a maximum of 50% of the portfolio except for investment pools which may be a maximum of only 20% of the portfolio per individual pool. The SBP limits this type of risk by requiring a minimum 35% of its assets be invested in securities which are guaranteed by the United States Government, a maximum of 65% of its assets in domestic investment grade securities with no more than 5% of the market value of entire fund to be in invested in any one company.

*Custodial Credit Risk* – This 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 City requires its collected deposits in excess of the federal depository insurance to be collateralized by the depository institution at the rate of 102.5% of the value of the deposits. The collateral must be in the form of a United States Treasury Bond held by the City's agent in the City's name.

### (3) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied on October 1 on the taxable value listed as of the prior January 1 for all real and business personal property located in the City. Appraised values are established by the Dallas Central Appraisal District at 100% of estimated market value and are certified by the Appraisal Review Board. The taxable value, net of supplements, for the 2007-08 fiscal year tax levy was \$16,955,202,415.

The City is permitted by Article XXI; Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of appraised valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. Under the City Charter, however, a limit on taxes levied for the same governmental services has been established at \$1.50 per \$100 of appraised valuation. The tax rate for the year ended September 30, 2008 was \$.5406 (\$.4072 for general government and \$.1334 for debt service) per \$100 of appraised valuation. Thus, the City has a tax margin of \$0.96 per \$100 and could levy up to approximately \$163 million in additional taxes per year from the present appraised valuation.

Taxes are due immediately following the October 1 levy date and are considered delinquent after the following January 31. Current tax collections for the year ended September 30, 2008 were approximately 99.36% of the adjusted tax levy.

Property taxes collected within 60 days of the close of the year ended September 30, 2008 totaled \$355,885 and were accrued as revenue at the fund level (\$268,053 for the General Fund and \$87,832 for the Debt Service Fund) in accordance with accounting principles generally accepted in the United States of America. Delinquent property taxes of \$2,014,924 and \$660,227 are included in tax receivable in the General Fund and Debt Service Fund, respectively.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this system, the City sets tax rates on City property.

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

**(4) Receivables**

Receivables at September 30, 2008 for Governmental Activities of the City's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	<u>General</u>	<u>Debt Service</u>	<u>Street Improvement</u>	<u>Non-major Funds</u>	<u>Internal Service</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 2,014,924	\$ 660,227	\$ -	\$ -	\$ -	\$ 2,675,151
Sales taxes	9,336,936	-	-	-	-	9,336,936
Hotel occupancy taxes	-	-	-	4,816,257	-	4,816,257
Gross receipts taxes	1,208,912	-	-	-	-	1,208,912
Municipal court receivable	11,095,709	-	-	-	-	11,095,709
Paving assessments	-	-	515,362	-	-	515,362
Accrued interest	167,258	30,369	84,992	280,882	193,507	757,008
Accounts receivable	<u>1,962,687</u>	<u>-</u>	<u>538,781</u>	<u>1,386,616</u>	<u>184,628</u>	<u>4,072,712</u>
Total gross receivables	25,786,426	690,596	1,139,135	6,483,755	378,135	34,478,047
Less allowance for doubtful accounts						
Property Taxes	(584,328)	(191,466)	-	-	-	(775,794)
Municipal court receivable	(8,812,829)	-	-	-	-	(8,812,829)
Accounts receivable	<u>(311,463)</u>	<u>-</u>	<u>-</u>	<u>(10,868)</u>	<u>(32,873)</u>	<u>(355,204)</u>
Total allowance	<u>(9,708,620)</u>	<u>(191,466)</u>	<u>-</u>	<u>(10,868)</u>	<u>(32,873)</u>	<u>(9,943,827)</u>
Total receivables, net	<u>\$ 16,077,806</u>	<u>\$ 499,130</u>	<u>\$ 1,139,135</u>	<u>\$ 6,472,887</u>	<u>\$ 345,262</u>	<u>\$ 24,534,220</u>

Receivables at September 30, 2008 for the City's water and sanitary sewer fund net of allowance for uncollectible accounts, consist of the following:

<u>Receivables</u>	<u>Water and Sanitary Sewer</u>
Accounts receivable	\$ <u>13,169,792</u>
Total gross receivables	13,169,792
Less allowance for doubtful accounts	<u>(148,764)</u>
Total receivables, net	\$ <u><u>13,021,028</u></u>

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 1,162,543	\$ -
Municipal court receivable (general fund)	1,578,118	-
Accounts receivable (general fund)	296,829	-
Delinquent property taxes receivable (debt service fund)	380,929	-
Paving assessments (street improvement fund)	515,362	-
Receivable from Dallas Area Rapid Transit-DART (non-major governmental funds)	-	1,344,887
Texas stadium admissions and parking tax (non-major governmental funds)	-	2,917,288
Grant drawdowns prior to meeting all eligibility requirements (non-major governmental funds)	-	332,986
Total deferred/unearned revenue for governmental funds	<u>\$ 3,933,781</u>	<u>\$ 4,595,161</u>

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**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

**(5) Capital Assets**

Capital asset balances and activity for the year ended September 30, 2008 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 58,394	\$ 6,412	\$ 475	\$ 64,331
Works of Art	476	318	-	794
Construction in progress	<u>24,930</u>	<u>27,461</u>	<u>8,776</u>	<u>43,615</u>
Total capital assets not being depreciated	<u>83,800</u>	<u>34,191</u>	<u>9,251</u>	<u>108,740</u>
Capital assets being depreciated:				
Buildings and improvements	121,625	4,532	-	126,157
Equipment	71,854	8,415	1,285	78,984
Infrastructure	<u>403,066</u>	<u>17,520</u>	<u>171</u>	<u>420,415</u>
Total capital assets being depreciated at historical cost	<u>596,545</u>	<u>30,467</u>	<u>1,456</u>	<u>625,556</u>
Less accumulated depreciation for:				
Buildings and improvements	45,852	2,459	-	48,311
Equipment	41,531	6,164	1,234	46,461
Infrastructure	<u>125,791</u>	<u>10,322</u>	<u>111</u>	<u>136,002</u>
Total accumulated depreciation	<u>213,174</u>	<u>18,945</u>	<u>1,345</u>	<u>230,774</u>
Total depreciable capital assets, net	<u>383,371</u>	<u>11,522</u>	<u>111</u>	<u>394,782</u>
Governmental activities capital assets, net	\$ <u>467,171</u>	\$ <u>45,713</u>	\$ <u>9,362</u>	\$ <u>503,522</u>
	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Total business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,486	\$ -	\$ -	\$ 3,486
Construction in progress	<u>25,400</u>	<u>6,667</u>	<u>16,559</u>	<u>15,508</u>
Total capital assets not being depreciated	<u>28,886</u>	<u>6,667</u>	<u>16,559</u>	<u>18,994</u>
Capital assets that are being depreciated:				
Water rights	20,940	-	-	20,940
Plant	<u>466,733</u>	<u>27,924</u>	<u>22</u>	<u>494,635</u>
Total capital assets being depreciated, at historical cost	<u>487,673</u>	<u>27,924</u>	<u>22</u>	<u>515,575</u>
Less accumulated depreciation for:				
Water rights	1,746	421	-	2,167
Plant	<u>150,977</u>	<u>11,154</u>	<u>2</u>	<u>162,129</u>
Total accumulated depreciation	<u>152,723</u>	<u>11,575</u>	<u>2</u>	<u>164,296</u>
Total depreciable capital assets, net	<u>334,950</u>	<u>16,349</u>	<u>20</u>	<u>351,279</u>
Business-type activities capital assets, net	\$ <u>363,836</u>	\$ <u>23,016</u>	\$ <u>16,579</u>	\$ <u>370,273</u>

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

Depreciation expense was charged to functions/programs as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Governmental activities:		
General government	\$ 3,379	\$ -
Police	2,526	-
Fire	842	-
Public health and environmental services	905	-
Parks and recreation	1,673	-
Municipal court	35	-
Library	391	-
Planning and development	46	-
Drainage utilities	1,391	-
Public works	7,757	-
Water and sanitary sewer, major fund	-	11,573
	<u>\$ 18,945</u>	<u>\$ 11,573</u>

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**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

The governmental activities construction in progress is funded principally by general obligation bonds and is comprised of the following as of September 30, 2008 (in thousands):

	<u>Total Project Authorization</u>	<u>Expenditure Inception To Sept. 30, 2008</u>	<u>Commitments For Future Expenditures</u>
Municipal Drainage Utility	\$ 1,689,779	\$ 753,980	\$ 935,799
Storm Sewer	1,624,506	1,207,999	416,507
Park Improvement	7,748,759	3,408,662	4,340,097
Fire	2,248,464	1,807,548	440,916
Convention Center	36,959,696	5,939,724	31,019,972
Animal Shelter	5,966,354	532,743	5,433,611
Landfill	5,792,999	3,224,199	2,568,800
Library	123,763	84,452	39,311
City Building Improvement	4,224,706	3,099,020	1,125,686
DART	4,446,215	4,243,864	202,351
Non-Bond CIP	3,574,299	995,678	2,578,621
Street Improvement	26,228,955	17,976,897	8,252,058
System Applications	671,221	340,307	330,914
<b>Total governmental activities</b>	<b>\$ 101,299,716</b>	<b>\$ 43,615,073</b>	<b>\$ 57,684,643</b>

The Water and Sanitary Sewer fund's construction in progress is funded principally by revenue bonds and utility operations and is composed of the following as of September 30, 2008 (in thousands):

	<u>Total Project Authorization</u>	<u>Expenditure Inception To Sept. 30, 2008</u>	<u>Commitments For Future Expenditures</u>
Water improvement	\$ 8,905,032	\$ 5,962,845	\$ 2,942,187
Sewer improvement	11,560,773	6,274,803	5,285,970
Water and sewer	5,655,730	3,270,420	2,385,310
<b>Total business-type activities</b>	<b>\$ 26,121,535</b>	<b>\$ 15,508,068</b>	<b>\$ 10,613,467</b>

**CITY OF IRVING, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2008

**(6) Long-Term Debt**

Bonds payable at September 30, 2008 are comprised of the following:

**General Obligation Bonds and Tax Notes**

\$31,530,000 General Obligation Refunding Bonds, Series 1993 due in annual principal payments ranging from \$385,000 to \$965,000 through March 15, 2009. Rates range from 5.30% to 5.40%.	\$ 385,000
\$15,000,000 General Obligation Improvement Bonds, Series 1998 due in principal payments of \$750,000 through September 15, 2009. The rate is 4.50%.	750,000
\$32,150,000 General Obligation Improvement Bonds, Series 1999 due in annual principal payments ranging from \$1,000,000 to \$2,100,000 through September 15, 2019. Rates range from 4.00% to 4.75%.	14,025,000
\$30,000,000 General Obligation Improvement Bonds, Series 2000 due in annual principal payments of \$1,500,000 through March 15, 2010. Rates range from 5.75% to 6.00%.	3,000,000
\$30,000,000 General Obligation Improvement Bonds, Series 2001 due in annual principal payments of \$1,500,000 through September 15, 2021, except 2017, 2018, 2019, and 2020, Rates range from 4.50% to 5%.	13,500,000
\$15,500,000 General Obligation Bonds, Series 2002 due in annual principal payments of \$775,000 through September 15, 2022. Rates range from 4.50% to 5.10%.	10,850,000
\$10,000,000 General Obligation Bonds, Series 2003 due in annual principal payments of \$500,000 through September 15, 2023. Rates range from 2.750% to 4.350%	7,500,000
\$31,595,000 General Obligation Bonds, Series 2004 due in annual principal payments ranging from \$470,000 to \$3,290,000 through September 15, 2024. Rates range from 4.0% to 5.0%.	25,060,000
\$15,000,000 General Obligation Bonds, Series 2005 due in annual principal payments of \$750,000 through September 15, 2025. Rates range from 3.5% to 4.50%.	12,750,000
\$4,050,000 Tax Note, Series 2004 due in annual principal payments ranging from \$810,000 to \$840,000 through September 15, 2009. Rates range from 2.0% to 2.375%.	840,000
\$1,590,000 Tax Note, Series 2005 due in annual principal payments ranging from \$510,000 to \$550,000 through November 15, 2008 Rates rangings from 3.5% to 3.75%	550,000
\$52,610,000 General Obligation Bonds, Series 2005A due in annual principal payments ranging from \$1,285,000 to \$5,790,000 through November 15, 2025. Rates range from 3.5% to 5.0%.	51,080,000
\$27,500,000 General Obligation Bonds, Series 2007 due in annual principal payments of \$1,375,000 through September 15, 2027. Rates range from 4% to 5%.	26,125,000
\$32,725,000 General Obligation Bonds, Series 2008 due in annual principal payments ranging from \$1,635,000 to \$1,640,000 through September 15, 2029. Rates range from 3.5% to 4.5%.	32,725,000
	\$ <u><u>199,140,000</u></u>

**CITY OF IRVING, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2008

**Special Revenue Bonds**

\$13,000,000 Combination Tax and Hotel Occupancy Tax Revenue Certificates of Obligation, Series 2001 due in annual principal payments ranging from \$420,000 to \$775,000 through September 15, 2021. Rates range from 4.125% to 4.875%.	7,750,000
\$15,000,000 Texas Stadium Admissions and Parking Taxes Revenue Bonds Taxable Series 2006 due in an annual principal payment of \$1,000,000 due June 15, 2009. Rate is 3.85%.	1,000,000
\$4,000,000 Combination Tax and Revenue Certificates of Obligation. Series 2008 due in annual principal payments of \$200,000 through September 15, 2029. Rates range from 3.25% to 4.6%.	4,000,000
	<u>\$ 12,750,000</u>

**Revenue Bonds**

\$7,000,000 Waterworks and Sewer System Revenue Improvement Bonds, Series 1998 due in annual principal payments of \$1,000,000 beginning June 15, 2017 through June 15, 2018. The rate is 4.75%.	\$ 2,000,000
\$7,000,000 Waterworks and Sewer System Revenue Improvement Bonds, Series 1999 due in annual principal payments ranging from \$225,000 to \$1,100,000 through June 15, 2019. Rates range from 4.50% to 5.00%.	5,600,000
\$10,000,000 Waterworks and Sewer System Revenue Improvement Bonds, Series 2000 due in annual principal payments ranging from \$175,000 to \$225,000 through June 15, 2012. Rates range from 5.75% to 6.25%.	850,000
\$31,520,000 Waterworks and Sewer System New Lien Revenue Refunding and Improvement Bonds, Series 2001 due in annual principal payments ranging from \$415,000 to \$2,570,000 through August 15, 2021. Rates range from 4.00% to 5.375%.	14,340,000
\$25,000,000 Waterworks and Sewer System New Lien Revenue Bonds, Series 2002 due in annual principal payments ranging from \$1,000,000 to \$1,820,000 through August 15, 2022. Rates range from 4.375% to 5.125%.	19,000,000
\$58,095,000 Waterworks and Sewer System New Lien Revenue Refunding and Improvements Bonds, Series 2003 due in annual principal payments ranging from \$1,450,000 to \$5,325,000 through August 15, 2023. Rates range from 4.3% to 5%.	47,155,000
\$28,050,000 Waterworks and Sewer System New Lien Revenue and Refunding Improvement Bonds, Series 2004 due in annual principal payments ranging from \$1,170,000 to \$2,015,000 through August 15, 2024. Rates range from 2.0% to 5.5%.	23,965,000
\$7,310,000 Waterworks and Sewer System New Lien Revenue Improvement Bonds, Series 2005 due in annual principal payments ranging from \$245,000 to \$540,000 through August 15, 2025. Rates range from 3.5% to 5%.	6,580,000
\$30,800,000 Waterworks and Sewer System New Lien Revenue Improvement Bonds, Series 2006 due in annual principal payments rangings from \$460,000 to \$2,725,000 through August 15, 2026. Rates range from 4% to 5.25%.	29,680,000
\$16,280,000 Waterworks and Sewer System New Lien Revenue Improvement Bonds Series 2007 due in annual principal payments ranging from \$515,000 to \$1,185,000 through August 15, 2027. Rates range from 4% to 5%.	15,765,000
\$12,115,000 Waterworks and Sewer System New Lien Revenue Improvement Bonds, Series 2008 due in annual principal payments ranging from \$890,000 to \$1,350,000 through August 15, 2028. Rates range from 4% to 4.5%.	<u>12,115,000</u>
	<u>\$ 177,050,000</u>

**CITY OF IRVING, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2008

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds:					
General obligation bonds and tax notes	\$ 182,040	\$ 32,725	\$ 15,625	\$ 199,140	\$ 15,105
Special revenue bonds	9,785	4,000	1,035	12,750	1,455
Loss on refunding/premium amortization (net)	1,687	5	300	1,392	286
Total bonds payable	<u>193,512</u>	<u>36,730</u>	<u>16,960</u>	<u>213,282</u>	<u>16,846</u>
Other liabilities:					
Liability for insurance claims	5,106	20,921	17,212	8,815	3,820
Note Payable	4,280	-	475	3,805	485
Compensated absences	21,232	10,789	9,403	22,618	1,380
Arbitrage Payable	508	-	58	450	-
Landfill closure and postclosure care liability	3,582	468	-	4,050	-
Payable to State Comptroller	4,434	-	722	3,712	720
Total other liabilities	<u>39,142</u>	<u>32,178</u>	<u>27,870</u>	<u>43,450</u>	<u>6,405</u>
Total governmental activities long term liabilities	<u>\$ 232,654</u>	<u>\$ 68,908</u>	<u>\$ 44,830</u>	<u>\$ 256,732</u>	<u>\$ 23,251</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Bonds and contractual obligations payable:					
Revenue bonds	\$ 173,640	\$ 12,115	\$ 8,705	\$ 177,050	\$ 9,000
Water supply obligations	19,550	-	258	19,292	266
Loss on refunding/premium amortization (net)	3,366	-	526	2,840	359
Arbitrage Payable	216	-	65	151	-
Compensated absences	410	498	510	398	24
Total business-type activities long-term liabilities	<u>\$ 197,182</u>	<u>\$ 12,613</u>	<u>\$ 10,064</u>	<u>\$ 199,731</u>	<u>\$ 9,649</u>

The City intends to retire its general obligation bonds, plus interest, from future ad valorem taxes and other revenues. Special revenue bonds, plus interest, will be repaid from future hotel occupancy taxes. Revenue bonds and water supply obligations of the Water and Sanitary Sewer Enterprise Fund will be repaid, plus interest, from the net operating revenues of the fund. Future obligations for landfill closure and compensated absences will be partially funded using current accrued reserves and future revenues. The amount payable to the State Comptroller of Texas is being repaid from future sales tax revenue over the next five years. The liability is for sales tax previously allocated to the City, but determined, through taxpayer audits, to be due back to the taxpayer or to another city. The City also has a United States Department of Housing and Urban Development (HUD) Section 108 Guarantee Loan in the amount of \$5,200,000 as part of a Community Development Block Grant Interlocal Cooperation agreement with the Dallas County Hospital District (Parkland) in support of a Community Oriented Primary Care Clinic in the City. Principal and interest payments will be made from Community Development Block Grant (CDBG) entitlement funds. Interest rate is 5% and loan matures in August 1, 2015.

**CITY OF IRVING, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2008

Annual debt service requirements to maturity for long-term bonded debt are as follows (in thousands):

Governmental Activities	General Obligation					
	Bonds And Tax Notes		Special Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending September 30:						
2009	\$ 15,105	\$ 8,838	\$ 1,455	\$ 580	\$ 485	\$ 192
2010	14,960	8,205	675	490	500	167
2011	14,420	7,546	690	464	520	143
2012	14,090	6,903	710	437	540	116
2013	13,845	6,252	735	409	560	90
2014-2018	64,025	22,083	4,065	1,563	1200	92
2019-2023	41,560	9,655	3,220	610	-	-
2024-2029	21,135	2,613	1,200	189	-	-
<b>Total</b>	<b>\$ 199,140</b>	<b>\$ 72,095</b>	<b>\$ 12,750</b>	<b>\$ 4,742</b>	<b>\$ 3,805</b>	<b>\$ 800</b>

Business-Type Activities	Revenue Bonds		Water Supply Obligations	
	Principal	Interest	Principal	Interest
Years ending September 30:				
2009	\$ 9,000	\$ 8,422	\$ 266	\$ 628
2010	9,390	8,015	275	619
2011	9,855	7,588	284	610
2012	10,345	7,107	293	601
2013	10,850	6,590	303	591
2014-2018	60,625	24,691	1,668	2,802
2019-2023	49,475	10,487	1,957	2,512
2024-2028	17,510	1,957	2,297	2,172
2029-2033	-	-	2,696	1,774
2034-2038	-	-	3,164	1,306
2039-2043	-	-	2,845	770
2044-2048	-	-	1,929	406
2049-2051	-	-	1,315	86
<b>Total</b>	<b>\$ 177,050</b>	<b>\$ 74,857</b>	<b>\$ 19,292</b>	<b>\$ 14,877</b>

**(a) General Obligation Bonds**

On April 15, 2008, the City of Irving issued \$32,725,000 in General Obligation Bonds, Series 2008 for the purpose of providing (a) \$19,040,000 for street improvements, (b) \$3,425,000 for park improvements (c) \$935,000 for landfill improvements, (d) \$4,000,000 for the animal shelter, (e) \$2,825,000 for fire services (f) \$2,500,000 for the veterans park memorial and (g) pay the costs associated with the issuance of the Bonds. The 20-year bonds have interest rates that range from 3.5% to 4.5%. Principal payments range from \$1,635,000 to \$1,640,000 for maturities through 2029 and are payable annually and interest is payable semiannually until maturity (September 15, 2029). The bonds are payable from ad valorem taxes.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

Also on April 15, 2008, the City of Irving issued \$4,000,000 in Certificates of Obligation, Series 2008 for the purpose of (a) acquiring and demolishing dangerous structures (b) design and construction costs associated with the new animal shelter and (c) pay the costs associated with the issuance of the certificates. The 20-year certificates have interest rates that range from 3.25% to 4.6%. Principal payments are \$200,000 for maturities through 2029 and are payable annually and interest is payable semiannually until maturity (September 15, 2029). The certificates are payable from ad valorem taxes.

The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current principal and interest installments as they become due. The Debt Service Fund has \$6,636,508 available to service the general obligation bonds as of September 30, 2008. The remaining fund balance is available to service special revenue bonds.

Arbitrage provisions of the Tax Reform Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the Internal Revenue Service. For the fiscal year ended September 30, 2008, \$449,979 rebate liability was accrued on General Obligation Bonds.

#### **(b) Special Revenue Bonds**

The Combination Tax and Hotel Occupancy Tax Revenue Certificates of Obligation are Special Revenue Bonds secured and payable from a pledge of and both hotel occupancy taxes and ad valorem taxes. It is the City's intent to utilize only hotel occupancy taxes to meet the debt service requirements of these certificates.

The City is required by Bond Ordinance to create and maintain an Interest and Sinking Fund to be used for the payment of debt service on the Special Revenue Bonds outstanding. These funds are restricted in use as explained below.

**Interest and Sinking Fund** – The Interest and Sinking Fund is used to pay principal and interest on the Special Revenue Bonds as they become due and payable. The City is required to make quarterly deposits to the fund to meet the debt service requirements. Amounts available to service the Special Revenue Bonds totaled \$402,601 at September 30, 2008.

#### **(c) Water and Sanitary Sewer Revenue Bonds**

On April 15, 2008, the City sold \$12,115,000 of New Lien Revenue Improvement Bonds, Series 2008. Proceeds from the sale will provide funds to make certain improvements and extensions to the System and pay the costs associated with the issuance of the Bonds. The Revenue Bonds are payable solely from and secured by a lien on and pledge of the Pledged Revenues of the City's Waterworks and Sewer System (the System); provided, however, such lien on and pledge of the Pledged Revenues is subordinate to the lien on and pledge of the Pledged Revenues made for the security and payment of the Previously Issued Senior Lien Bonds. At such time as there are no Previously Issued Senior Lien Bonds outstanding, the Bonds, together with the Previously Issued New Lien Bonds and Additional New Lien Bonds, shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues.

Arbitrage provisions of the Tax Reform Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the Internal Revenue Service. For the fiscal year ended September 30, 2008, \$150,610 rebate liability was accrued on Water and Sewer Revenue Bonds.



## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

The City is required by Bond Ordinance to create and maintain certain funds to be held for the payment of debt service on the outstanding Revenue Bonds. Two new funds were created for the New Lien Reserve Fund during 2001. Under the new Bond Ordinance, a Contingency Fund is not required. These funds, as fully explained below, are restricted in use and held by the City.

**Interest and Sinking Fund** – The Interest and Sinking Fund is used to pay principal and interest on the Revenue Bonds as they become due and payable. The City is required to make equal monthly deposits to the fund to meet debt service requirements. Amounts held in the Interest and Sinking Fund totaled \$4,597,038 at September 30, 2008.

**Reserve Fund** – The Reserve Fund is to be used to pay principal and interest on the Revenue Bonds falling due at any time amounts in the Interest and Sinking Fund are insufficient to meet such payments. The Bond Ordinance requires the City to maintain an amount equal to the maximum annual principal and interest requirements of all outstanding bonds secured by the net revenues of the System. Based on the outstanding Revenue Bonds at September 30, 2008, the total required amount to be accumulated within 60 months in the Reserve Fund is \$2,151,500. Amounts held in the Reserve Fund at September 30, 2008 totaled \$4,620,253.

**Contingencies Fund** – The Contingencies Fund is to be used for the cost of any repairs or replacements to the System necessitated by the occurrence of an emergency or to pay the principal or interest on the Revenue Bonds when the Interest and Sinking Fund and the Reserve Fund are inadequate. No deposits are required so long as there is at least \$84,500 on deposit. Amounts held in the Contingencies Fund at September 30, 2008 totaled \$198,013.

**New Lien Interest and Sinking Fund** – The New Lien Interest and Sinking Fund is used to pay principal and interest on the New Lien Revenue Bonds as they become due and payable. The City is required to make equal monthly deposits to the fund to meet the debt service requirements. Amounts held in the New Lien Interest and Sinking Fund totaled \$2,170,063 at September 30, 2008.

**New Lien Reserve Fund** – The New Lien Reserve Fund is used to pay principal and interest on the New Lien Revenue Bonds falling due at any time amounts in the New Lien Interest and Sinking Fund are insufficient to meet such payments. The Bond Ordinance requires the City to maintain an amount equal to the greater of (i) 50% of the average annual principal and interest requirements of all outstanding bonds or (ii) 33.3% of the maximum annual principal and interest requirements of all outstanding bonds. Based on the outstanding New Lien Revenue Bonds at September 30, 2008, the total amount required to be accumulated within 60 months in the New Lien Reserve Fund is \$6,008,948. Amounts held in the New Lien Reserve Fund at September 30, 2008 totaled \$6,170,155.

**Compliance with Debt Covenants** – At September 30, 2008, and for the year then ended, management believes that the City was in compliance with all financial bond covenants on outstanding revenue and general obligation debt.

**(d) Water Supply**

On March 29, 1968, the City entered into a water supply contract (the Agreement) with the U.S. government whereby the City has received the right to utilize a specified supply of water stored at Lake Chapman (formerly Cooper Reservoir), which has been designated for municipal and industrial use. The City began amortizing these rights in fiscal year 2004 over the term of the related obligation of 50 years. Interest rate on the obligation is 3.25%.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

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Under the provisions of the Agreement, the City has incurred a contractual obligation which represents a specified percentage of the construction costs of the Lake by the U.S. Army Corps of Engineers, including estimated future operation, maintenance, and replacement costs after completion of the project.

The first payment for initial water supply use was due and payable within 30 days following the date upon which the Lake became operative for other purposes (date of deliberate impoundment September 28, 1991). Payments thereafter are due within 30 days of the anniversary date of the first payment. The first payment for future water supply use was due and payable within 30 days of the 10th anniversary of the date of notification of deliberate impoundment.

- (e) ***Defeased Bonds Outstanding*** – In prior years, the City issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The city has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2008, \$57,928,300 of bonds outstanding are considered defeased.

#### (7) **Contractual Obligations for Water Supply and Wastewater Treatment**

Long-term contracts between the City and other governmental authorities give the City specified rights to water supply and wastewater treatment, in return for payment of costs to construct facilities serving the City and a portion of the operating expenses of those facilities.

##### ***Wastewater Treatment***

On March 16, 1973, the City entered into an agreement with the Trinity River Authority (TRA) whereby TRA agreed to provide a wastewater treatment and disposal system for the benefit of the City and other cities located within the Upper Trinity River Basin. Each city pays its proportionate share of operating expenses and debt service of TRA. The City's annual payment for the year ended September 30, 2008 was \$12,659,184. The agreement will remain in effect through the year 2023 or until any outstanding bonds or refunding bonds have been paid in full.

##### ***Water Supply***

On February 22, 1955, the City, the City of Grand Prairie and Dallas entered into an agreement whereby Dallas would provide treated water supply. The current contract expires in 2033. The annual payment for the year ended September 30, 2008 was \$1,827,360.

On June 30, 2003, the City entered into an agreement with the City of Dallas (Dallas) whereby Dallas would provide treatment of and storage for the City's water from Jim Chapman Lake for thirty years. The annual payment for the year ended September 30, 2008 was \$9,732,025.

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**(8) Interfund Balances**

**(a) Interfund Receivables and Payables**

Interfund receivable and payable balances at September 30, 2008 were as follows:

	<u>Receivables</u>		<u>Payables</u>
<b>Major Funds:</b>			
General fund:			
Criminal Justice Grant	\$ 2,932	\$	-
Irving Convention and Visitors Bureau	62,044		-
Irving Arts Center	22,874		233
Main Street and Events	1,071		-
Texas Highway Safety Grant	76,522		-
TIF	23,231		-
Museum	2,678		-
HUD Grants	521,836		-
Emergency Management Grant	275,412		-
	<hr/>		<hr/>
Total General Fund	<u>988,600</u>		<u>233</u>
<b>Non-major Funds:</b>			
Special Revenue funds:			
Criminal Justice Grant	-		2,932
Irving Convention and Visitors Bureau	-		62,044
Irving Arts Center	17,853		22,874
Main Street and Events	-		1,071
Texas Highway Safety Grant	-		76,522
TIF	-		23,231
Museum	-		2,678
HUD Grants	-		539,456
Emergency Management Grant	-		275,412
	<hr/>		<hr/>
Total Non-major Funds	<u>17,853</u>		<u>1,006,220</u>
	<hr/>		<hr/>
Total	\$ <u>1,006,453</u>	\$	\$ <u>1,006,453</u>

*(Remainder of page left blank intentionally)*

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

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Inter-fund receivables and payables consist of:

- Administrative fees for the collection, accounting, and distribution of hotel occupancy taxes due to City General Fund organizations;
- Negative cash balances due from various non-major funds to the City's General fund;
- Reimbursement to Irving Art Center for overpayment for monthly cellular phone charges and summer intern program funded by Community Development Block Grant.

These balances are expected to be liquidated during the next fiscal year.

**(b) Transfers**

Transfers are made from one fund to the other for services or assets provided to other funds. Transfers made between funds during the year are listed below.

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-major Governmental</u>	<u>Total</u>
<b>Transfers out:</b>				
General Fund	\$ -	\$ -	\$ 8,440,801	\$ 8,440,801
Street Improvement Bond	326,735	-	-	326,735
Non-major governmental funds	<u>1,464,471</u>	<u>901,215</u>	<u>806,005</u>	<u>3,171,691</u>
	<u>\$ 1,791,206</u>	<u>\$ 901,215</u>	<u>\$ 9,246,806</u>	<u>\$ 11,939,227</u>

Inter-fund transfers consist of:

- Texas Stadium Fund to the General Fund for interest and box rental revenues received from rent charged for the use of Texas Stadium Corporation that the City owns;
- Irving Convention and Visitors' Bureau to the General Fund for the 2008 Transportation Summit;
- Convention Center Complex Fund, which is classified within the Non-major Governmental Fund, to the Debt Service Fund to pay for the debt for the bond issue for the Convention Center;
- General Fund to several grants within the non-major governmental fund for grant activities and projects;
- General Fund to Tax Increment Financing District (TIF) for the City's participation in TIF;
- General Fund to Non-Bond CIP to fund future projects;
- General Fund to Compensated Absences for employee's retirements and resignations;
- Texas Stadium Project fund transfer to Debt Service Fund for repayment of bonds issued for upcoming venue projects;

**CITY OF IRVING, TEXAS**

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- Housing and Human Service transfer of funds to Irving Housing Finance Corporation for reimbursement of expenditures;
- Street Improvement Fund transfer of interest earnings to the General Fund for reimbursement of salaries in support of the bond program;

**(9) Self-Insurance Fund**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, natural disasters, and outstanding medical claims. During fiscal year 1989, the City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$500,000 for each workers' compensation, employer liability claim, and combined workers' compensation and employer liability, and all physical damages to City vehicles. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded their commercial coverage for any of the past three fiscal years. The City also accounts for the provision of employee health insurance through the City-sponsored PPO and indemnity plan. Premiums are paid into the fund by the City and by employees. Premiums are set by actuaries at an amount to cover claims, fees, administrative costs and the purchase of excess reinsurance. All actuarial-determined, outstanding medical claims are expected to be paid within the next twelve months.

All funds of the City participate in the program and make payments to the Self-Insurance Fund based on historical cost and actuarial estimates of the amounts needed to pay any unfunded portions of prior year claims and estimated current year claims and to establish a reserve for catastrophic losses. The reserve was \$4,870,129 at September 30, 2008, which is represented by the net assets of the City's Self-Insurance Fund. The claims liability of \$8,815,606 reported in the fund at September 30, 2008 is based on the requirements of GASB No. 10, as amended, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. It requires that a liability for claims be reported if information, prior to the issuance of the financial statements, indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Effective January 1, 2007, City no longer offered an HMO insurance plan. Employees previously in the HMO plan had the option to elect the City-sponsored PPO plan. The increase in participants resulted in increase in claims activity. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage, and subrogation. Changes in the estimated liability for unpaid claims in fiscal years 2007 and 2008 were:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payment</b>	<b>Balance at Fiscal Year End</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
2006 - 2007	\$ 3,972,022	\$ 13,319,012	\$ 12,184,623	\$ 5,106,411
2007 - 2008	\$ 5,106,411	\$ 20,921,318	\$ 17,212,123	\$ 8,815,606

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

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**(10) Employee Benefit Plans**

The City participates in three retirement plans at September 30, 2008. The Firemen’s Relief and Retirement Fund (FRRF) is a defined benefit plan covering the City’s firefighters. The Supplemental Benefit Plan is a contributory defined benefit plan covering all full-time City employees (excluding Fire Civil Service employees and nonresident aliens). The City is also a member of the Texas Municipal Retirement System (TMRS). TMRS is a statewide agent multi-employer, joint contributory, hybrid-defined benefit plan.

For employees participating in FRRF or TMRS, the total annual amount of the City contribution for retirement benefits for such employees shall not exceed 15.75% of the total annual salaries of such employees.

The FRRF and the Supplemental Benefit Plan are reported using the economic resources measurement and focus and the accrual basis of accounting. Contributions, benefits, and refunds paid are recognized when due.

**(a) Firemen’s Relief and Retirement Fund**

The Board of Trustees of the Irving FRRF is the administrator of the FRRF, a single-employer contributory defined benefit pension plan. FRRF is not a part of the City’s reporting entity because the City does not have fiduciary responsibility of the FRRF assets, is not able to impose its will on the FRRF, nor is the FRRF fiscally dependent on the City, since the Board of Trustees has the ability to complete certain essential fiscal events such as the determination of employee contribution rates, without approval by the City, and the board is not appointed by the City Council. FRRF covers current and former Fire Department personnel of the City, as well as certain beneficiaries of former Fire Department personnel.

The types of employees covered and current plan membership as of December 31, 2007 are as follows:

	<b>Covered Employees</b>
Retirees and beneficiaries receiving benefits and terminated employees entitled to but not yet receiving benefits	96
Current employees:	
Vested	146
Partially vested	88
Nonvested	67
Total	397

FRRF provides service retirement, death, and disability benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 20 years of service. The monthly benefit at retirement equals 3.175 percent of the member’s average monthly compensation multiplied by the member’s whole years and months of service not in excess of 21 years plus \$60 per month for each year of service in excess of 21 years.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

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In the event of the disability of a plan participant before the date the plan participant qualifies for a service retirement benefit, the plan participant will receive a monthly benefit, payable in the same form as the service retirement benefit.

In the event of the death of a plan participant who is in active service, the plan participant's spouse will receive a monthly benefit equal to the sum of 42.33 percent of the member's average monthly compensation and two-thirds of any additional service benefit the plan participant had earned as of the participant's date of death. This benefit is payable for the spouse's lifetime.

In addition to the above spouse's benefit, each unmarried child of the plan participant will receive a monthly benefit of 8.47% of the plan participant's average monthly compensation. Benefits continue until the child reaches age 18 (age 22 for a full-time student or for life in the case of the child's disability).

The sum of all benefits payable on behalf of a plan participant may not exceed the service retirement benefit to which participant was entitled as of the date of participant's death. In the event such benefits do exceed this limit, each beneficiary's benefit is reduced pro rata until the sum of the benefits complies with this limitation.

If a plan participant has completed at least 20 years of service but has not attained age 50 on participant's date of termination, participant will be entitled to receive a monthly retirement income commencing at age 50. The amount of such benefit will equal the monthly retirement benefit the plan participant had earned as of participant's date of termination.

Plan participants who terminate service prior to the date they complete ten years of service will be entitled to receive the return of their employee contributions. However, plan participants who terminate with at least ten years of service may elect to receive, in lieu of their accumulated contributions, a monthly retirement benefit, commencing on the date the plan participant would have both attained age 50 and completed 20 years of service, equal to a pro rata share of participant's anticipated retirement benefit at date of termination, multiplied by the appropriate vested percentage.

During 2008, the City was required under the terms of FRRF to contribute at least 15.04% of covered payroll. Employees are required to contribute 10% of pay, each year. Contribution rates are set by the plan document. FRRF is established under the authority of the Firemen's Relief and Retirement Fund Law of the State of Texas.

The City's Fire Department personnel payroll for the year ended September 30, 2008 was \$23,176,086. The City's total payroll for the same period was \$111,691,536. The annual required contribution was 16.73% of covered payroll which approximates \$3,877,359. Both the City and covered employees made the contributions amounting to \$3,461,359 (15.04% of covered payroll) for the City and \$2,162,564 (10% of covered payroll) for the plan participants. All of the employee contributions are deemed as paying normal cost. Of the City's total actual contribution of 14.57% of covered payroll, 6.49% is applied to normal cost and 7.93% is applied to amortize the unfunded actuarial accrued liability of \$32,326,627.

The actuarial accrued liability of \$149,020,808 was determined as part of an actuarial valuation at December 31, 2007. The actuarial method used is the entry age normal actuarial cost method. The actuarial value of the plan assets of \$116,694,181 was determined based on smooth market value.

**CITY OF IRVING, TEXAS**

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Significant actuarial assumptions used include a rate of return on investments of present and future assets of 8.25% per year compounded annually, retirement age of 56, projected salary increases, consisting of both merit and cost of living adjustments for eligible employees of 4.5% per year compounded annually, no post retirement benefit increases, and an aggregate payroll increase of 4.5% per year compounded annually, and an inflation rate of 3.25%. An open amortization period and level percentage of projected payroll methods were also utilized for this study. Post-retirement increases were not a factor in this study.

For financial reporting purposes, the projection of benefits for FRRF does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed above. Investments are reported by FRRF at fair value. FRRF was not involved in any related-party transactions.

	12/31/2007	12/31/2006	12/31/2005
Net pension asset at the beginning of the period	\$ 1,094,925	\$ 1,186,835	\$ 1,205,916
Annual pension cost (APC):			
Interest on net pension asset	(90,331)	(97,914)	(99,488)
Adjustment to ARC	(62,903)	(58,877)	(59,824)
APC	3,542,106	3,099,895	2,790,870
Contributions made	3,191,681	3,007,985	2,771,789
Percentage of APC Contributed	90.1%	97.0%	99.3%
Increase (decrease) in Net pension assets	<u>(350,425)</u>	<u>(91,910)</u>	<u>(19,081)</u>
Net pension asset at the end of the period	\$ <u>744,500</u>	\$ <u>1,094,925</u>	\$ <u>1,186,835</u>

Multi-year historical trend information designed to provide information about FRRF's progress made in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information section of this report. Separate audited financial statements are available and can be obtained by contacting the Irving Fire Department at the City of Irving at 845 W. Irving Blvd, Irving, Texas 75060.

**(b) Supplemental Benefit Plan**

Effective March 1, 1984, the City established the City of Irving Supplemental Benefit Plan (SBP), a single-employer contributory defined benefit plan. In establishing this plan, the City Council established a maximum employer contribution level, which could be provided to support the benefits of the SBP. Council Resolution #12-16-82-582, enacted December 13, 1982, provided, in part, that the contribution to the SBP shall not exceed the Social Security tax which would otherwise be payable with respect to covered employees plus 3.69% of the salaries of such employees, less the City's contribution to the TMRS. SBP, which is considered part of the City's financial reporting entity, is included in this report as a pension trust fund.



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Notes to Basic Financial Statements

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All City full-time employees except Fire Civil Service employees are covered by SBP. As of January 1, 2008 (the date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	<u>245</u>
Current employees:	
Vested	1005
Nonvested	<u>453</u>
Total	<u>1,458</u>

SBP provides retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of credited service. Employees who retire at or after age 65 are entitled to an annual retirement benefit, payable for life, in an amount equal to 1/12 of 0.6% of their final average earnings for each year of credited service. The final average earnings amount is the average earnings in the three consecutive calendar years of service producing the highest such average. Employees are eligible for early retirement age at age 60 after five years of service, and at any age after completion of 20 years of service. All early retirees receive a reduced retirement benefit. Covered employees are required to contribute 2.5% of their earnings to SBP. If an employee leaves covered employment for reasons other than retirement, disability or death with less than five years of credited service, accumulated employee contributions are returned to the employee without interest. If an employee has five or more years of credited service, they may select either a refund of their contributions without interest or a monthly income payable at age 65 equal to the retirement benefit earned to date of termination. Disability benefits are payable six months after an employee is determined to be disabled under the provisions of SBP. Benefits are payable monthly and are equal to 1/12 of 70% of the participant's annualized pay rate at date of disablement reduced by disability income from the TMRS, Social Security, and workers' compensation. SBP also provides death benefits payable monthly to dependent children until attainment of age 25 and a single sum benefit to the surviving spouse.

Employee contributions are recognized as revenues in the period in which employee services are performed. Investments, including U. S. government guaranteed securities, mutual funds and investment grade rated securities such as common stock, are reported at fair value. Investments are adjusted for market declines considered permanent. Investment income is recognized as earned. SBP was not involved in any related-party transactions.

The cost of administering SBP is financed through the investment income of the Plan. The actuarial accrued liabilities of \$41,137,689 was determined as part of an actuarial valuation at January 1, 2008. The actuarial method used is the projected unit credit method. The actuarial value of the plan assets of \$44,704,859 is a 5 year smooth market equal to the market value of assets less a five year phase in of the excess (shortfall) between expected investment return and actual income with the resulting value not being less than 80% or more than 120% of the market value of assets. Significant actuarial assumptions used include a rate of return on the investment of present and future assets of 7% per year compounded annually and projected salary increases of 5%, consisting of 4% per year for inflation adjustments, compounded annually, and a payroll growth rate of 4% for amortization and no post-retirement benefit increases. The amortization method is an open level percent of pay method. The remaining amortization period is 12 years.

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SBP has an annual actuarial evaluation to determine whether or not the current contribution rate is sufficient to support the benefits of SBP. The actuarial method used is the projected unit credit method. The current contribution rate of 2.50% for the employees is sufficient to cover the projected normal cost of 2.87% (using 30-year amortization period) of covered payroll.

Beginning January 1995, the City ceased all employer contributions to the plan. The employee contributions of 2.50% of pay represent the total contributions made to SBP. The contribution requirement as of December 31, 2007 was \$2,042,381 from employees (2.70% of covered payroll). Total payroll for the City for the fiscal year 2008 was \$111,691,536 and covered payroll was \$75,385,907 as of January 1, 2008.

	<u>2008</u>		<u>2007</u>		<u>2006</u>	
Net pension obligation (NPO) at the beginning of the period	\$	-	\$	-	\$	-
Annual pension cost:						
Annual required contribution (ARC)		-		-		-
Interest on NPO		-		-		-
Adjusted ARC		-		-		-
Contributions made		-		-		-
Increase in NPO		-		-		-
NPO at the end of the period	\$	-	\$	-	\$	-

Multi-year historical trend information designed to provide information about SBP's progress made in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information section of this report.

SBP does not issue separate audited GAAP financial reports. Its financial statements are presented below:

Statement of Plan Net Assets

Assets	
Cash and cash equivalents	\$ 1,436,773
Interest receivable on investments	108,286
Investments, at fair value	<u>37,356,466</u>
Total assets	<u><u>38,901,525</u></u>
Net Assets	
Held in trust for pension benefits and other purposes	\$ <u><u>38,901,525</u></u>

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Statement of Changes in Plan Net Assets

Additions	
Employee contributions	\$ 2,112,493
Investment income	
Net decrease in fair value of investment	(7,227,806)
Interest income	1,776,736
Total Investment Income	(5,451,070)
Less investment expense	(362,885)
Net investment income	(5,813,955)
Total additions	(3,701,462)
Deductions	
Benefits and refunds paid	2,600,342
Administrative costs	133,510
Total deductions	2,733,852
Net change in plan net assets	(6,435,314)
Plan net assets, beginning of year	45,336,839
Plan net assets, end of year	\$ 38,901,525

**(c) Texas Municipal Retirement System**

The City provides pension benefits for all of its full-time employees (except Fire Civil Service employees and nonresident aliens) through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed. At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions and all other assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to TMRS at P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At inception of the plan, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since plan inception are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and monetary credits since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

**CITY OF IRVING, TEXAS**

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Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after five years. 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.

The contribution rate for the employees is 7%, and the City matching percent is currently two-to-one, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective.

The prior service contribution rate amortizes the unfunded actuarial liability. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2007 valuation is effective for rates beginning January 2009).

For financial reporting purposes, the projection of benefits for TMRS does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed above.

**Schedule of Actuarial Liabilities and Funding Progress**

	2008	2007	2006
Net pension obligation (NPO) at the beginning of the period	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution (ARC)	12,669,638	11,922,976	11,117,837
Interest on NPO adjustment to the ARC	-	-	-
Adjusted ARC	12,669,638	11,922,976	11,117,837
Contributions made	12,669,638	11,922,976	11,117,837
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

Multi-year historical trend information designed to provide information about TMRS's progress made in accumulating sufficient assets to pay benefits when due is presented in the Required Supplementary Information section of this report.

**CITY OF IRVING, TEXAS**  
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A summary of actuarial assumptions is as follows:

Actuarial Valuation Date	December 31, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years – Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Payroll growth	3%
Withdrawal rates (low, mid or high) for Male/Female	Mid-Low/Mid-Low
Inflation Rate	3%
Cost-of-Living Adjustments	2.1%

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate.) The City had an actuarial study conducted in June 2008. In an effort to reduce the required rate, the City rescinded the annual repeating annuity increase. If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city’s unfunded actuarial accrued liability would have been \$72,168,717 and the funded ratio would have been 77.8%

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

**(11) Voluntary Employee Beneficiary Association**

Effective August 31, 2000, the City established the City of Irving Voluntary Employee Beneficiary Association (VEBA) Trust. The purpose of the plan was to provide a temporary monthly benefit to certain eligible retirees of the City to help cover a portion of the eligible retiree's cost of medical coverage from the City. The benefit was initially established at a level that represented 75% of the "retiree-only" premium for the lowest cost medical plan offered by the City.

The VEBA Plan was significantly amended in September 2004 to include eligible active employees as well as eligible retirees. An eligible retiree means an individual who has retired or was eligible to retire from active service with the City before January 1, 2005 and has at least 25 years of service with the City before January 1, 2005 and has attained either (i) 55 years of age and at least 30 years of service with the City or (ii) 60 years of age and at least 25 years of service with the City is eligible to receive payment from this plan. The period of coverage commences with the enrollment of an eligible employee and ends on the later of (a) the date the eligible employee retires or (b) the last day of the month in which the eligible employee attains age 65. The monthly subsidy for eligible retirees is fixed at \$168.75. Annual VEBA subsidy payments totaled \$97,369 in fiscal year 2008.

Existing funds were allocated to establish a reserve sufficient to meet the full funding requirements for the current retirees and future eligible employees. The City has not made contributions during the fiscal year to the Trust.

There are currently 51 retirees enrolled in the plan:

Quality Connect	16
Choice POS II	35

Because the amounts in the Trust are for the benefit of both retirees and current employees and because the City has used funds from the Trust to subsidize current employee premiums to the healthcare plan, the Trust does not qualify to be considered an Other Post-Employment Benefit Plan subject to GASB Statement 43.

VEBA does not issue separate audited GAAP financial reports. Its financial statements are presented below:

Statement of Plan Net Assets

Assets	
Cash and cash equivalents	\$ 1,144,303
Interest receivable on investments	2,245
Total assets	<u>1,146,548</u>
Net Assets	
Held in trust for pension benefits and other purposes	\$ <u>1,146,548</u>

**CITY OF IRVING, TEXAS**  
Notes to Basic Financial Statements  
September 30, 2008

Statement of Changes in Plan Net Assets

Additions	
Interest	\$ <u>38,163</u>
Total additions	38,163
Deductions	
Benefits and refunds paid	<u>97,369</u>
Total deductions	97,369
Net change in plan net assets	(59,206)
Plan net assets, beginning of year	<u>1,205,754</u>
Plan net assets, end of year	<u><u>\$ 1,146,548</u></u>

**(12) Other Post-Employment Benefits**

Effective for fiscal year 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)” prospectively (no beginning Net OPEB Obligation).

**Plan Description:** In addition to the pension benefits described in Note 10, as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City and who are receiving benefits from the City’s sponsored retirement program (Texas Municipal Retirement System) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance of eligible retirees, their spouses and dependents through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established by management.

Effective January 1, 2006, employees may retire after attaining age 60 and at least five years of service or with 20 years of service regardless of age to remain on the group health and life insurance plan for life. Effective August 3, 2006, the group health benefit plan was revised a) to define “Retiree” as any former employee who has met the specified requirements for service or disability retirement under any one of the retirement plans sponsored by the City and b) to revise eligibility for medical benefits for retirees and dependents and clarified continuity of coverage for both the retiree and dependents. The retired employees are required to pay 100% of the premium. The plan does not issue a separate report. For financial reporting purposes, the retiree health plan is accounted for in the Self Insurance Fund. As of December 31, 2007, 207 participants were receiving benefits.

**Funding Policy:** Current retirees contribute to the retiree health plan the total blended premium for active participants and the City’s contribution for actives. The City’s contribution consists of pay-as-you-go claims in excess of the retiree contributions. Retiree contributions rates for fiscal year 2008 ranged from \$205.79 to \$792.34 per month depending on age and coverage levels selected. In fiscal year 2008, total member contributions were \$3,545,615. The City contribution to the plan of retiree claims net of retiree contributions for fiscal year 2008 was \$1,608,997.

**CITY OF IRVING, TEXAS**

Notes to Basic Financial Statements

September 30, 2008

Annual OPEB Cost and Net OPEB Obligation: The City’s annual other postemployment benefit (OPEB) cost (expense) for the retiree health plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation. As fiscal year 2008 is the first year of the implementation of GASB Statement 45, the OPEB obligation at the beginning of the year is zero and the OPEB cost (expense) is equal to the ARC.

Annual required contribution	\$4,092,290
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	4,092,290
Contributions made	<u>(1,608,987)</u>
Change in OPEB obligation	2,483,303
Net OPEB obligation (asset) – beginning of year	-
Net OPEB obligation (asset) – end of year	<u>\$2,483,303</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>OPEB Costs</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2008	\$4,092,290	39.3%	\$2,483,303

Funded Status and Funding Progress: As of December 31, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$52,330,932, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$75,385,907, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 69.4%.

Actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer 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, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information (only one year presented in this year of implementation) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs



## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

between the employer and plan members at 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 perspective of the calculations.

In the December 31, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4.5% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after 11 years. Both rates include a 3% inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a closed period. The remaining amortization period at December 31, 2007, was 30 years.

#### **(13) Landfill Closure and Postclosure Care Costs**

The City owns and operates a sanitary landfill site located in the southeast portion of the City. The landfill operates on a "cell" basis, and state and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The landfill is recorded within the governmental activities of the government-wide financial statements. The estimated total liability is \$4,050,425 which represents the total closure and postclosure care cost liability based on the use of approximately 35% of the estimated capacity of the landfill at September 30, 2008. The City will recognize the remaining estimated liability for closure and postclosure care of approximately \$10.2 million as the remaining estimated capacity is filled, currently estimated to be approximately 50 years. The estimated cost of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

By State law, the City will be required to demonstrate financial assurance requirements each April. The City expects that by using a "Bond Rating Indicator of Financial Strength" the financial assurance requirements will be satisfied, and no trust account will be needed to finance closure and postclosure care costs.

#### **(14) Commitments and Contingencies**

The City is committed under certain construction contracts for various general government and water utility projects.

The City has been named as a defendant or codefendant in certain personal injury cases and a number of other matters of litigation, which are pending with respect to various matters arising in the normal course of the City's operations. The outcome of these cases is not known at this time; however, City management is of the opinion that their resolution will not have a materially adverse impact on the City's financial position.

The Water and Sanitary Sewer Enterprise Fund is committed by contract to pay a portion of the operating and maintenance expenses for the useful lives of water supply facilities located at Lake Chapman (formerly the Cooper Reservoir). In addition, the City is committed by contract to pay a portion of the operating costs and future debt service of the Trinity River Authority for wastewater treatment.

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

The City participates in several federal and state grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. To the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2008 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

In April, 1996 the City entered into an agreement with a developer for reimbursement of a portion of the cost of constructing public infrastructure improvements under certain circumstances. The agreed upon total amount of possible reimbursement was \$25,701,286 for the construction of a bridge over IH635, extension of the IH635 frontage road and other interior roads and infrastructure on the site to be developed. The annual payments are based on real property ad valorem tax and sales tax generated by the buildings and the merchants on the site in excess of \$509,357. Each annual payment is subject to there being at least 550,000 square feet of building improvements with at least two-thirds of the improvements being occupied by merchants and the owners of the 550,000 square feet must not be in bankruptcy. Any portion of the reimbursable amount not paid after the expiration of fifty years will cease to be an obligation of the City. Payments have been made in 2002 (\$1,009,446), 2003 (\$970,653), 2004 (\$1,056,102), 2005 (\$1,033,729), 2006 (\$1,139,395), 2007 (\$1,476,142), and 2008 (\$1,816,112). Under an Amendment to the Agreement entered into in 2004, monthly rebates of sales tax generated by an individual retailer at the site reduce the balance of the reimbursable amount. Payments of \$72,695 were made during fiscal year 2004, \$403,678 during fiscal year 2005, \$491,654 in fiscal year 2006, \$408,915 in fiscal year 2007, and \$184,478 in fiscal year 2008 in accordance with this amendment. The outstanding balance of the reimbursable amount at 9/30/08 was \$15,638,287, and is not recorded as a liability since the payment is contingent on the collection of future tax revenues.

The City has provided credit enhancement assurances through an end-of-term loan repurchase agreement for \$27 million (\$3.5 million in July 2007, \$10 million in November 2007, \$10.5 million in March 2008 and \$3 million in October 2008) with Comerica Bank to facilitate the acquisition, cleanup and site preparation of selected parcels of real estate in the target area for the South Irving Heritage District. The loan and the associated outstanding loan balance if any, at the end of 60 months, would be purchased from the bank by the City and the City would receive the land as collateral and would assume the role of lender at that time. We believe that funds will be available in the project to pay the debt as it comes due and ultimately it is not anticipated that that it will be necessary for the City to fund any of the loan.

The City has also entered into a number of economic incentive agreements with developers and corporations that would require the City to abate or rebate future taxes or refund sales taxes to these developers or corporation.

#### **(15) Sale of Real Estate**

The City was involved in three real estate sales transactions with the Texas Department of Transportation in the amount of \$7.5 million, primarily for State Highway 183 Improvements and the Dallas Area Rapid Transit Light Rail Projects.

#### **(16) New Accounting Principles**

The GASB has issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" ("GASB 49") which will be effective for the City in the fiscal year ending September 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential

## CITY OF IRVING, TEXAS

### Notes to Basic Financial Statements

September 30, 2008

detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning.

The GASB has also issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" (GASB 51) which will be effective for the City in the fiscal year ending September 30, 2009. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

The GASB has also issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments" (GASB 52) which will be effective in the fiscal year ending September 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently report for other investments reported at fair value.

The GASB has also issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (GASB 53) which will be effective in the fiscal year ending September 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

The City is in the process of evaluating the impact of the implementation of these standards on its financial statements.

#### **(17) Subsequent Events**

On December 11, 2008, the City authorized an Entertainment Center Development Agreement with Las Colinas Group, LLC for the Design, Construction, and Operation of an Entertainment Venue in the Convention Center Complex. The Agreement includes provisions insuring the City's right to approve all design, development and construction decisions related to the development of the site. In addition, the City will commit \$5,000,000 of funding for Pre-Development work such as design development architectural drawings, economic feasibility studies, parking studies, preliminary engineering and other necessary Pre-Development activities. Funding for Pre-Development work will be provided through an initial private placement bond issue in Spring 2009. Funding for construction of the Entertainment Venue will be through subsequent bond financing. Debt service for these bond issues will be paid from revenue generated by the Brimer election and subsequent collection of taxes.

**CITY OF IRVING, TEXAS**

**Notes to Basic Financial Statements**

**September 30, 2008**

On January 30, 2009, the City issued \$125,940,000 in Combination Tax and Hotel Occupancy Tax Revenue Certificates of Obligation. These certificates will be used for the construction of the Convention Center and paying professional services of attorneys, financial advisors, engineers, and other professionals in connection with the project. This issuance will allow the City to construct a state-of-the-art Convention Center that will make Irving the top convention and entertainment destination for organizations from around the United States and the world.

\* \* \* \*

**City of Irving, Texas**  
Required Supplementary Information  
Budgetary Comparison Schedule--General Fund  
Year ended September 30, 2008

	Budgeted amounts (GAAP basis)		Actual amounts	Variance with final budget-- positive (negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 71,287,553	\$ 71,287,553	\$ 69,971,804	\$ (1,315,749)
Sales tax	48,064,667	49,309,667	50,650,481	1,340,814
Franchise fees	17,774,928	19,001,662	18,932,880	(68,782)
Fees and licenses	4,391,754	5,613,754	4,478,950	(1,134,804)
Permits and inspections	4,083,993	4,083,993	4,913,014	829,021
Fines, forfeitures, and penalties	7,466,825	7,466,825	7,567,511	100,686
Charges for services	9,014,399	8,889,619	9,042,741	153,122
Intergovernmental	5,136,486	5,136,486	4,018,809	(1,117,677)
Investment income	1,477,099	1,477,099	1,783,938	306,839
Miscellaneous	7,830,405	8,231,499	7,663,360	(568,139)
Total revenues	<u>176,528,109</u>	<u>180,498,157</u>	<u>\$179,023,488</u>	<u>(1,474,669)</u>
<b>Expenditures:</b>				
<b>General government:</b>				
City council	213,131	213,131	160,561	52,570
City secretary's office	1,123,824	1,093,060	906,979	186,081
City manager's office	1,413,110	1,277,126	1,281,318	(4,192)
Financial services department	8,120,248	12,532,585	5,628,285	6,904,300
Strategic resources and budget	3,184,435	2,906,107	2,700,929	205,178
Nondepartmental	26,572,258	18,162,330	17,390,454	771,876
Transportation summit	622,139	622,139	920,263	(298,124)
Planning and inspections	2,987,987	3,159,171	3,065,444	93,727
City attorney's office	2,074,204	2,119,555	1,995,854	123,701
General services	4,059,789	4,202,961	4,097,741	105,220
Information services	6,111,481	5,773,481	5,657,303	116,178
Police	48,721,435	48,353,360	49,571,109	(1,217,749)
Fire	31,007,163	31,308,655	32,559,915	(1,251,260)
Public health and environmental services	7,277,023	7,140,358	7,327,015	(186,657)
Animal services	1,175,154	1,083,711	1,140,830	(57,119)
Parks and recreation	13,679,187	14,237,120	13,598,925	638,195
Municipal court services	2,568,077	2,645,713	2,635,410	10,303
Library services	6,927,466	6,770,577	6,675,333	95,244
Community Development	3,156,780	3,130,968	3,034,269	96,699
Public works and transportation	11,871,965	12,047,701	11,990,571	57,130
Total expenditures	<u>182,866,856</u>	<u>178,779,809</u>	<u>172,338,508</u>	<u>6,441,301</u>
Excess (deficiency) of revenues over (under) expenditures	(6,338,747)	1,718,348	6,684,980	4,966,632
<b>Other financing sources (uses):</b>				
Transfers in	1,860,762	1,860,762	1,791,206	(69,556)
Transfers out	(2,394,915)	(10,831,437)	(8,440,801)	2,390,636
Total other financing sources	<u>(534,153)</u>	<u>(8,970,675)</u>	<u>(6,649,595)</u>	<u>2,321,080</u>
Net change in fund balances	(6,872,900)	(7,252,327)	35,385	7,287,712
Fund balances, beginning of year	34,204,003	34,204,003	34,204,003	-
Fund balances, end of year	<u>\$ 27,331,103</u>	<u>\$ 26,951,676</u>	<u>\$ 34,239,388</u>	<u>\$ 7,287,712</u>

See notes to required supplementary information

**CITY OF IRVING, TEXAS**

Required Supplementary Information  
 Supplemental Benefit Plan-  
 Schedule of Funding Progress  
 Last three calendar years  
 (Unaudited)

Actuarial valuation date	1/1/2006	1/1/2007	1/1/2008
Actuarial value of assets	\$ 39,671,823	\$ 41,806,201	\$ 44,704,859
Actuarial accrued liability	37,486,269	39,488,145	41,137,689
Percentage funded	105.8%	105.9%	108.7%
Overfunded actuarial accrued liability (UAAL)	(2,185,554)	(2,318,056)	(3,567,170)
Annual covered payroll	72,941,496	74,352,596	75,385,907
UAAL as a percentage of covered payroll	2.78%	2.79%	2.63%

Schedule of Employer Contributions  
 Last three calendar years  
 (Unaudited)

Year Ended	1/1/2006	1/1/2007	1/1/2008
Annual Required Contribution	-	-	-
Percentage Contributed	-	-	-

See notes to required supplementary information

**CITY OF IRVING, TEXAS**

Required Supplementary Information  
Firemen's Relief and Retirement Fund -  
Schedule of Funding Progress  
Last three calendar years  
(Unaudited)

<u>Actuarial Valuation Date</u>	<u>12/31/2003</u>	<u>12/31/2005</u>	<u>12/31/2007</u>
Actuarial Value of Assets	\$ 76,206,232	\$ 92,445,425	\$ 116,694,181
Actuarial Accrued Liability	107,044,656	125,179,454	149,020,808
Percentage Funded	71.19%	73.85%	78.31%
Unfunded Actuarial Accrued Liability (UAAL)	30,838,424	32,734,029	32,326,627
Annual Covered Payroll	18,167,800	18,375,492	19,514,322
UAAL as a Percentage of Covered Payroll	169.74%	178.14%	165.66%

Schedule of Employer Contributions  
Last three calendar years  
(Unaudited)

<u>Year Ended</u>	<u>12/31/2003</u>	<u>12/31/2005</u>	<u>12/31/2007</u>
Annual Required Contribution	2,790,870	3,099,895	3,542,106
Percentage Contributed	99.3%	97.0%	90.1%

See notes to required supplementary information

**CITY OF IRVING, TEXAS**

Required Supplementary Information  
Texas Municipal Retirement System -  
Schedule of Funding Progress  
Last three calendar years  
(Unaudited)

<u>Actuarial Valuation Date</u>	<u>12/31/05</u>	<u>12/31/06</u>	<u>12/31/07</u>
Actuarial value of assets	\$ 254,009,068	\$ 251,648,643	\$ 253,312,999
Actuarial accrued liability	312,240,943	316,779,625	374,813,288
Percentage funded	81.4%	79.4%	67.6%
Unfunded actuarial accrued liability (UAAL)	58,231,875	65,130,982	121,500,289
Annual covered payroll	75,085,686	77,096,544	79,133,170
UAAL as a percentage of covered payroll	77.6%	84.5%	153.5%

Schedule of Employer Contributions  
Last three calendar years  
(Unaudited)

<u>Year Ended</u>	<u>12/31/05</u>	<u>12/31/06</u>	<u>12/31/07</u>
Annual Required Contribution	11,117,837	11,922,976	12,669,638
Percentage Contributed	100%	100%	100%

See notes to basic financial statements

See notes to required supplementary information



**CITY OF IRVING, TEXAS**

**Required Supplementary Information  
Retiree Health Plan  
Schedule of Funding Progress  
(Unaudited)**

<u>Actuarial Valuation Date</u>	<u>12/31/2007</u>
Actuarial Value of Assets	-
Actuarial Accrued Liability	52,330,932
Percentage Funded	0%
Unfunded Actuarial Accrued Liability (UAAL)	52,330,932
Annual Covered Payroll	75,385,907
UAAL as a Percentage of Covered Payroll	69.42%

**Retiree Health Plan  
Schedule of Funding Progress  
(Unaudited)**

<u>Year Ended</u>	<u>12/31/2007</u>
Annual Required Contribution	4,092,290
Percentage Contributed	39.3%

See notes to required supplementary information

# CITY OF IRVING, TEXAS

## Notes to Required Supplementary Information

September 30, 2008  
(unaudited)

### **(1) Budgets and Budgetary Accounting**

Approximately two months prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted in advance of and following the initial preparation of the budget at which comments concerning the budget are heard prior to approval of the budget by the City Council.

The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies.

Budget control is exercised at the activity level by department (i.e., City Manager's Office, City Secretary's Office, Financial Services, General Services, etc.). Reported budget amounts are the amounts originally adopted and amended by appropriation ordinances passed by the City Council. All modifications to the adopted budget require City Council ordinance.

An annual budget for the General Fund is adopted on a basis consistent with GAAP. All appropriations lapse at year-end. Additionally, annual budgets are adopted for the Debt Service Fund and certain Special Revenue Funds on a basis consistent with GAAP. Project length financial plans are adopted for all Capital Project Funds.

### **(2) Excess Expenditures over Appropriations**

The total expenditures for the General Fund were less than the amount budgeted by \$6,441,306. However, certain departments exceeded the final budgeted amounts.

The City Manager's office exceeded budget by \$4,192 because Emergency Management had a vehicle out for repair for several months and was charged for loaner fees that were not budgeted. The Fleet department charges a per mile fee on loaner cars.

The Transportation Summit was over budget by \$298,124. This overage was contributed to consulting fees paid. The fees and commissions are based on the amount of revenue generated, and there was an increase in the revenues for Transportation Summit for the current year.

In the Police department, an increase in overtime and vehicle maintenance accounted for the overage of \$1,217,749 in FY08. Crime reduction initiatives, two hurricane relief initiatives, task force projects, increased security at City Hall and Action America protests are items that created overages for overtime. Increases in fuel expenses and outsourcing of Fleet work explain the overages in vehicle maintenance.

The Fire department was over budget by \$1,251,260. Increases in salaries and wages and vehicle maintenance accounted for the overage. Factors that impacted salaries and wages were multiple vacancies created by retirements, increased focus on training which caused overtime required to back-fill positions while personnel are in training, new community programs, changes in Academy requirements for new-hires, major incidents (fires, storms, and hurricane relief efforts), and additional time off for tenured employee, and personnel on extended leaves. Increases in fuel expenses and outsourcing of Fleet work are reasons for overages in vehicle maintenance.

Public Health and Environmental Services was over budget by \$186,686. This overage was due to fuel expense increases and replacement of older equipment.

The Animal Services department exceeded its budget by \$57,118. This variance was due to the annual vaccine clinic and disease outbreak that required additional chemical and surgical supplies that were not budgeted.

## **CITY OF IRVING, TEXAS**

### **Debt Service Fund**

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The general long-term debt serviced by the Debt Service Fund consists of general obligation bonds and special revenue bonds due in annual installments. The City's property tax is levied, in part, to finance the debt service agreements of the general obligation bonds. The Debt Service Fund has a legally adopted budget. The following schedule presents the results on a budget (GAAP) and actual basis.

**City of Irving, Texas**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Debt Service Fund

Year ended September 30, 2008

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>Revenues:</b>				
General property taxes	\$ 23,395,861	23,395,861	22,708,720	(687,141)
Hotel/motel occupancy taxes	470,250	470,250	470,250	-
Interest	949,693	949,693	563,047	(386,646)
Total revenues	<u>24,815,804</u>	<u>24,815,804</u>	<u>23,742,017</u>	<u>(1,073,787)</u>
<b>Expenditures:</b>				
Principal on general obligation bonds	14,270,000	14,270,000	14,270,000	-
Principal on special revenue bonds	1,035,000	1,035,000	1,035,000	-
Principal on tax note	1,355,000	1,355,000	1,355,000	-
Interest on general obligation bonds	8,795,758	8,795,758	8,636,671	159,087
Interest on special revenue bonds	493,215	493,215	429,797	63,418
Interest on tax note	66,350	66,350	53,898	12,452
Fiscal fees and charges	10,000	10,000	26,462	(16,462)
Contract payments	1,600,000	1,600,000	1,816,112	(216,112)
Total expenditures	<u>27,625,323</u>	<u>27,625,323</u>	<u>27,622,940</u>	<u>2,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,809,519)</u>	<u>(2,809,519)</u>	<u>(3,880,923)</u>	<u>(1,071,404)</u>
<b>Other financing sources:</b>				
Transfer in	901,215	901,215	901,215	-
Total other financing sources	<u>901,215</u>	<u>901,215</u>	<u>901,215</u>	<u>-</u>
Net change in fund balance	(1,908,304)	(1,908,304)	(2,979,708)	(1,071,404)
Fund balances, beginning of year	<u>11,198,790</u>	<u>11,198,790</u>	<u>11,198,790</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,290,486</u>	<u>9,290,486</u>	<u>8,219,082</u>	<u>(1,071,404)</u>

## CITY OF IRVING, TEXAS

### Nonmajor Governmental Funds

#### Special Revenue Funds

Special Revenue Funds account for proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City's funds accounted for as Special Revenue Funds are as follows:

**Criminal Justice Grant** – This fund is used to account for the expenditures of state and federal monies, to provide legal assistance to the City's police department, and to provide a program to reduce juvenile delinquency.

**Texas Stadium Fund** – This fund is used to account for the operations of a sports arena owned by the City. Rental fees received from Texas Stadium Corporation, which leases the stadium from the City, generates revenue. Activities accounted for in this fund include, but are not limited to, capital improvements to the structure.

**Irving Convention and Visitors Bureau** – This fund is used to account for the City's program to attract conventions and tourists to the City. A portion of the City's hotel/motel occupancy tax finances the Bureau's activities.

**Irving Arts Center** – This fund is used to account for the City's efforts to encourage and develop the arts through grants to various cultural groups and through the accumulation of funds for the future construction of cultural facilities. A portion of the City's hotel/motel occupancy tax finances the Art Center's activities.

**Police Narcotics** – This fund is used to account for the expenditures from assets acquired through narcotics arrests. The expenditures are restricted to law enforcement activities by state law.

**Historical Preservation** – This fund is used to account for the City's efforts to preserve and restore historical sites within the City. A portion of the City's hotel/motel occupancy tax finances the fund's activities.

**Local Law Enforcement Block Grant** – This fund is used to account for the expenditures of state and federal monies used to purchase equipment and materials for use within the Police Department.

**Municipal Court Security Fees** – This fund is used to account for the collection of fees imposed on fines authorized by the state legislature for security measures utilized in the Court Building.

**Texas Highway Safety Grant** – This fund is used to account for the expenditures of State monies for the Speed and Occupant Selective Traffic Enforcement Program (STEP) Grants.

**Miscellaneous Grant** – This fund is used to account for the expenditures of monies for the Homeland Security Grant, Department of Health and Human Service, and the North Central Texas Council of Governments.

**TIF Fund** – This fund is used to account for the expenditures incurred in administering the Tax Increment Financing (TIF) program.

**Convention Center Complex** – This fund is used to account for the Hotel/Motel Tax revenue that has been earmarked for the eventual building of the Irving Convention Center Complex.

**Entertainment Venue Fund** – This fund is used to account for the additional two percent Hotel Motel Tax revenue that is being collected to provide funding for an Entertainment Venue as part of the Convention Center complex.

## CITY OF IRVING, TEXAS

**Museum Fund** – This fund is used to account for the Hotel/Motel Tax revenue that has been designated for the building and operation of Mustang Museum.

**HUD Grants** – This fund is used to account for the expenditures resulting from the administration of the federal grants received from the Department of Housing and Urban Development (HUD). The grants included in this fund are the Community Development Block Grant (CDBG), HOME Investment Partnership Grant, and the Emergency Shelter Grant (ESG) and Section 108 Guarantee Loan.

**Library Grant Fund** - This fund is used to account for the expenditure of monies for the purchase of library materials and equipment.

**Municipal Drainage Utility** - This fund is used to account for fees assessed to property owners for improvements to the storm water drainage system and to provide for treatment facilities as required by federal legislation.

**Traffic Grant Fund** - This fund is used to account for the expenditure of monies awarded by the Texas Department of Transportation for the installation of traffic signals at intersections through-out the City.

**Compensated Absence Fund** - This fund is for the accumulation of payments the City would be required to make for compensated absences upon employee termination.

**Miscellaneous Fund** – This fund is used to account for the receipt of non-governmental donations and associated expenditures. Currently, this fund is used by the Irving Municipal Court, Irving Fire Department and the Public Health and Environmental Services Department.

**Emergency Management Grants-** This fund is used to account for the expenditure of monies awarded by the Department of Homeland Security to improve the City's ability to prevent, respond to and recover from acts of terrorism and natural disasters.

**Red Light Camera Enforcement Fund** – This fund accounts for all revenues and expenditures associated with Red Light Camera traffic enforcement.

**Irving Housing Finance Corporation-** This fund is used to record expenditures resulting from the purchases of real estate for rehabilitation/ new construction and homebuyer assistance to the citizens of Irving.

**Entertainment Venue Fund** – This fund is used to account for the additional two percent Hotel Motel Tax revenue that is being collected to provide funding for an Entertainment Venue as part of the Convention Center complex.

### Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Special Revenue Funds).

**Storm Sewer** – This fund is used to account for the financing and construction of improvements to and the extension of the City's storm sewer system. The proceeds of general obligation bonds and interest on investments are used to finance the construction costs.

**Park Improvement** – This fund is used to account for the financing of improvements to and enlargements of the City's parks. These improvements and enlargements are funded by general obligation bond proceeds and interest on investments.

## CITY OF IRVING, TEXAS

**Fire Station** – This fund is used to account for the financing of the construction and renovation of fire stations and the acquisition of fire fighting equipment. General obligation bond proceeds and interest on investments are the sources of financing of the building renovation and equipment purchases.

**Library** – This fund is used to account for the financing, construction, and furnishing of a library facility with the proceeds of general obligation bonds and interest on investments.

**Criminal Justice** – This fund is used to account for the financing and construction of police and court-related facilities. The proceeds of general obligation bonds and interest on investments are used to finance the construction costs.

**Landfill** – This fund is used to account for the financing of improvements to the sanitary landfill. The proceeds of general obligation bonds and interest on investments are used to finance the improvements.

**City Buildings Improvement** – This fund is used to account for the financing of improvements and remodeling of various City buildings. The proceeds of general obligation bonds and interest on investments are used to finance the improvements

**DART** – This fund is used to account for the construction of improvements to and the extension of the City's streets, which are part of the DART transportation routes. The construction is financed from sales tax proceeds remitted to the City through DART and interest on investments.

**Radio Communication Systems** – This fund is used to account for the purchase of a citywide radio communications system. The proceeds of general obligation bonds and interest on investments are used to finance the purchase.

**Youth Development/Community Center Fund** – This fund is used to account for the financing, improvements and constructions of facilities for the City's youth.

**Nonbond CIP** – This fund is used to account for the purchases and construction of miscellaneous capital projects that are not required either legally or contractually to be accounted for in an individual fund. These projects are being funded through a transfer from the General Fund and interest on investments.

**Convention Center Construction** – This fund was established to account for construction of the City's proposed Convention Center.

**Texas Stadium Venue Project Fund** – This fund was established to account for 10% admissions tax and a tax on parking fees (under a state statute referred to as the Brimer bill) over the remaining football seasons. These funds will assist the City in assuming responsibility for the venue site and facilities and will be applied to fund a range of capital project authorized under that statute.

**Veteran's Memorial Park Fund** – This fund is used to account for the continued construction of the Veteran's Memorial at its existing location from General Obligation Bonds and interest on investments.

**Animal Shelter Fund** – This fund is used to account for the finance and purchase of land to build a new animal shelter. The new facility will be a joint project housing the City Animal Services operation and the DFW Human Society.

**Infrastructure Fund** – This fund is used to account for capital improvement program items funded through the use of Certificates of Obligation.

**City of Irving, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2008**

**Special Revenue Funds**

	<b>Criminal Justice Grant</b>	<b>Texas Stadium Fund</b>	<b>Irving Convention and Visitors Bureau</b>	<b>Irving Arts Center</b>	<b>Police Narcotics</b>	<b>Historical Preservation</b>	<b>Local Law Enforcement Block Grant</b>	<b>Municipal Court Security Fees</b>	<b>Texas Highway Safety Grant</b>	<b>Misc. Grant</b>	<b>TIF Fund</b>
<b>Assets</b>											
Cash and cash equivalents	\$ -	2,909,195	5,296,777	4,540,854	553,714	463,630	17	467,183	-	416,454	3,272,018
Investments	-	5,955,622	-	-	1,235,926	-	-	760,029	-	196,627	-
Receivables (net of allowance for doubtful accounts):											
Taxes	-	-	1,526,335	1,057,723	-	25,707	-	-	-	-	-
Accrued interest	-	14,038	11,221	8,695	8,994	831	-	7,392	-	186	6,215
Accounts receivable	-	158,334	34,184	19,172	-	-	-	-	-	-	-
Real estate held for resale											
Due from other funds	-	-	-	17,853	-	-	-	-	-	-	-
Due from other governments	7,152	-	-	-	-	-	-	-	81,139	1	-
Other Assets	-	-	-	650	-	-	-	1,305	-	2,275	-
Total assets	\$ 7,152	9,037,189	6,868,517	5,644,947	1,798,634	490,168	17	1,235,909	81,139	615,543	3,278,233
<b>Liabilities and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	89,196	186,270	62,738	-	5,198	-	6,323	-	91,378	-
Accrued wages and benefits	4,220	-	71,617	54,926	67	6,448	-	3,085	4,617	-	-
Due to other funds	2,932	-	62,044	22,874	-	1,071	-	-	76,522	-	23,231
Retainage payable	-	-	-	-	-	-	-	-	-	-	-
Sundry payables	-	-	-	61,023	206,669	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	17	-	-	256,584	-
Total Liabilities	7,152	89,196	319,931	201,561	206,736	12,717	17	9,408	81,139	347,962	23,231
<b>Fund balances:</b>											
Reserved for:											
Encumbrances	-	261,404	1,050,684	1,256,886	722,627	6,717	-	5,472	-	155,552	1,044,182
Unreserved, undesignated	-	8,686,589	5,497,902	4,186,500	869,271	470,734	-	1,221,029	-	112,029	2,210,820
Total fund balances	-	8,947,993	6,548,586	5,443,386	1,591,898	477,451	-	1,226,501	-	267,581	3,255,002
Total liabilities and fund balances	\$ 7,152	9,037,189	6,868,517	5,644,947	1,798,634	490,168	17	1,235,909	81,139	615,543	3,278,233



**City of Irving, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2008**  
**(Continued)**

**Special Revenue Funds**

Convention Center Complex	Entertainment Venue	Museum Fund	HUD Grants	Library Grant Fund	Municipal Drainage Utility	Traffic Grant Fund	Compensated Absence Fund	Miscellaneous Fund	Emergency Management Grant	Red Light Camera Enforcement	Irving Housing Finance Corp	Total nonmajor special revenue funds
14,288,541	709,390	365,169	15,306	45,251	1,388,556	38	1,387,996	180,932	-	366,331	401,902	37,069,254
5,213,385	494,345	2,339,114	-	-	1,482,244	-	-	-	-	-	-	17,677,292
1,071,112	1,071,113	64,267	-	-	-	-	-	-	-	-	-	4,816,257
64,069	184	19,662	-	-	14,069	-	-	-	-	-	420	155,976
-	-	-	-	-	268,667	-	-	-	-	108,037	-	588,394
-	-	-	-	-	-	-	-	-	-	-	269,874	269,874
-	-	-	-	-	-	-	-	-	-	-	-	17,853
-	-	-	643,911	10,018	-	-	-	-	279,792	-	-	1,022,013
-	-	-	7,587	1,225	-	-	-	32,377	-	-	-	45,419
<u>20,637,107</u>	<u>2,275,032</u>	<u>2,788,212</u>	<u>666,804</u>	<u>56,494</u>	<u>3,153,536</u>	<u>38</u>	<u>1,387,996</u>	<u>213,309</u>	<u>279,792</u>	<u>474,368</u>	<u>672,196</u>	<u>61,662,332</u>
684,148	155,987	5,631	77,075	31,007	85,075	-	-	800	1,087	164,683	-	1,646,596
-	-	13,086	43,518	-	90,676	-	89,481	-	3,293	4,745	-	389,779
-	-	2,678	539,456	-	-	-	-	-	275,412	-	-	1,006,220
-	-	-	-	-	22,739	-	-	-	-	-	-	22,739
-	-	-	-	-	-	-	-	-	-	-	-	267,692
-	-	-	-	15,358	-	-	-	61,027	-	-	-	332,986
<u>684,148</u>	<u>155,987</u>	<u>21,395</u>	<u>660,049</u>	<u>46,365</u>	<u>198,490</u>	<u>-</u>	<u>89,481</u>	<u>61,827</u>	<u>279,792</u>	<u>169,428</u>	<u>-</u>	<u>3,666,012</u>
19,952,959	-	4,658	-	-	935,799	-	-	10,970	-	-	2,200	25,410,110
-	2,119,045	2,762,159	6,755	10,129	2,019,247	38	1,298,515	140,512	-	304,940	669,996	32,586,210
<u>19,952,959</u>	<u>2,119,045</u>	<u>2,766,817</u>	<u>6,755</u>	<u>10,129</u>	<u>2,955,046</u>	<u>38</u>	<u>1,298,515</u>	<u>151,482</u>	<u>-</u>	<u>304,940</u>	<u>672,196</u>	<u>57,996,320</u>
<u>20,637,107</u>	<u>2,275,032</u>	<u>2,788,212</u>	<u>666,804</u>	<u>56,494</u>	<u>3,153,536</u>	<u>38</u>	<u>1,387,996</u>	<u>213,309</u>	<u>279,792</u>	<u>474,368</u>	<u>672,196</u>	<u>61,662,332</u>

**City of Irving, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2008**

**Capital Project Funds**

	<b>Storm Sewer</b>	<b>Park Improve- ment</b>	<b>Fire Station</b>	<b>Library</b>	<b>Criminal Justice</b>	<b>Landfill</b>	<b>City Buildings Improve- ment</b>	<b>DART</b>
<b>Assets</b>								
Cash and cash equivalents	\$ 2,607,025	5,796,878	3,290,613	2,594,013	24,542	1,305,901	2,244,321	2,190,830
Investments	-	-	785,060	-	-	591,790	1,824,065	989,172
Receivables (net of allowance for doubtful accounts):								
Taxes	-	-	-	-	-	-	-	-
Accrued interest	5,179	9,828	13,386	4,725	56	8,345	18,439	10,499
Accounts receivable	-	-	-	-	-	-	-	-
Real estate held for resale	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,612,204</b>	<b>5,806,706</b>	<b>4,089,059</b>	<b>2,598,738</b>	<b>24,598</b>	<b>1,906,036</b>	<b>4,086,825</b>	<b>3,190,501</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 34,632	98,655	24,850	-	-	21,130	287,050	-
Accrued wages and benefits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Retainage payable	1,610	279,394	-	-	-	-	21,001	-
Sundry payables	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	1,344,887
<b>Total liabilities</b>	<b>36,242</b>	<b>378,049</b>	<b>24,850</b>	<b>-</b>	<b>-</b>	<b>21,130</b>	<b>308,051</b>	<b>1,344,887</b>
<b>Fund balances:</b>								
Reserved for:								
Encumbrances	416,507	2,045,131	440,916	39,311	8,050	2,568,800	1,125,686	202,351
Unreserved, undesignated	2,159,455	3,383,526	3,623,293	2,559,427	16,548	(683,894)	2,653,088	1,643,263
<b>Total fund balances</b>	<b>2,575,962</b>	<b>5,428,657</b>	<b>4,064,209</b>	<b>2,598,738</b>	<b>24,598</b>	<b>1,884,906</b>	<b>3,778,774</b>	<b>1,845,614</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,612,204</b>	<b>5,806,706</b>	<b>4,089,059</b>	<b>2,598,738</b>	<b>24,598</b>	<b>1,906,036</b>	<b>4,086,825</b>	<b>3,190,501</b>

**City of Irving, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2008**  
(Continued)

**Capital Project Funds**

<b>Radio Communi- cation Systems</b>	<b>Youth Development Community Center</b>	<b>Non-bond CIP</b>	<b>Convention Center Construction</b>	<b>Texas Stadium Venue Project</b>	<b>Veterans Memorial Park</b>	<b>Animal Shelter</b>	<b>Infrastructure Fund</b>	<b>Total nonmajor capital project funds</b>	<b>Total Nonmajor Governmental Funds</b>
97,740	250,735	9,629,774	298,154	10,992,496	206,724	564,988	493,140	42,587,874	\$ 79,657,128
934,639	-	-	247,667	988,133	2,414,045	5,078,602	787,671	14,640,844	32,318,136
-	-	-	-	-	-	-	-	-	4,816,257
7,100	2,300	543	1,583	21,912	6,086	14,471	454	124,906	280,882
-	-	-	-	787,354	-	-	-	787,354	1,375,748
-	-	-	-	-	-	-	-	-	269,874
-	-	-	-	-	-	-	-	-	17,853
-	-	-	-	-	-	-	-	-	1,022,013
-	-	-	-	-	-	-	-	-	45,419
<u>1,039,479</u>	<u>253,035</u>	<u>9,630,317</u>	<u>547,404</u>	<u>12,789,895</u>	<u>2,626,855</u>	<u>5,658,061</u>	<u>1,281,265</u>	<u>58,140,978</u>	<u>119,803,310</u>
11,635	4,999	48,840	-	-	78,303	19,406	77,736	707,236	2,353,832
-	-	-	-	-	-	-	-	-	389,779
-	-	-	-	-	-	-	-	-	1,006,220
-	97,359	-	-	-	6,628	-	-	405,992	428,731
-	-	-	-	-	-	-	-	-	267,692
-	-	-	-	2,917,288	-	-	-	4,262,175	4,595,161
<u>11,635</u>	<u>102,358</u>	<u>48,840</u>	<u>-</u>	<u>2,917,288</u>	<u>84,931</u>	<u>19,406</u>	<u>77,736</u>	<u>5,375,403</u>	<u>9,041,415</u>
11,837	114,551	2,578,621	-	-	2,294,966	5,433,611	331,700	17,612,038	43,022,148
1,016,007	36,126	7,002,856	547,404	9,872,607	246,958	205,044	871,829	35,153,537	67,739,747
<u>1,027,844</u>	<u>150,677</u>	<u>9,581,477</u>	<u>547,404</u>	<u>9,872,607</u>	<u>2,541,924</u>	<u>5,638,655</u>	<u>1,203,529</u>	<u>52,765,575</u>	<u>110,761,895</u>
<u>1,039,479</u>	<u>253,035</u>	<u>9,630,317</u>	<u>547,404</u>	<u>12,789,895</u>	<u>2,626,855</u>	<u>5,658,061</u>	<u>1,281,265</u>	<u>58,140,978</u>	<u>\$ 119,803,310</u>

**City of Irving, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**September 30, 2008**

**Special Revenue Funds**

	<b>Criminal Justice Grant</b>	<b>Texas Stadium Fund</b>	<b>Irving Convention and Vistors Bureau</b>	<b>Irving Arts Center</b>	<b>Police Narcotics</b>	<b>Historical Preservation</b>	<b>Local Law Enforcement Block Grant</b>	<b>Municipal Court Security Fees</b>	<b>Texas Highway Safety Grant</b>	<b>Misc Grant</b>	<b>TIF Fund</b>
<b>Revenues:</b>											
Taxes	\$ -	-	6,523,460	4,050,393	-	114,484	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	330,522	-	-	-
Charges for services	-	2,287,220	-	574,895	59,948	-	-	-	-	-	-
Intergovernmental	95,215	-	-	-	233,576	-	62,151	-	133,599	333,665	3,180,072
Investment income	-	844,722	179,814	129,976	48,340	13,859	-	35,071	-	186	69,734
Sale of property	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	71,246	225,832	-	-	-	24,201	-	17,613	-
<b>Total revenues</b>	<b>95,215</b>	<b>3,131,942</b>	<b>6,774,520</b>	<b>4,981,096</b>	<b>341,864</b>	<b>128,343</b>	<b>62,151</b>	<b>389,794</b>	<b>133,599</b>	<b>351,464</b>	<b>3,249,806</b>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	-	-	-	-	-	-	37,147	-
Police	145,689	-	-	-	121,768	-	62,151	-	133,599	45,191	-
Fire	-	-	-	-	-	-	-	-	-	235,974	-
Parks	-	-	-	-	-	-	-	-	-	175,900	-
Public health and environmental services	-	-	-	-	-	-	-	-	-	9,186	-
Municipal court	-	-	-	-	-	-	-	453,197	-	15,556	-
Library	-	-	-	-	-	-	-	-	-	-	-
Community development	-	1,083,670	6,646,723	3,909,515	-	90,904	-	-	-	-	3,060,645
Drainage utilities	-	-	-	-	-	-	-	-	-	-	-
Traffic and transportation	-	-	-	-	-	-	-	-	-	-	-
<b>Debt Service</b>											
Principal on Loan	-	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>145,689</b>	<b>1,083,670</b>	<b>6,646,723</b>	<b>3,909,515</b>	<b>121,768</b>	<b>90,904</b>	<b>62,151</b>	<b>453,197</b>	<b>133,599</b>	<b>518,954</b>	<b>3,060,645</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(50,474)</b>	<b>2,048,272</b>	<b>127,797</b>	<b>1,071,581</b>	<b>220,096</b>	<b>37,439</b>	<b>-</b>	<b>(63,403)</b>	<b>-</b>	<b>(167,490)</b>	<b>189,161</b>
<b>Other financing sources (uses):</b>											
Proceeds of general obligation and certificate of obligation bonds	-	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-	-
Transfers in	50,474	-	-	-	-	-	-	-	-	47,195	1,938,805
Transfers out	-	(1,300,000)	(100,000)	-	-	(41,250)	-	-	-	-	(23,221)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>50,474</b>	<b>(1,300,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>(41,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,195</b>	<b>1,915,584</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>748,272</b>	<b>27,797</b>	<b>1,071,581</b>	<b>220,096</b>	<b>(3,811)</b>	<b>-</b>	<b>(63,403)</b>	<b>-</b>	<b>(120,295)</b>	<b>2,104,745</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>8,199,721</b>	<b>6,520,789</b>	<b>4,371,805</b>	<b>1,371,802</b>	<b>481,262</b>	<b>-</b>	<b>1,289,904</b>	<b>-</b>	<b>387,876</b>	<b>1,150,257</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>8,947,993</b>	<b>6,548,586</b>	<b>5,443,386</b>	<b>1,591,898</b>	<b>477,451</b>	<b>-</b>	<b>1,226,501</b>	<b>-</b>	<b>267,581</b>	<b>3,255,002</b>

**City of Irving, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**September 30, 2008**  
(Continued)

**Special Revenue Funds**

Convention Center Complex	Entertainment Venue	Museum Fund	HUD Grants Fund	Library Grant Fund	Municipal Drainage Utility	Traffic Grant Fund	Compensated Absences Fund	Miscellaneous Special Revenue	Emergency Management Grant	Red Light Camera Enforcement	Irving Housing Finance Corp	Total nonmajor special revenue funds
4,577,867	2,275,450	286,210	-	-	-	-	-	-	-	-	-	17,827,864
-	-	-	-	-	-	-	-	-	-	732,158	-	1,062,680
-	-	-	-	-	4,401,189	-	-	-	-	-	-	7,323,252
-	-	-	4,206,251	66,280	-	-	-	-	467,979	-	-	8,778,788
711,339	184	104,634	-	-	85,561	-	4,041	-	-	-	7,120	2,234,581
-	-	-	-	-	-	-	-	-	-	-	814,398	814,398
-	-	4,862	97,873	106,440	-	-	-	27,853	-	-	-	575,920
<u>5,289,206</u>	<u>2,275,634</u>	<u>395,706</u>	<u>4,304,124</u>	<u>172,720</u>	<u>4,486,750</u>	<u>-</u>	<u>4,041</u>	<u>27,853</u>	<u>467,979</u>	<u>732,158</u>	<u>821,518</u>	<u>38,617,483</u>
-	-	-	-	-	-	-	1,282,054	8,340	467,979	-	-	1,795,520
-	-	-	-	-	-	-	-	53,315	-	-	-	561,713
-	-	-	-	-	-	-	-	770	-	-	-	236,744
-	-	-	-	-	-	-	-	-	-	-	-	175,900
-	-	-	-	-	-	-	-	12,983	-	-	-	22,169
-	-	-	-	-	-	-	-	521	-	-	-	469,274
-	-	-	-	165,982	-	-	-	-	-	-	-	165,982
5,821,885	156,589	342,838	2,819,009	-	-	-	-	-	-	-	1,394,881	25,326,659
-	-	-	-	-	3,996,393	-	-	-	-	-	-	3,996,393
-	-	-	-	-	-	-	-	-	-	497,994	-	497,994
-	-	-	475,000	-	-	-	-	-	-	-	-	475,000
-	-	-	215,312	-	-	-	-	-	-	-	-	215,312
<u>5,821,885</u>	<u>156,589</u>	<u>342,838</u>	<u>3,509,321</u>	<u>165,982</u>	<u>3,996,393</u>	<u>-</u>	<u>1,282,054</u>	<u>75,929</u>	<u>467,979</u>	<u>497,994</u>	<u>1,394,881</u>	<u>33,938,660</u>
(532,679)	2,119,045	52,868	794,803	6,738	490,357	-	(1,278,013)	(48,076)	-	234,164	(573,363)	4,678,823
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
(801,215)	-	-	(806,005)	-	-	-	2,350,000	-	-	-	806,005	5,192,479
-	-	-	-	-	-	-	-	-	-	-	-	(3,071,691)
<u>(801,215)</u>	<u>-</u>	<u>-</u>	<u>(806,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,005</u>	<u>2,120,788</u>
(1,333,894)	2,119,045	52,868	(11,202)	6,738	490,357	-	1,071,987	(48,076)	-	234,164	232,642	6,799,611
<u>21,286,853</u>	<u>-</u>	<u>2,713,949</u>	<u>17,957</u>	<u>3,391</u>	<u>2,464,689</u>	<u>38</u>	<u>226,528</u>	<u>199,558</u>	<u>-</u>	<u>70,776</u>	<u>439,554</u>	<u>51,196,709</u>
<u>19,952,959</u>	<u>2,119,045</u>	<u>2,766,817</u>	<u>6,755</u>	<u>10,129</u>	<u>2,955,046</u>	<u>38</u>	<u>1,298,515</u>	<u>151,482</u>	<u>-</u>	<u>304,940</u>	<u>672,196</u>	<u>57,996,320</u>

**City of Irving, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year ended September 30, 2008**

<b>Capital Projects Funds</b>								
	<b>Storm Sewer</b>	<b>Park Improve- ment</b>	<b>Fire Station</b>	<b>Library</b>	<b>Criminal Justice</b>	<b>Landfill</b>	<b>City Buildings Improve- ment</b>	<b>DART</b>
<b>Revenues:</b>								
Taxes	\$ -	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	537,269
Investment income	113,524	219,939	92,878	85,900	962	110,590	164,364	118,211
Sale of property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>113,524</b>	<b>219,939</b>	<b>92,878</b>	<b>85,900</b>	<b>962</b>	<b>110,590</b>	<b>164,364</b>	<b>655,480</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-
Public health and environmental services	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Drainage utilities	-	-	-	-	-	-	-	-
Information services	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal on Loan	-	-	-	-	-	-	-	-
Interest and other charges	2,677	11,586	9,743	-	2,090	3,163	-	-
Capital outlay	1,398,613	5,866,599	932,595	538,901	9,567	2,953,167	1,504,191	537,269
<b>Total expenditures</b>	<b>1,401,290</b>	<b>5,878,185</b>	<b>942,338</b>	<b>538,901</b>	<b>11,657</b>	<b>2,956,330</b>	<b>1,504,191</b>	<b>537,269</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,287,766)</b>	<b>(5,658,246)</b>	<b>(849,460)</b>	<b>(453,001)</b>	<b>(10,695)</b>	<b>(2,845,740)</b>	<b>(1,339,827)</b>	<b>118,211</b>
<b>Other financing sources (uses):</b>								
Proceeds of general obligation and certificate of obligation bonds	-	3,425,000	2,825,000	-	-	935,000	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,425,000</b>	<b>2,825,000</b>	<b>-</b>	<b>-</b>	<b>935,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,287,766)</b>	<b>(2,233,246)</b>	<b>1,975,540</b>	<b>(453,001)</b>	<b>(10,695)</b>	<b>(1,910,740)</b>	<b>(1,339,827)</b>	<b>118,211</b>
Fund balances, beginning of year	3,863,728	7,661,903	2,088,669	3,051,739	35,293	3,795,646	5,118,601	1,727,403
<b>Fund balances, end of year</b>	<b>\$ 2,575,962</b>	<b>5,428,657</b>	<b>4,064,209</b>	<b>2,598,738</b>	<b>24,598</b>	<b>1,884,906</b>	<b>3,778,774</b>	<b>1,845,614</b>

**City of Irving, Texas**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year ended September 30, 2008

Capital Projects Funds									Total
Radio Communi- cation Systems	Youth Development Community Center	Non-bond CIP	Convention Center Construction	Texas Stadium Venue Project	Veterans Memorial Park	Animal Shelter	Infrastructure Fund	Total Capital Projects	Total Nonmajor Governmental Funds
-	-	-	-	6,230,012	-	-	-	6,230,012	24,057,876
-	-	-	-	-	-	-	-	-	1,062,680
-	-	-	-	-	-	-	-	-	7,323,252
-	-	-	-	-	-	-	-	537,269	9,316,057
32,176	51,184	88,640	12,026	260,336	27,662	90,127	8,937	1,477,456	3,712,037
-	-	-	-	-	-	-	-	-	814,398
-	-	1,769,600	-	-	-	-	-	1,769,600	2,345,520
<u>32,176</u>	<u>51,184</u>	<u>1,858,240</u>	<u>12,026</u>	<u>6,490,348</u>	<u>27,662</u>	<u>90,127</u>	<u>8,937</u>	<u>10,014,337</u>	<u>48,631,820</u>
-	-	-	-	-	-	-	-	-	1,795,520
-	-	-	-	-	-	-	-	-	561,713
-	-	-	-	-	-	-	-	-	236,744
-	-	-	-	-	-	-	-	-	175,900
-	-	-	-	-	-	-	-	-	22,169
-	-	-	-	-	-	-	-	-	469,274
-	-	-	-	-	-	-	-	-	165,982
-	-	-	-	-	-	-	-	-	25,326,659
-	-	-	-	-	-	-	-	-	3,996,393
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	497,994
-	-	-	-	-	-	-	-	-	475,000
-	-	-	-	-	8,457	13,530	62,967	114,213	329,525
13,153	1,781,357	10,502,774	-	18,412	433,699	426,640	2,746,761	29,663,698	29,663,698
<u>13,153</u>	<u>1,781,357</u>	<u>10,502,774</u>	<u>-</u>	<u>18,412</u>	<u>442,156</u>	<u>440,170</u>	<u>2,809,728</u>	<u>29,777,911</u>	<u>63,716,571</u>
19,023	(1,730,173)	(8,644,534)	12,026	6,471,936	(414,494)	(350,043)	(2,800,791)	(19,763,574)	(15,084,751)
-	-	-	-	-	2,500,000	4,000,000	4,000,000	17,685,000	17,685,000
-	-	-	-	-	-	-	4,320	4,320	4,320
-	-	4,054,327	-	-	-	-	-	4,054,327	9,246,806
-	-	-	-	(100,000)	-	-	-	(100,000)	(3,171,691)
-	-	11,527,983	-	-	-	-	-	11,527,983	11,527,983
-	-	15,582,310	-	(100,000)	2,500,000	4,000,000	4,004,320	33,171,630	35,292,418
19,023	(1,730,173)	6,937,776	12,026	6,371,936	2,085,506	3,649,957	1,203,529	13,408,056	20,207,667
<u>1,008,821</u>	<u>1,880,850</u>	<u>2,643,701</u>	<u>535,378</u>	<u>3,500,671</u>	<u>456,418</u>	<u>1,988,698</u>	<u>-</u>	<u>39,357,519</u>	<u>90,554,228</u>
<u>1,027,844</u>	<u>150,677</u>	<u>9,581,477</u>	<u>547,404</u>	<u>9,872,607</u>	<u>2,541,924</u>	<u>5,638,655</u>	<u>1,203,529</u>	<u>52,765,575</u>	<u>110,761,895</u>

(Concluded)

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Criminal Justice Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental	\$ 132,483	95,215	(37,268)
Total revenues	<u>132,483</u>	<u>95,215</u>	<u>(37,268)</u>
Expenditures:			
Police	303,123	145,689	157,434
Total expenditures	<u>303,123</u>	<u>145,689</u>	<u>157,434</u>
Deficiency of revenues under expenditures	<u>(170,640)</u>	<u>(50,474)</u>	<u>120,166</u>
Other financing sources:			
Transfers in	182,761	50,474	(132,287)
Total other financing sources:	<u>182,761</u>	<u>50,474</u>	<u>(132,287)</u>
Net change in fund balances	12,121	-	(12,121)
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ <u>12,121</u>	<u>-</u>	<u>(12,121)</u>



**CITY OF IRVING, TEXAS**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Texas Stadium Fund

Year ended September 30, 2008

	<b>Budget</b>	<b>Actual</b>	<b>Variance positive (negative)</b>
<b>Revenues:</b>			
Charges for services	\$ 1,025,000	2,287,220	1,262,220
Investment income	125,000	844,722	719,722
Miscellaneous	30,000	-	(30,000)
Total revenues	1,180,000	3,131,942	1,951,942
<b>Expenditures:</b>			
Community development	1,850,949	1,083,670	767,279
Total expenditures	1,850,949	1,083,670	767,279
Excess of revenues over expenditures	(670,949)	2,048,272	2,719,221
<b>Other financing uses:</b>			
Transfers out	(1,300,000)	(1,300,000)	-
Total other financing uses	(1,300,000)	(1,300,000)	-
Net change in fund balances	(1,970,949)	748,272	2,719,221
Fund balances, beginning of year	8,199,721	8,199,721	-
Fund balances, end of year	\$ 6,228,772	8,947,993	2,719,221

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Irving Convention and Visitors Bureau Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
<b>Revenues:</b>			
Taxes	\$ 6,568,673	6,523,460	(45,213)
Investment income	200,000	179,814	(20,186)
Miscellaneous	<u>6,257</u>	<u>71,246</u>	<u>64,989</u>
Total revenues	<u>6,774,930</u>	<u>6,774,520</u>	<u>(410)</u>
<b>Expenditures:</b>			
Community Development:			
Salaries	1,795,565	1,687,775	107,790
Benefits	442,719	395,407	47,312
Supplies	142,587	114,302	28,285
Equipment maintenance	21,313	17,276	4,037
Outside Services	442,409	295,189	147,220
Media Advertising	1,071,296	825,412	245,884
Miscellaneous expense	4,177,292	3,239,071	938,221
License, membership and claims	59,665	50,216	9,449
Capital expenditures	<u>33,075</u>	<u>22,075</u>	<u>11,000</u>
Total expenditures	<u>8,185,921</u>	<u>6,646,723</u>	<u>1,539,198</u>
Excess (deficiency) of revenues over (under) expenditures	(1,410,991)	127,797	1,538,788
<b>Other financing uses:</b>			
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	(1,510,991)	27,797	1,538,788
Fund balances, beginning of year	<u>6,520,789</u>	<u>6,520,789</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,009,798</u>	<u>6,548,586</u>	<u>1,538,788</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Irving Arts Center Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>Revenues:</b>			
Taxes	\$ 4,081,725	4,050,393	(31,332)
Charges for services	539,692	574,895	35,203
Investment income	101,603	129,976	28,373
Miscellaneous	<u>260,857</u>	<u>225,832</u>	<u>(35,025)</u>
<b>Total revenues</b>	<u>4,983,877</u>	<u>4,981,096</u>	<u>(2,781)</u>
<b>Expenditures:</b>			
Community Development:			
Administration	1,173,740	1,140,770	32,970
Maintenance	488,104	423,601	64,503
Security	194,307	180,919	13,388
Marketing	108,516	86,875	21,641
Advertising	312,538	238,532	74,006
Publications	46,163	39,139	7,024
Posters	15,126	9,543	5,583
Gallery	295,526	152,164	143,362
Gallery exhibits	612,000	95,932	516,068
Sculpture garden	386,422	42,953	343,469
Theater operations	647,019	527,795	119,224
Theater shop	13,780	10,187	3,593
Carpenter Hall	191,776	130,217	61,559
Dupree Theater	57,300	36,513	20,787
Front of house	95,268	58,100	37,168
Box office	134,043	124,740	9,303
Programs/Education	38,144	15,797	22,347
KidsArts	142,706	124,932	17,774
Grants	461,420	388,720	72,700
Special projects	<u>112,850</u>	<u>82,086</u>	<u>30,764</u>
<b>Total expenditures</b>	<u>5,526,748</u>	<u>3,909,515</u>	<u>1,617,233</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>(542,871)</u>	<u>1,071,581</u>	<u>1,614,452</u>
<b>Net change in fund balances</b>	<u>(542,871)</u>	<u>1,071,581</u>	<u>1,614,452</u>
Fund balances, beginning of year	4,371,805	4,371,805	-
Fund balances, end of year	\$ <u>3,828,934</u>	<u>5,443,386</u>	<u>1,614,452</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Police Narcotics Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Charges for services	\$ 60,000	59,948	(52)
Intergovernmental	220,000	233,576	13,576
Investment income	49,067	48,340	(727)
Miscellaneous	25,000	-	(25,000)
Total revenues	<u>354,067</u>	<u>341,864</u>	<u>(12,203)</u>
Expenditures:			
Police	<u>967,478</u>	<u>121,768</u>	<u>845,710</u>
Total expenditures	<u>967,478</u>	<u>121,768</u>	<u>845,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(613,411)</u>	<u>220,096</u>	<u>833,507</u>
Net change in fund balances	(613,411)	220,096	833,507
Fund balances, beginning of year	<u>1,371,802</u>	<u>1,371,802</u>	<u>-</u>
Fund balances, end of year	<u>\$ 758,391</u>	<u>1,591,898</u>	<u>833,507</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Historical Preservation

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Revenues:			
Taxes	\$ 115,240	114,484	(756)
Investment income	<u>24,925</u>	<u>13,859</u>	<u>(11,066)</u>
Total revenues	<u>140,165</u>	<u>128,343</u>	<u>(11,822)</u>
Expenditures:			
Community development	<u>118,123</u>	<u>90,904</u>	<u>27,219</u>
Total expenditures	<u>118,123</u>	<u>90,904</u>	<u>27,219</u>
Excess of revenues over expenditures	22,042	37,439	15,397
Other financing uses:			
Transfers out	<u>(55,000)</u>	<u>(41,250)</u>	<u>13,750</u>
Total other financing uses	<u>(55,000)</u>	<u>(41,250)</u>	<u>13,750</u>
Net change in fund balances	(32,958)	(3,811)	29,147
Fund balances, beginning of year	<u>481,262</u>	<u>481,262</u>	<u>-</u>
Fund balances, end of year	<u>\$ 448,304</u>	<u>477,451</u>	<u>29,147</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Local Law Enforcement Block Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental	\$ 62,151	62,151	-
Total revenues	<u>62,151</u>	<u>62,151</u>	<u>-</u>
Expenditures:			
Police	79,944	62,151	17,793
Total expenditures	<u>79,944</u>	<u>62,151</u>	<u>17,793</u>
Deficiency of revenues under expenditures	(17,793)	-	17,793
Other financing sources:			
Transfers in	17,795	-	(17,795)
Total other financing sources	<u>17,795</u>	<u>-</u>	<u>(17,795)</u>
Net change in fund balances	2	-	(2)
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ <u><u>2</u></u>	<u><u>-</u></u>	<u><u>(2)</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Municipal Court Security Fees Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Fines	\$ 342,598	330,522	(12,076)
Miscellaneous	25,364	24,201	(1,163)
Investment income	48,636	35,071	(13,565)
Total revenues	<u>416,598</u>	<u>389,794</u>	<u>(26,804)</u>
Expenditures:			
Municipal court	563,981	453,197	110,784
Total expenditures	<u>563,981</u>	<u>453,197</u>	<u>110,784</u>
Deficiency of revenues under expenditures	<u>(147,383)</u>	<u>(63,403)</u>	<u>83,980</u>
Net change in fund balances	(147,383)	(63,403)	83,980
Fund balances, beginning of year	1,289,904	1,289,904	-
Fund balances, end of year	<u>\$ 1,142,521</u>	<u>1,226,501</u>	<u>83,980</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Texas Highway Safety Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental	\$ <u>134,165</u>	<u>133,599</u>	<u>(566)</u>
Total revenues	<u>134,165</u>	<u>133,599</u>	<u>(566)</u>
Expenditures:			
Police	<u>134,216</u>	<u>133,599</u>	<u>617</u>
Total expenditures	<u>134,216</u>	<u>133,599</u>	<u>617</u>
Deficiency of revenues under expenditures	<u>(51)</u>	<u>-</u>	<u>51</u>
Net change in fund balances	<u>(51)</u>	<u>-</u>	<u>51</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u><u>(51)</u></u>	<u><u>-</u></u>	<u><u>51</u></u>



**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Miscellaneous Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 935,951	333,665	(602,286)
Investment Income	-	186	186
Miscellaneous Grant Revenue	<u>36,090</u>	<u>17,613</u>	<u>(18,477)</u>
<b>Total revenues</b>	<u>972,041</u>	<u>351,464</u>	<u>(620,577)</u>
<b>Expenditures:</b>			
General government	740,844	37,147	703,697
Police	76,942	45,191	31,751
Fire	243,859	235,974	7,885
Parks	235,000	175,900	59,100
Public health and environmental services	112,191	9,186	103,005
Municipal court	41,134	15,556	25,578
Water Utilities	-	-	-
Information Technology	-	-	-
<b>Total expenditures</b>	<u>1,449,970</u>	<u>518,954</u>	<u>931,016</u>
<b>Deficiency of revenues     under expenditures</b>	<b>(477,929)</b>	<b>(167,490)</b>	<b>310,439</b>
<b>Other financing sources:</b>			
Transfers in	<u>47,195</u>	<u>47,195</u>	-
<b>Total other financing sources</b>	<u>47,195</u>	<u>47,195</u>	-
<b>Net change in fund balances</b>	<b>(430,734)</b>	<b>(120,295)</b>	<b>310,439</b>
Fund balances, beginning of year	<u>387,876</u>	<u>387,876</u>	-
Fund balances, end of year	<u><u>\$ (42,858)</u></u>	<u><u>267,581</u></u>	<u><u>310,439</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – TIF Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Revenues:			
Intergovernmental	\$ 3,036,843	3,180,072	143,229
Investment income	<u>52,140</u>	<u>69,734</u>	<u>17,594</u>
Total revenues	<u>3,088,983</u>	<u>3,249,806</u>	<u>160,823</u>
Expenditures:			
Community development	<u>5,405,867</u>	<u>3,060,645</u>	<u>2,345,222</u>
Total expenditures	<u>5,405,867</u>	<u>3,060,645</u>	<u>2,345,222</u>
Excess (deficiency) of revenues over (under) expenditures	(2,316,884)	189,161	2,506,045
Other financing sources (uses):			
Transfers in	1,939,000	1,938,805	(195)
Transfers out	<u>(23,221)</u>	<u>(23,221)</u>	<u>-</u>
Total other financing sources	<u>1,915,779</u>	<u>1,915,584</u>	<u>(195)</u>
Net change in fund balances	(401,105)	2,104,745	2,505,850
Fund balances, beginning of year	<u>1,150,257</u>	<u>1,150,257</u>	<u>-</u>
Fund balances, end of year	<u>\$ 749,152</u>	<u>3,255,002</u>	<u>2,505,850</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Convention Center Complex Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Taxes	\$ 4,609,595	4,577,867	(31,728)
Investment income	689,148	711,339	22,191
Total revenues	<u>5,298,743</u>	<u>5,289,206</u>	<u>(9,537)</u>
Expenditures:			
Community development	<u>179,245,910</u>	<u>5,821,885</u>	<u>173,424,025</u>
Total expenditures	<u>179,245,910</u>	<u>5,821,885</u>	<u>173,424,025</u>
Deficiency of revenues under expenditures	(173,947,167)	(532,679)	173,414,488
Other financing sources (uses):			
Sale of Property	300,000	-	(300,000)
Transfers out	<u>(801,215)</u>	<u>(801,215)</u>	<u>-</u>
Total other financings source (uses)	<u>(501,215)</u>	<u>(801,215)</u>	<u>(300,000)</u>
Net change in fund balances	(174,448,382)	(1,333,894)	173,114,488
Fund balances, beginning of year	<u>21,286,853</u>	<u>21,286,853</u>	<u>-</u>
Fund balances, end of year	<u>\$ (153,161,529)</u>	<u>19,952,959</u>	<u>173,114,488</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Museum Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Taxes	\$ 288,100	286,210	(1,890)
Charges for services	250	-	(250)
Investment income	102,241	104,634	2,393
Miscellaneous	<u>7,800</u>	<u>4,862</u>	<u>(2,938)</u>
Total revenues	<u>398,391</u>	<u>395,706</u>	<u>(2,685)</u>
Expenditures:			
Community development	<u>364,657</u>	<u>342,838</u>	<u>21,819</u>
Total expenditures	<u>364,657</u>	<u>342,838</u>	<u>21,819</u>
Excess of revenues over expenditures	<u>33,734</u>	<u>52,868</u>	<u>19,134</u>
Net change in fund balances	33,734	52,868	19,134
Fund balances, beginning of year	<u>2,713,949</u>	<u>2,713,949</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,747,683</u>	<u>2,766,817</u>	<u>19,134</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – HUD Grants Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Revenues:			
Intergovernmental	\$ 12,374,525	4,206,251	(8,168,274)
Miscellaneous:			
Program income	<u>199,169</u>	<u>97,873</u>	<u>(101,296)</u>
Total revenues	<u>12,573,694</u>	<u>4,304,124</u>	<u>(8,269,570)</u>
Expenditures:			
Community development	7,589,752	2,819,009	4,770,743
Principal on section 108 loan	705,762	475,000	230,762
Interest on section 108 loan	<u>215,312</u>	<u>215,312</u>	<u>-</u>
Total expenditures	<u>8,510,826</u>	<u>3,509,321</u>	<u>5,001,505</u>
Excess of revenues over expenditures	4,062,868	794,803	(3,268,065)
Other financing uses:			
Transfers out	<u>(806,005)</u>	<u>(806,005)</u>	<u>-</u>
Total other financing uses	<u>(806,005)</u>	<u>(806,005)</u>	<u>-</u>
Net change in fund balances	3,256,863	(11,202)	(3,268,065)
Fund balances, beginning of year	<u>17,957</u>	<u>17,957</u>	<u>-</u>
Fund balances, end of year	\$ <u><u>3,274,820</u></u>	<u><u>6,755</u></u>	<u><u>(3,268,065)</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Library Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental	\$ 89,441	66,280	(23,161)
Miscellaneous			
Other grant revenue	50,883	35,576	(15,307)
Donations	28,944	70,864	41,920
Total revenues	<u>169,268</u>	<u>172,720</u>	<u>3,452</u>
Expenditures:			
Library	188,855	165,982	22,873
Total expenditures	<u>188,855</u>	<u>165,982</u>	<u>22,873</u>
Excess (deficiency) of revenues over (under) expenditures	(19,587)	6,738	26,325
Other financing sources:			
Transfers in	239	-	(239)
Total other financing sources	<u>239</u>	<u>-</u>	<u>(239)</u>
Net change in fund balances	(19,348)	6,738	26,086
Fund balances, beginning of year	3,391	3,391	-
Fund balances, end of year	\$ <u>(15,957)</u>	<u>10,129</u>	<u>26,086</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Municipal Drainage Utility Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Charges for services	\$ 4,176,000	4,401,189	225,189
Investment income	56,793	85,561	28,768
Total revenues	<u>4,232,793</u>	<u>4,486,750</u>	<u>253,957</u>
Expenditures:			
Drainage utilities	<u>6,221,970</u>	<u>3,996,393</u>	<u>2,225,577</u>
Total expenditures	<u>6,221,970</u>	<u>3,996,393</u>	<u>2,225,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,989,177)</u>	<u>490,357</u>	<u>2,479,534</u>
Net change in fund balances	(1,989,177)	490,357	2,479,534
Fund balances, beginning of year	2,464,689	2,464,689	-
Fund balances, end of year	\$ <u><u>475,512</u></u>	<u><u>2,955,046</u></u>	<u><u>2,479,534</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Traffic Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Intergovernmental	\$ 716,541	-	(716,541)
Total revenues	<u>716,541</u>	<u>-</u>	<u>(716,541)</u>
Expenditures:			
Traffic and transportation	<u>716,579</u>	<u>-</u>	<u>716,579</u>
Total expenditures	<u>716,579</u>	<u>-</u>	<u>716,579</u>
Deficiency of revenues under expenditures	<u>(38)</u>	<u>-</u>	<u>38</u>
Net change in fund balances	(38)	-	38
Fund balances, beginning of year	38	38	-
Fund balances, end of year	\$ <u><u>-</u></u>	<u><u>38</u></u>	<u><u>38</u></u>



**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Compensated Absences Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Investment income	\$ -	4,041	4,041
Total revenues	<u>-</u>	<u>4,041</u>	<u>4,041</u>
Expenditures:			
General government	4,000,000	1,282,054	2,717,946
Total expenditures	<u>4,000,000</u>	<u>1,282,054</u>	<u>2,717,946</u>
Deficiency of revenues under expenditures	<u>(4,000,000)</u>	<u>(1,278,013)</u>	<u>2,721,987</u>
Other financing sources:			
Transfers in	4,000,000	2,350,000	(1,650,000)
Total other financing sources	<u>4,000,000</u>	<u>2,350,000</u>	<u>(1,650,000)</u>
Net change in fund balances	-	1,071,987	1,071,987
Fund balances, beginning of year	226,528	226,528	-
Fund balances, end of year	\$ <u>226,528</u>	<u>1,298,515</u>	<u>1,071,987</u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Miscellaneous Special Revenue Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Miscellaneous	\$ 55,893	27,853	(28,040)
Total revenues	<u>55,893</u>	<u>27,853</u>	<u>(28,040)</u>
Expenditures:			
Fire	8,878	770	8,108
Code Enforcement	71,413	53,315	18,098
Public Health and Environmental Services	12,225	12,983	(758)
Information Technology	19,791	8,340	11,451
Municipal Court	521	521	-
Total expenditures	<u>112,828</u>	<u>75,929</u>	<u>36,899</u>
Deficiency of revenues under expenditures	<u>(56,935)</u>	<u>(48,076)</u>	<u>8,859</u>
Net change in fund balances	(56,935)	(48,076)	8,859
Fund balances, beginning of year	199,558	199,558	-
Fund balances, end of year	\$ <u><u>142,623</u></u>	<u><u>151,482</u></u>	<u><u>8,859</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Emergency Management Grant Fund

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<b>Variance positive (negative)</b>
Revenues:			
Intergovernmental	\$ <u>935,716</u>	<u>467,979</u>	<u>(467,737)</u>
Total revenues	<u>935,716</u>	<u>467,979</u>	<u>(467,737)</u>
Expenditures:			
Police	<u>959,226</u>	<u>467,979</u>	<u>491,247</u>
Total expenditures	<u>959,226</u>	<u>467,979</u>	<u>491,247</u>
Deficiency of revenues under expenditures	<u>(23,510)</u>	<u>-</u>	<u>23,510</u>
Net change in fund balances	<u>(23,510)</u>	<u>-</u>	<u>23,510</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u><u>(23,510)</u></u>	<u><u>-</u></u>	<u><u>23,510</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Red Light Enforcement

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Fines, forfeitures, and penalties	\$ 532,955	732,158	199,203
Total revenues	<u>532,955</u>	<u>732,158</u>	<u>199,203</u>
Expenditures:			
Traffic	528,177	497,994	30,183
Total expenditures	<u>528,177</u>	<u>497,994</u>	<u>30,183</u>
Excess of revenues over expenditures	<u>4,778</u>	<u>234,164</u>	<u>229,386</u>
Net change in fund balances	4,778	234,164	229,386
Fund balances, beginning of year	70,776	70,776	-
Fund balances, end of year	\$ <u><u>75,554</u></u>	<u><u>304,940</u></u>	<u><u>229,386</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Irving Housing Finance Corporation

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
<b>Revenues:</b>			
Sale of Property	\$ 221,216	814,398	593,182
Investment Income	<u>20,000</u>	<u>7,120</u>	<u>(12,880)</u>
<b>Total revenues</b>	<u>241,216</u>	<u>821,518</u>	<u>580,302</u>
<b>Expenditures:</b>			
Community Development	<u>2,379,342</u>	<u>1,394,881</u>	<u>984,461</u>
<b>Total expenditures</b>	<u>2,379,342</u>	<u>1,394,881</u>	<u>984,461</u>
Deficiency of revenues under expenditures	(2,138,126)	(573,363)	1,564,763
<b>Other financing sources:</b>			
Transfers in	<u>2,471,638</u>	<u>806,005</u>	<u>(1,665,633)</u>
<b>Total other financing sources</b>	<u>2,471,638</u>	<u>806,005</u>	<u>(1,665,633)</u>
<b>Net change in fund balances</b>	333,512	232,642	(100,870)
Fund balances, beginning of year	<u>439,554</u>	<u>439,554</u>	<u>-</u>
Fund balances, end of year	<u>\$ <u>773,066</u></u>	<u><u>672,196</u></u>	<u><u>(100,870)</u></u>

**CITY OF IRVING, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (GAAP Basis) and Actual – Entertainment Venue

Year ended September 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:			
Taxes and Fees	\$ -	2,275,450	2,275,450
Investment Income	-	184	184
	<u>-</u>	<u>2,275,634</u>	<u>2,275,634</u>
Total revenues	-	2,275,634	2,275,634
Expenditures:			
Community Development	-	156,589	(156,589)
Total expenditures	-	156,589	(156,589)
	<u>-</u>	<u>2,119,045</u>	<u>2,119,045</u>
Excess of revenues over expenditures	-	2,119,045	2,119,045
Net change in fund balances	-	2,119,045	2,119,045
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ <u>-</u>	<u>2,119,045</u>	<u>2,119,045</u>

## CITY OF IRVING, TEXAS

### **Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department for another. The City's Internal Service Funds are as follows:

**Garage and Equipment Replacement** – This fund is to account for the repair, maintenance, and replacement of all City vehicles. The Garage and Equipment Replacement Fund accounts for all City vehicles, and charges user departments for the costs of servicing and replacing City vehicles. The charges are allocated to the various departments in proportion to the number and types of vehicles operated by the department and in proportion to the extent of the use of the maintenance service.

**Self-Insurance** – This fund is to account for the City's self-insurance programs. The City is self-insured for workers' compensation, general liability, auto physical damage, and employees' medical benefits for those who elect the City's coverage. The City's group life insurance and Health Maintenance Organization (HMO) coverage are also included in this fund for financial reporting convenience.

**Computer Replacement** – This fund is to provide for the replacement of City computers. The individual departments transfer money into this fund each year based on depreciation.

**City of Irving, Texas**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**September 30, 2008**

	Garage and equipment replacement	Self- insurance	Computer replacement	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 7,437,312	7,886,521	2,989,346	18,313,179
Investments	14,115,781	5,996,081	2,072,188	22,184,050
Accounts receivable, net	138,090	-	13,665	151,755
Accrued interest	115,692	52,849	24,966	193,507
Inventories, at cost	289,541	-	-	289,541
Total current assets	22,096,416	13,935,451	5,100,165	41,132,032
Noncurrent assets:				
Capital assets:				
Buildings	147,980	-	-	147,980
Equipment	35,843,644	-	7,048,606	42,892,250
Construction in progress	57,959	-	340,307	398,266
Less accumulated depreciation	(25,015,801)	-	(3,544,742)	(28,560,543)
Total noncurrent assets	11,033,782	-	3,844,171	14,877,953
Total assets	33,130,198	13,935,451	8,944,336	56,009,985
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	589,380	249,716	287,881	1,126,977
Accrued wages and benefits	70,999	-	-	70,999
Estimated liability for unpaid claims	-	3,819,952	-	3,819,952
Total current liabilities	660,379	4,069,668	287,881	5,017,928
Noncurrent liabilities, net of current portion:				
Estimated liability for unpaid claims	-	4,995,654	-	4,995,654
OPEB payable	59,983	-	-	59,983
Total noncurrent liabilities	59,983	4,995,654	-	5,055,637
Total liabilities	720,362	9,065,322	287,881	10,073,565
<b>Net Assets</b>				
Invested in capital assets, net of related debt	11,033,782	-	3,844,171	14,877,953
Unrestricted	21,376,054	4,870,129	4,812,284	31,058,467
Total net assets	\$ 32,409,836	4,870,129	8,656,455	45,936,420



**City of Irving, Texas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**Year ended September 30, 2008**

	Garage and equipment replacement	Self- insurance	Computer replacement	Total
<b>Operating revenues:</b>				
Charges for services	\$ 9,483,486	21,021,800	2,163,752	32,669,038
Miscellaneous	130,443	18,924	13,665	163,032
Total operating revenues	<u>9,613,929</u>	<u>21,040,724</u>	<u>2,177,417</u>	<u>32,832,070</u>
<b>Operating expenses:</b>				
Personnel services	1,488,787	-	-	1,488,787
Supplies	4,495,143	-	692,719	5,187,862
Maintenance	1,102,511	-	-	1,102,511
Depreciation	2,697,181	-	949,962	3,647,143
Sundry charges	10,949	-	-	10,949
Claims	-	20,486,496	-	20,486,496
Insurance premiums	-	2,459,504	-	2,459,504
Other	337,841	1,173,962	5,788	1,517,591
Total operating expenses	<u>10,132,412</u>	<u>24,119,962</u>	<u>1,648,469</u>	<u>35,900,843</u>
Operating income (loss)	<u>(518,483)</u>	<u>(3,079,238)</u>	<u>528,948</u>	<u>(3,068,773)</u>
<b>Nonoperating revenues:</b>				
Investment income	671,795	405,522	141,137	1,218,454
Gain on disposal of capital assets	68,609	-	-	68,609
Total nonoperating revenue	<u>740,404</u>	<u>405,522</u>	<u>141,137</u>	<u>1,287,063</u>
Change in net assets	221,921	(2,673,716)	670,085	(1,781,710)
Net assets, beginning of year	32,187,915	7,543,845	7,986,370	47,718,130
Net assets, end of year	<u>\$ 32,409,836</u>	<u>4,870,129</u>	<u>8,656,455</u>	<u>45,936,420</u>

**City of Irving, Texas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
Year ended September 30, 2007

	Garage and equipment replacement	Self- insurance	Computer replacement	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 9,350,365	21,021,800	2,163,752	32,535,917
Payments to suppliers for goods, services and claims	(5,614,231)	(19,090,948)	(899,462)	(25,604,641)
Payments to employees	(1,419,328)	-	-	(1,419,328)
Other receipts (payments)	130,443	(1,155,038)	-	(1,024,595)
Net cash provided by operating activities	2,447,249	775,814	1,264,290	4,487,353
 <b>Cash flows from capital and related financing activities:</b>				
Proceeds from sale of capital assets	88,854	-	-	88,854
Acquisitions of capital assets	(3,657,114)	-	(892,267)	(4,549,381)
Net cash used in capital and related financing activities	(3,568,260)	-	(892,267)	(4,460,527)
 <b>Cash flows from investing activities:</b>				
Interest on investments	748,043	406,597	140,910	1,295,550
Purchase of investments	(23,649,204)	(10,934,230)	(3,922,687)	(38,506,121)
Maturities of investments	18,685,811	8,542,880	3,507,849	30,736,540
Net cash used in investing activities	(4,215,350)	(1,984,753)	(273,928)	(6,474,031)
Net increase (decrease) in cash and cash equivalents	(5,336,361)	(1,208,939)	98,095	(6,447,205)
Cash and cash equivalent, beginning of the year	12,773,673	9,095,460	2,891,251	24,760,384
Cash and cash equivalent, end of the year	\$ 7,437,312	7,886,521	2,989,346	18,313,179

(continued)

**City of Irving, Texas**  
**Combining Statement of Cash Flows -**  
**Reconciliation of Operating Income**  
**Internal Service Funds**  
**Year ended September 30, 2008**

	<u>Garage and equipment replacement</u>	<u>Self- insurance</u>	<u>Computer replacement</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (518,483)	(3,079,238)	528,948	(3,068,773)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
operating activities:				
Depreciation	2,697,181	-	949,962	3,647,143
Changes in assets and liabilities:				
Increase in accounts receivable	(133,121)	-	(13,665)	(146,786)
Increase in inventories	(90,592)	-	-	(90,592)
Increase (Decrease) in accounts payable	422,805	145,857	(200,955)	367,707
Increase in accrued wages and benefits	9,476	-	-	9,476
Increase in estimated liability for unpaid claims	-	3,709,195	-	3,709,195
Increase in OPEB payable	59,983	-	-	59,983
Total adjustments	<u>2,965,732</u>	<u>3,855,052</u>	<u>735,342</u>	<u>7,556,126</u>
Net cash provided by operating activities	<u>\$ 2,447,249</u>	<u>775,814</u>	<u>1,264,290</u>	<u>4,487,353</u> (concluded)



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## CITY OF IRVING, TEXAS

### **Trust and Agency Funds**

Trust and Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's Trust and Agency Funds are as follows:

#### ***Pension Trust Funds***

**Supplemental Benefit Plan** – This fund is to account for funds held to provide retirement income to City employees. The plan is funded through contributions from the City and employees' payroll deductions. The plan was established to provide retirement income to supplement benefits provided through the Texas Municipal Retirement System.

**Voluntary Employee Beneficiary Association** – This fund is to account for funds held to provide a temporary monthly benefit to certain eligible retirees of the City to help cover a portion of the eligible retiree's cost of medical coverage from the City. Funds can also be used to offset active employee health insurance premiums. The plan is funded through contributions from the City.

#### ***Agency Funds***

**Cash Bond** – This fund is to account for cash bonds posted by an individual accused of committing a crime. The amount of the bond will be sufficient to cover any potential fines. The bonds of those who fail to appear are forfeited and recorded as General Fund revenues. Bonds of those who do appear are returned, net of any penalties or fines.

**CITY OF IRVING, TEXAS**

Combining Statement of Plan Net Assets - Pension Trust Funds

September 30, 2008

<b>Assets</b>	Pension Trust Funds		
	Supplemental Benefit Plan	Voluntary Employee Benefit Association	Total
	Cash and cash equivalents	\$ 1,436,773	1,144,303
Interest receivable on investments	108,286	2,245	110,531
Investments, at fair value			
U.S. Government securities	5,398,707	-	5,398,707
Common stock	20,034,014	-	20,034,014
Mortgage and asset backed securities	10,400,362	-	10,400,362
Corporate bonds	1,427,825	-	1,427,825
Certificate deposit	95,558	-	95,558
Total assets	38,901,525	1,146,548	40,048,073
<b>Net Assets</b>			
Held in trust for pension benefits and other purposes	\$ 38,901,525	1,146,548	40,048,073

**CITY OF IRVING, TEXAS**

Statement of Changes in Plan Net Assets - Pension Trust Funds

Year ended September 30, 2008

	Pension Trust Funds		
	Supplemental Benefits Plan	Voluntary Employee Benefit Association	Total
<b>ADDITIONS:</b>			
Employee contributions	\$ 2,112,493	-	2,112,493
Investment income			
Net decrease in fair value of investments	(7,227,806)	-	(7,227,806)
Interest Income	1,776,736	38,163	1,814,899
Total investment income	(5,451,070)	38,163	(5,412,907)
Less investment expense	(362,885)	-	(362,885)
Net investment income	(5,813,955)	38,163	(5,775,792)
Total additions	(3,701,462)	38,163	(3,663,299)
<b>DEDUCTIONS:</b>			
Benefits and refunds paid	2,600,342	97,369	2,697,711
Administrative costs	133,510	-	133,510
Total deductions	2,733,852	97,369	2,831,221
Net change in plan net assets	(6,435,314)	(59,206)	(6,494,520)
Plan net assets, beginning of year	45,336,839	1,205,754	46,542,593
Plan net assets, end of year	\$ 38,901,525	1,146,548	40,048,073

**CITY OF IRVING, TEXAS**

Statement of Changes in Assets and Liabilities - Agency Fund

Year ended September 30, 2008

<u>Cash Bond Fund</u>	Balance October 1, 2007	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2008.
<b>Assets:</b>				
Cash and cash equivalents	\$ 69,483	1,422,367	1,444,309	47,541
Other assets	-	<u>126,925</u>	<u>77,105</u>	<u>49,820</u>
<b>Total assets</b>	<b>\$ <u>69,483</u></b>	<b><u>1,549,292</u></b>	<b><u>1,521,414</u></b>	<b><u>97,361</u></b>
<b>Liabilities:</b>				
Sundry payables	\$ <u>69,483</u>	<u>1,683,105</u>	<u>1,655,227</u>	<u>97,361</u>
<b>Total liabilities</b>	<b>\$ <u>69,483</u></b>	<b><u>1,683,105</u></b>	<b><u>1,655,227</u></b>	<b><u>97,361</u></b>



## CITY OF IRVING, TEXAS

### Statistical Section (Unaudited)

This part of the City of Irving'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 city's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	123
These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	130
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	134
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	139
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
<b>Operating Information</b>	144
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB 34 in Fiscal Year 2002; schedules presenting government-wide information include information beginning in that year.



**Net Assets by Component****Last Seven Fiscal Years**

(accrual basis of accounting)

(amounts expressed in thousands)

(Unaudited)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 271,981	\$ 282,947	\$ 284,267	\$ 297,345	\$ 313,503	\$ 333,939	\$ 365,606
Restricted	47,938	42,033	41,292	15,915	13,925	53,843	54,444
Unrestricted	<u>42,036</u>	<u>33,263</u>	<u>43,354</u>	<u>65,188</u>	<u>81,897</u>	<u>50,497</u>	<u>55,007</u>
<b>Total governmental activities net assets</b>	<b><u>\$ 361,955</u></b>	<b><u>\$ 358,243</u></b>	<b><u>\$ 368,913</u></b>	<b><u>\$ 378,448</u></b>	<b><u>\$ 409,325</u></b>	<b><u>\$ 438,279</u></b>	<b><u>\$ 475,057</u></b>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	\$ 89,529	\$ 159,435	\$ 172,877	\$ 191,661	\$ 196,643	\$ 201,035	\$ 204,616
Restricted	38,041	44,803	13,795	14,834	16,982	18,490	16,662
Unrestricted	<u>97,925</u>	<u>25,383</u>	<u>45,547</u>	<u>30,462</u>	<u>34,329</u>	<u>30,240</u>	<u>35,202</u>
<b>Total business-type activities net assets</b>	<b><u>\$ 225,495</u></b>	<b><u>\$ 229,621</u></b>	<b><u>\$ 232,219</u></b>	<b><u>\$ 236,957</u></b>	<b><u>\$ 247,954</u></b>	<b><u>\$ 249,765</u></b>	<b><u>\$ 256,480</u></b>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	\$ 361,510	\$ 442,382	\$ 457,144	\$ 489,006	\$ 510,146	\$ 534,974	\$ 570,222
Restricted	85,979	86,836	55,087	30,749	30,907	72,333	71,106
Unrestricted	<u>139,961</u>	<u>58,646</u>	<u>88,901</u>	<u>95,650</u>	<u>116,226</u>	<u>80,737</u>	<u>90,209</u>
<b>Total primary government net assets</b>	<b><u>\$ 587,450</u></b>	<b><u>\$ 587,864</u></b>	<b><u>\$ 601,132</u></b>	<b><u>\$ 615,405</u></b>	<b><u>\$ 657,279</u></b>	<b><u>\$ 688,044</u></b>	<b><u>\$ 731,537</u></b>

Source: Comprehensive Annual Financial Reports

CITY OF IRVING, TEXAS

**Change in Net Assets**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>							
<b>Governmental activities:</b>							
General government	\$ 34,722	\$ 33,977	\$ 33,783	\$ 41,198	\$ 35,113	\$ 44,315	\$ 48,229
Police	38,322	38,677	39,635	41,523	42,961	43,604	52,541
Fire	25,747	26,057	26,379	27,743	29,649	30,050	33,480
Public health & environmental services	9,027	9,231	9,789	9,602	8,831	8,352	8,390
Animal Services	-	-	-	-	-	-	1,014
Parks and recreation	13,943	13,382	13,681	13,760	13,710	13,515	15,680
Municipal court	2,954	2,881	2,921	3,000	3,027	2,985	3,159
Library	8,478	9,168	8,580	6,996	7,060	6,559	7,416
Community development	21,916	20,230	19,257	19,514	20,511	23,884	24,040
Drainage utilities	-	-	1,784	3,726	4,176	3,984	4,685
Public works	18,842	22,557	18,802	21,328	18,715	19,195	23,656
Interest on long-term debt	9,482	9,193	8,030	7,194	8,028	8,729	9,082
<b>Total governmental activities expenses</b>	<b>183,433</b>	<b>185,353</b>	<b>182,641</b>	<b>195,584</b>	<b>191,781</b>	<b>205,173</b>	<b>231,372</b>
<b>Business-type activities:</b>							
Water and sanitary sewer	49,802	51,517	53,605	59,944	65,504	67,016	70,043
Municipal Drainage	990	642	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>50,792</b>	<b>52,159</b>	<b>53,605</b>	<b>59,944</b>	<b>65,504</b>	<b>67,016</b>	<b>70,043</b>
<b>Total primary government expenses</b>	<b>\$ 234,225</b>	<b>\$ 237,512</b>	<b>\$ 236,246</b>	<b>\$ 255,528</b>	<b>\$ 257,285</b>	<b>\$ 272,189</b>	<b>\$ 301,415</b>
<b>Program Revenues</b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
General Government	\$ 3,349	\$ 4,436	\$ 4,801	\$ 4,854	\$ 14,656	\$ 6,996	\$ 12,922
Police	886	1,051	1,221	1,508	1,831	2,193	2,908
Fire	3,024	5,451	1,860	1,740	2,000	1,975	2,305
Public health & environmental services	7,501	7,563	8,316	8,452	8,991	10,386	10,518
Municipal court	7,196	6,264	7,691	8,379	10,274	8,138	8,976
Community development	437	484	492	3,317	2,418	3,895	3,274
Drainage Utilities	-	-	2,482	2,493	3,700	3,769	4,401
Other	4,019	1,091	1,328	1,632	1,459	1,867	2,282
Operating grants and contributions	4,388	3,860	5,995	7,637	8,422	7,141	8,779
Capital grants and contributions	3,882	3,145	5,982	10,643	8,022	7,545	4,184
<b>Total governmental activities program revenues</b>	<b>34,682</b>	<b>33,345</b>	<b>40,168</b>	<b>50,655</b>	<b>61,773</b>	<b>53,905</b>	<b>60,549</b>
<b>Business-type activities:</b>							
<b>Charges for services:</b>							
Water and sewer	54,128	56,978	59,567	63,476	69,909	62,085	71,659
Municipal Drainage	1,291	1,396	-	-	-	-	-
Capital grants and contributions	1,166	1,524	925	3,117	3,354	2,776	2,306
<b>Total business-type activities program revenues</b>	<b>56,585</b>	<b>59,898</b>	<b>60,492</b>	<b>66,593</b>	<b>73,263</b>	<b>64,861</b>	<b>73,965</b>
<b>Total primary government program revenues</b>	<b>\$ 91,267</b>	<b>\$ 93,243</b>	<b>\$ 100,660</b>	<b>\$ 117,248</b>	<b>\$ 135,036</b>	<b>\$ 118,766</b>	<b>\$ 134,514</b>

(Continue)

**Change in Net Assets**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)  
 (amounts expressed in thousands)  
 (Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Net (Expenses)/Program Revenues</b>							
Governmental activities	\$ (148,751)	\$ (152,008)	\$ (142,473)	\$ (144,929)	\$ (130,007)	\$ (151,268)	\$ (170,823)
Business-type activities	5,793	7,739	6,887	6,649	7,759	(2,155)	3,922
<b>Total primary government net expenses</b>	<b>\$ (142,958)</b>	<b>\$ (144,269)</b>	<b>\$ (135,586)</b>	<b>\$ (138,280)</b>	<b>\$ (122,249)</b>	<b>\$ (153,423)</b>	<b>\$ (166,901)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes, sales taxes, and franchise fees	\$ 133,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	72,524	75,035	75,633	75,690	84,888	92,875
Sales taxes	-	36,905	38,610	41,768	45,745	46,896	50,650
Gross receipts taxes	-	15,330	15,220	15,567	16,401	16,855	18,933
Hotel / motel occupancy taxes	-	-	-	12,662	14,317	18,948	24,528
Other taxes and fees	-	11,264	11,880	-	-	-	-
Investment income	3,335	1,660	1,730	4,520	8,631	10,271	8,203
Miscellaneous	4,314	5,829	7,861	417	103	365	814
Special Item - gas well leases	-	-	-	-	-	2,000	-
Special Item - sale of real estate	-	-	-	-	-	-	7,515
Gain on sale of assets	-	-	-	-	-	-	4,082
Transfers	2,367	4,782	3,690	3,897	-	-	-
<b>Total governmental activities</b>	<b>143,851</b>	<b>148,294</b>	<b>154,026</b>	<b>154,464</b>	<b>160,887</b>	<b>180,223</b>	<b>207,600</b>
Business-type activities:							
Investment income	2,331	1,169	860	1,986	3,238	3,966	2,793
Transfers	(2,367)	(4,782)	(3,690)	(3,897)	-	-	-
<b>Total business-type activities</b>	<b>(36)</b>	<b>(3,613)</b>	<b>(2,830)</b>	<b>(1,911)</b>	<b>3,238</b>	<b>3,966</b>	<b>2,793</b>
<b>Total primary government</b>	<b>\$ 143,815</b>	<b>\$ 144,681</b>	<b>\$ 151,196</b>	<b>\$ 152,553</b>	<b>\$ 164,125</b>	<b>\$ 184,189</b>	<b>\$ 210,393</b>
<b>Change in Net Assets</b>							
Governmental activities	\$ (4,900)	\$ (3,714)	\$ 11,553	\$ 9,535	\$ 30,880	\$ 28,954	\$ 36,778
Business-type activities	5,757	4,126	4,057	4,738	10,997	1,811	6,715
<b>Total primary government</b>	<b>\$ 857</b>	<b>\$ 412</b>	<b>\$ 15,610</b>	<b>\$ 14,273</b>	<b>\$ 41,877</b>	<b>\$ 30,765</b>	<b>\$ 43,493</b>

(Concluded)

Note: In 2002 property taxes, sales taxes and franchise fees were not broken out in the CAFR on the Statement of Activities. Subsequently, there are separate line items for the three types of tax. Prior to 2005, Hotel/Motel Occupancy Taxes were included with Other Taxes and Fees rather than being broken out on a separate line as they are in years 2005 and forward.

Source: Comprehensive Annual Financial Reports

**CITY OF IRVING, TEXAS**

**Fund Balances of Governmental funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

(amounts expressed in thousands)

(Unaudited)

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund:					
Reserved *	\$ 5,412	\$ 7,066	\$ 8,149	\$ 3,370	\$ 3,282
Unreserved	<u>24,537</u>	<u>25,411</u>	<u>28,254</u>	<u>22,722</u>	<u>17,319</u>
Total General Fund	<u>\$ 29,949</u>	<u>\$ 32,477</u>	<u>\$ 36,403</u>	<u>\$ 26,092</u>	<u>\$ 20,601</u>
All other governmental funds:					
Reserved for:					
Encumbrances	\$ 16,947	\$ 21,819	\$ 22,153	\$ 25,440	\$ 15,800
Debt service	15,734	15,802	17,362	16,490	15,104
Unreserved, reported in:					
Special revenue funds	7,577	11,898	15,549	20,219	22,642
Capital projects	<u>46,564</u>	<u>54,713</u>	<u>63,058</u>	<u>47,765</u>	<u>37,484</u>
Total all other governmental funds	<u>\$ 86,822</u>	<u>\$ 104,232</u>	<u>\$ 118,122</u>	<u>\$ 109,914</u>	<u>\$ 91,030</u>

Note: \* Includes encumbrances and prepaid items.

Schedule 3

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,631	\$ 1,993	\$ 1,731	\$ 1,907	\$ 2,525
<u>17,451</u>	<u>18,804</u>	<u>23,144</u>	<u>32,297</u>	<u>31,714</u>
<u>\$ 20,082</u>	<u>\$ 20,797</u>	<u>\$ 24,875</u>	<u>\$ 34,204</u>	<u>\$ 34,239</u>
\$ 19,116	\$ 19,404	\$ 18,993	\$ 22,144	\$ 51,274
14,752	13,800	12,758	11,199	8,219
36,116	40,702	43,219	48,237	32,586
<u>25,453</u>	<u>23,644</u>	<u>37,074</u>	<u>45,315</u>	<u>59,735</u>
<u>\$ 95,437</u>	<u>\$ 97,550</u>	<u>\$ 112,044</u>	<u>\$ 126,895</u>	<u>\$ 151,814</u>

**CITY OF IRVING, TEXAS**

**Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

(modified accrual basis of accounting)

(amounts expressed in thousands)

(Unaudited)

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Revenues</b>					
Taxes	\$ 118,285	\$ 131,261	\$ 136,901	\$ 134,704	\$ 135,021
Fees, licenses, & permits	5,230	5,707	5,245	5,386	5,784
Fines, forfeitures & penalties	5,873	6,727	6,407	6,091	5,604
Charges for services	9,023	9,965	11,291	11,232	10,701
Intergovernmental	704	2,107	2,787	7,173	8,336
Other grant revenue	-	-	98	-	-
Investment income	4,797	8,413	5,416	2,832	1,429
Contributions	259	-	821	-	-
Sale of property	-	-	-	-	-
Miscellaneous	6,716	5,891	7,470	5,061	5,877
<b>Total revenues</b>	<u>150,887</u>	<u>170,071</u>	<u>176,436</u>	<u>172,479</u>	<u>172,752</u>
<b>Expenditures</b>					
General government	27,433	27,521	29,674	29,590	30,224
Police	29,087	31,884	34,478	36,954	36,754
Fire	19,503	22,228	23,697	25,345	25,344
Public health & environ. services	8,124	8,352	9,433	8,742	8,757
Animal Services	-	-	-	-	-
Parks and recreation	9,487	11,610	11,872	12,725	12,325
Municipal court	2,120	2,225	2,973	2,907	2,811
Library	5,682	6,243	7,143	8,215	7,690
Community development	13,844	14,685	16,374	20,853	20,401
Drainage utilities	-	-	-	-	-
Public Works	10,395	14,778	13,436	14,953	13,464
Debt service	16,171	17,025	17,965	-	-
Debt service - principal	-	-	-	14,075	14,650
Debt service - interest	-	-	-	9,462	9,225
Debt service - contract payments	-	-	-	-	-
Capital outlay	15,357	24,922	29,620	47,010	28,479
<b>Total expenditures</b>	<u>157,203</u>	<u>181,473</u>	<u>196,665</u>	<u>230,831</u>	<u>210,124</u>
Deficiency of revenues under expenditures	(6,316)	(11,402)	(20,229)	(58,352)	(37,372)
<b>Other financing sources (uses)</b>					
Transfer in	4,544	2,591	3,026	12,451	8,020
Transfers out	(3,544)	(1,250)	(668)	(8,852)	(5,024)
Bond proceeds	21,000	30,000	30,000	29,500	10,000
Premium on long-term debt issue	-	-	-	153	-
Issuance of tax anticipation notes	-	-	1,000	-	-
Proceeds of refunding bonds	12,150	-	-	-	-
Loan proceeds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Payment to refunded bond agent	(12,150)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>22,000</u>	<u>31,341</u>	<u>33,358</u>	<u>33,252</u>	<u>12,996</u>
<b>Net change in fund balances</b>	<u>\$ 15,684</u>	<u>\$ 19,939</u>	<u>\$ 13,129</u>	<u>\$ (25,100)</u>	<u>\$ (24,376)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	11.40%	10.88%	10.75%	12.80%	13.14%



Schedule 4

Fiscal Year				
2004	2005	2006	2007	2008
\$ 140,346	\$ 145,616	\$ 152,866	\$ 167,481	\$ 186,792
5,825	5,953	7,741	8,416	9,392
6,951	7,352	8,481	7,514	8,630
13,465	13,669	14,779	15,796	16,368
10,354	12,450	14,340	9,416	13,335
-	-	-	-	-
1,415	3,664	7,072	8,303	6,985
-	-	-	-	-
-	-	-	-	814
5,528	5,202	7,075	17,680	10,009
<u>183,884</u>	<u>193,906</u>	<u>212,354</u>	<u>234,606</u>	<u>252,325</u>
31,527	34,942	37,798	43,329	45,601
38,412	39,801	42,942	43,061	50,133
26,118	26,964	29,384	30,335	32,797
8,559	8,948	8,483	8,327	7,349
-	-	-	-	1,141
12,044	12,238	12,418	12,392	13,775
2,886	2,924	3,022	3,020	3,105
7,450	6,758	6,757	6,404	6,841
17,971	18,164	19,452	23,922	28,361
2,045	2,238	3,645	3,734	3,996
14,349	14,624	12,629	11,738	12,489
-	-	-	-	-
13,830	14,780	14,970	14,600	17,135
8,304	7,830	7,828	8,642	9,547
1,279	1,034	1,158	1,476	1,816
21,985	21,811	18,783	29,689	41,542
<u>206,759</u>	<u>213,056</u>	<u>219,269</u>	<u>240,669</u>	<u>275,628</u>
(22,875)	(19,150)	(6,915)	(6,063)	(23,303)
8,553	10,180	2,819	14,327	11,939
(5,145)	(3,201)	(8,661)	(11,716)	(11,939)
14,050	15,000	27,070	27,500	36,725
3,210	-	1,899	132	4
-	-	-	-	-
21,595	-	28,130	-	-
-	-	4,176	-	-
-	-	-	-	11,528
(24,451)	-	(29,947)	-	-
<u>17,812</u>	<u>21,979</u>	<u>25,486</u>	<u>30,243</u>	<u>48,257</u>
<u>\$ (5,063)</u>	<u>\$ 2,829</u>	<u>\$ 18,571</u>	<u>\$ 24,180</u>	<u>\$ 24,954</u>
12.67%	12.36%	12.19%	11.86%	12.57%

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assesed Value	Total Direct Tax Rate
	Real Property	Personal Property			
1999	9,848,577,050	3,021,629,370	1,687,452,961	11,182,753,459	0.4930
2000	10,867,866,040	3,215,858,770	1,697,354,647	12,386,370,163	0.4880
2001	11,327,095,700	3,658,452,920	1,643,484,374	13,342,064,246	0.4880
2002	12,608,761,670	3,672,425,926	2,038,640,348	14,242,547,248	0.4880
2003	12,828,111,920	3,692,290,890	2,094,361,972	14,426,040,838	0.4980
2004	12,467,990,442	3,366,414,480	1,875,365,669	13,959,039,253	0.5328
2005	12,563,417,480	3,121,397,390	2,145,205,719	13,539,609,151	0.5479
2006	13,003,884,640	3,072,114,150	2,284,017,708	13,791,981,082	0.5479
2007	14,211,160,060	3,269,562,020	2,386,153,574	15,094,568,506	0.5479
2008	15,909,491,660	3,844,825,960	2,582,042,873	17,172,274,747	0.5406

**Source:** Dallas Central Appraisal District

Property Tax Rates - Direct and Overlapping (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal year	City of Irving		Total	Irving School District	Dallas County	Total (1)
	General fund	Debt Service fund				
1999	0.3646	0.1284	0.4930	1.6784	0.4477	2.62
2000	0.3609	0.1271	0.4880	1.6684	0.4477	2.60
2001	0.3547	0.1333	0.4880	1.6950	0.0450	2.23
2002	0.3499	0.1381	0.4880	1.7706	0.4555	2.71
2003	0.3606	0.1374	0.4980	1.7706	0.5155	2.78
2004	0.3897	0.1431	0.5328	1.8150	0.5412	2.89
2005	0.4043	0.1436	0.5479	1.8370	0.5437	2.93
2006	0.4029	0.1450	0.5479	1.8140	0.5548	2.92
2007	0.4204	0.1275	0.5479	1.6440	0.5539	2.75
2008	0.4072	0.1334	0.5406	1.3485	0.5672	2.46

Sources: Irving Independent School District; Dallas County

(1) Dallas County rates include all jurisdictions for which ad valorem taxes are applicable to the entire City. These rates have been presented using the assessment ratio applied by the City of Irving in each respective year. Certain jurisdictions have been omitted for which immaterial amounts of taxing authority are applicable to the City.

**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
(Unaudited)

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Avail, Inc	\$433,859,750	1	2.39%	\$ -	-	-
Oncor Electric Delivery	170,986,310	2	0.94%	-	-	-
Zale Delaware, Inc	168,359,350	3	0.93%	-	-	-
TIAA Realty, Inc	139,663,500	4	0.77%	-	-	-
GTE Realty Corp	123,040,160	5	0.68%	-	-	-
BF Las Colinas LP	95,951,600	6	0.53%	-	-	-
Verizon	94,561,280	7	0.52%	-	-	-
Exxon Mobil Corp	92,391,040	8	0.51%	94,535,520	9	0.76%
Neiman Marcus	83,942,690	9	0.46%	-	-	-
GE Aviation Materials LP	80,437,840	10	0.44%	-	-	-
General Telephone	-	-	-	273,763,840	1	2.20%
T-Las Colinas Tower (Teachers Ins)	-	-	-	209,864,900	2	1.69%
ACONA (Associates/Ford)	-	-	-	160,300,683	3	1.29%
Fidelity Properties	-	-	-	148,270,900	4	1.19%
Crescent Real Estate	-	-	-	144,150,290	5	1.16%
Texas Utilities	-	-	-	128,911,100	6	1.03%
Hitachi Semiconductor	-	-	-	112,056,350	7	0.90%
114 Millennium Ltd.	-	-	-	107,813,720	8	0.87%
Boeing Electronics	-	-	-	89,276,850	10	0.72%
<b>Total</b>	<b>\$ 1,483,193,520</b>		<b>8.16%</b>	<b>\$ 1,468,944,153</b>		<b>11.81%</b>

Source: Dallas Central Appraisal District

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(Unaudited)

Fiscal Year Ended September 30	Adjusted Current Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	55,865,740	55,864,727	100.00	(137,353)	55,727,374	99.75
2000	60,445,856	59,803,619	98.94	497,589	60,301,208	99.76
2001	65,218,023	64,275,492	98.55	740,961	65,016,453	99.69
2002	69,574,943	69,067,127	99.27	274,760	69,341,887	99.67
2003	71,911,514	70,732,145	98.36	916,181	71,648,326	99.63
2004	74,729,370	73,845,446	98.82	680,808	74,526,254	99.73
2005	74,941,210	74,080,565	98.85	668,876	74,749,441	99.74
2006	76,177,638	75,466,971	99.07	480,189	75,947,160	99.70
2007	83,637,331	82,866,682	99.08	539,451	83,406,133	99.72
2008	91,661,509	91,075,349	99.36	-	91,075,349	99.36

Note: Collections do not include penalty and interest on delinquent taxes.

**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(Unaudited)

Governmental Activities						
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Special Revenue Bonds</u>	<u>Total</u>			
1999	133,180,000	-	133,180,000			
2000	153,680,000	-	153,680,000			
2001	153,680,000	-	153,680,000			
2002	169,455,000	-	169,455,000			
2003	154,170,000	-	154,170,000			
2004	154,085,000	12,160,000	166,245,000			
2005	155,810,000	10,655,000	166,465,000			
2006	167,705,000	10,755,000	178,460,000			
2007	182,040,000	9,785,000	191,825,000			
2008	199,140,000	12,750,000	211,890,000			
Business-Type Activities						
<u>Fiscal Year</u>	<u>Water/Sewer Revenue Bonds</u>	<u>Water Supply Obligations</u>	<u>Total</u>	<u>Total Primary Government</u>	<u>Percentage of Effective Buying Income (1)</u>	<u>Per Capita (1)</u>
1999	64,910,000	22,492,239	87,402,239	87,402,239	2.15%	476.70
2000	72,710,000	22,447,331	95,157,331	95,157,331	2.15%	513.81
2001	80,310,889	22,400,962	102,711,851	102,711,851	2.14%	536.03
2002	102,303,000	22,312,132	124,615,132	124,615,132	2.53%	641.00
2003	134,000,000	22,023,852	156,023,852	156,023,852	3.69%	788.60
2004	152,260,000	21,929,150	174,189,150	340,434,150	8.36%	1,730.29
2005	153,470,000	19,799,873	173,269,873	339,734,873	8.18%	1,721.05
2006	165,050,000	19,800,000	184,850,000	363,310,000	7.65%	1,799.21
2007	173,640,000	19,550,059	193,190,059	385,015,059	8.22%	1,872.64
2008	177,050,000	19,292,119	196,342,119	408,232,119	8.52%	1,942.57

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements  
(1) See the schedule on Demographic and Economic Statistics on page 135 for Effective Buying Income and population data.

**Ratios of Net General Bonded Debt  
Last Ten Fiscal Years  
(Unaudited)**

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Taxable Assessed Value (2)</u>	<u>General Bonded Debt</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Taxable Value of Property</u>	<u>Net General Bonded Debt Per Capita</u>
1999	183,350	11,182,753,459	133,180,000	14,634,579	118,545,421	1.06%	646.55
2000	185,200	12,386,370,163	153,680,000	14,699,135	138,980,865	1.12%	750.44
2001	191,615	13,342,064,246	153,680,000	16,132,402	137,547,598	1.03%	717.83
2002	194,407	14,242,547,248	169,455,000	14,659,574	154,795,426	1.09%	796.24
2003	197,850	14,426,040,838	154,170,000	13,955,947	140,214,053	0.97%	708.69
2004	196,750	13,959,039,253	154,085,000	13,343,539	140,741,461	1.01%	715.33
2005	197,400	13,539,609,151	155,810,000	12,342,222	143,467,778	1.06%	726.79
2006	201,927	13,791,981,082	167,705,000	11,210,115	156,494,885	1.13%	775.01
2007	205,600	15,094,568,506	182,040,000	9,385,809	172,654,191	1.14%	839.76
2008	210,150	17,172,274,747	199,140,000	6,636,508	192,503,492	1.12%	916.03

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Sources: (1) Population estimate for 2000 is official U. S. Census Bureau count; all other years are estimates provided by the North Central Texas Council of Governments  
(2) Dallas Central Appraisal District

**CITY OF IRVING, TEXAS**

**Schedule 11**

Computation of Direct and Overlapping Debt  
September 30, 2008  
(Unaudited)

Jurisdiction	Net Debt Outstanding		Percent Applicable to City of Irving	Amount applicable to City of Irving
	Amount	As of		
Carrollton- Farmers Branch ISD	\$ 411,303,711	9/30/2008	20.17%	\$ 82,959,959
Coppell ISD	144,793,182	9/30/2008	49.12%	71,122,411
Dallas County	158,486,552	9/30/2008	11.68%	18,511,229
Dallas County Community College District	298,185,000	9/30/2008	11.42%	34,052,727
Dallas County Hospital District	-	9/30/2008	11.68%	-
Dallas County Utility Reclamation Dist.	285,352,654	9/30/2008	100.00%	285,352,654
Grand Prairie ISD	471,736,395	9/30/2008	1.12%	5,283,448
Grapevine-Colleyville ISD	292,670,892	9/30/2008	0.77%	2,253,566
Irving Flood Control District #1	4,338,764	9/30/2008	100.00%	4,338,764
Irving Flood Control District #3	3,026,153	9/30/2008	99.99%	3,025,850
Irving ISD	461,081,609	9/30/2008	97.58%	449,923,434
Dallas County Flood Control District #1	31,140,100	9/30/2008	89.40%	<u>27,839,249</u>
Total Net Overlapping Debt				\$ 984,663,291
City of Irving G.O. Bonds	203,140,000 (1)	9/30/2008	100.00%	<u>203,140,000</u>
Total direct and overlapping debt				<u>\$ 1,187,803,291</u>
Debt as a percentage of total assessed value **			6.92%	
Total debt per capita			\$5,652	

\*\* Actual Valuation before Exemptions

(1) Net Debt. Excludes the self-supporting debt.

Source: Municipal Advisory Council of Texas



Computation of Legal Debt Margin  
September 30, 2008  
(Unaudited)

Article XI, Section 5 of the State of Texas Constitution states in part:

"...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

As a home rule city, the City of Irving is not limited by law in the amount of debt it may issue. The City's Charter (Article 5, Section 2) states:

"The City Council shall have the power and it is hereby authorized and made its duty to levy annually for general purposes and for the purpose of paying interest and providing the sinking fund on the bonded indebtedness of the City of Irving now in existence or which may hereafter be created an ad valorem tax on all real, personal or mixed property within the territorial limits of said City and upon all franchises granted by the City to any individual or corporation of not exceeding a total of one dollar and fifty cents (\$1.50) on the One Hundred Dollars (\$100) assessed valuation of said property."

The tax rate for fiscal 2008 was established at \$.5406 per \$100 of assessed valuation with an assessment ratio of approximately 86.5%. The assessment ratio of 86.5% is attributable to old age, disability and homestead exemptions aggregating 5.8% and agricultural tax abatement and other tax-exempt property aggregating 7.7%.

**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
(Unaudited)

Year Ended <u>September</u>	Gross <u>Revenue (1)</u>	Direct Operating <u>Expense (2)</u>	Net Available <u>Revenue</u>	<u>Debt Service (3)</u>		<u>Times Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
<b><u>WATER AND SEWER BONDS</u></b>						
1999	56,909,528	36,246,355	20,663,173	3,245,500	1,771,558	4.12
2000	64,487,111	39,914,714	24,572,397	3,635,500	2,220,668	4.20
2001	61,457,444	38,885,100	22,572,344	4,016,250	2,187,145	3.64
2002	56,422,975	39,962,331	16,460,644	3,863,500	2,713,621	2.50
2003	58,135,052	37,927,160	20,207,892	7,050,000	3,103,450	1.99
2004	60,427,427	39,669,495	20,757,932	7,613,000	3,806,250	1.82
2005	65,461,931	43,261,524	22,200,407	7,673,500	3,598,250	1.97
2006	73,146,494	47,770,422	25,376,072	8,252,500	3,703,937	2.12
2007	66,051,049	47,416,068	18,634,981	8,678,000	3,717,788	1.50
2008	74,451,292	50,089,602	24,361,690	8,852,500	3,742,823	1.93

## Notes:

- (1) The revenue includes both receipts of pro rata and investment income as defined in revenue bond ordinances.
- (2) As defined in revenue bond ordinances, excludes depreciation and debt service expense
- (3) As defined in revenue bond ordinances, average principal and interest outstanding at close of year

**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Effective Buying Income (EBI) (in thousands of dollars) (2)</u>	<u>Per Capita Income</u>	<u>Median Household EBI (3)</u>	<u>Number of Households (3)</u>	<u>Median Age (4)</u>	<u>School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
1999	183,350	4,063,055	22,160 (9)	40,915	74,370	*	46,823	2.8%
2000	185,200	4,435,341	25,632 (11)	40,915	76,241	30	40,641	2.8%
2001	191,615	4,788,523	19,083 (12)	47,961	76,241	*	44,108	5.1%
2002	194,407	4,927,284	23,419 (13)	47,961	82,950	*	42,270	6.0%
2003	197,850	4,227,778	23,419 (14)	47,961	83,350	*	40,923	5.7%
2004	196,750	4,074,560	23,419 (14)	44,956	86,032	*	42,111	5.8%
2005	197,400	4,152,598	23,655 (14)	44,956	86,032	*	44,650	5.3%
2006	201,927	4,748,717 (16)	23,517 (15)	44,956	86,032	*	46,438	4.5%
2007	205,600	4,685,007 (16)	22,787 (15)	44,740	86,679	*	45,475	4.3%
2008	210,150	4,788,688 (16)	22,787 (15)	44,956	88,463	30	33,233	5.1%

Sources: (1) Official City Estimates, Census, and North Central Texas Council of Governments  
(2) Sales and Marketing Magazine, "Survey of Buying Power"  
(3) North Central Texas Council of Governments  
(4) U. S. Census Bureau, 2000 Census \* Median Age only available during census years  
(5) Irving I. S. D., North Lake Community College, and University of Dallas  
(6) Texas Workforce Commission  
(7) August '96 Sales and Marketing Management, "Survey of Buying Power"  
(8) August '97 Sales and Marketing Management, "Survey of Buying Power"  
(9) August '98 Sales and Marketing Management, "Survey of Buying Power"  
(10) Editor and Publisher Market Guide, 1999  
(11) Sourcebook for Zip Code Demographics, 2000  
(12) September 2001 Irving-Las Colinas Chamber of Commerce Publication -  
"Demographics Irving-Las Colinas Texas"  
(13) Ersys.com, 2002  
(14) en.wikipedia.org, and dallastx.real-estate.com  
(15) U.S. Census Bureau, American Community Survey  
(16) Calculated by multiplying population by per capita income



IRVING

**Principal Employers**  
**Current Year and Nine Years Ago**  
(Unaudited)

<u>Employer</u>	<u>2008</u>			<u>Employer</u>	<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Verizon	6,500	1	5.41%	Neiman Marcus - Mail Order	4,950	1	2.98%
Citigroup, Inc.	6,430	2	5.35%	Abbott Laboratories	2,900	2	1.75%
Citigroup Credit Company	3,795	3	3.16%	Fidelity Investments	2,400	3	1.45%
Nokia	2,500	4	2.08%	Associates Corp of North America	1,650	4	0.99%
Central Freight Lines	2,000	5	1.66%	Boeing Defense & Space	1,650	5	0.99%
Abbott Laboratories	1,500	6	1.25%	Baylor Healthcare	1,500	6	0.90%
Aegis Communications	1,500	7	1.25%	Advanced Telemarketing Corp	1,500	7	0.90%
Baylor Medical Center	1,500	8	1.25%	Zale Corporation	1,000	8	0.60%
First Horizon Home Loans	1,500	9	1.25%	Allstate Insurance Company	1,000	9	0.60%
Accenture LLP	1,400	10	1.16%	Zerox	1,000	10	0.60%
<b>Total</b>	<b><u>28,625</u></b>		<b><u>17.30%</u></b>		<b><u>19,550</u></b>		<b><u>11.78%</u></b>

Source: North Central Texas Council of Governments & Texas Workforce Commission

**CITY OF IRVING, TEXAS**

**Full-time Equivalent City Government Employees  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>By Functions</b>					
General Government	229.50	252.00	258.50	262.00	239.00
Police	485.50	482.50	498.50	516.00	510.00
Fire	281.50	286.50	295.50	296.50	296.50
Environmental Services	126.00	127.00	126.50	127.50	122.50
Parks and Recreation	195.00	203.00	203.00	227.00	222.00
Library Services	97.50	102.00	116.50	115.50	115.50
Court Services	36.50	44.50	44.50	44.50	42.50
Community Development	77.00	106.00	106.00	109.00	102.50
Public Works	261.00	276.00	285.50	298.50	299.00
Community Services	33.00	64.50	65.00	67.00	83.00
<b>Total Employees by Function</b>	<b><u>1,822.50</u></b>	<b><u>1,944.00</u></b>	<b><u>1,999.50</u></b>	<b><u>2,063.50</u></b>	<b><u>2,032.50</u></b>
<b>By Departments</b>					
City Secretary's Office	13.00	13.00	13.00	13.00	12.00
City Manager's Office	10.00	16.00	16.00	16.00	15.00
Police	485.50	482.50	498.50	516.00	510.00
Fire	281.50	286.50	295.50	296.50	296.50
Public Health and Env. Services	126.00	127.00	126.50	127.50	122.50
Parks and Recreation	195.00	203.00	203.00	227.00	222.00
Finance	63.50	59.00	63.50	63.50	49.00
Inspections	62.00	62.00	62.00	63.00	57.00
Human Resources	15.50	18.00	18.00	18.00	17.00
Municipal Court Services	36.50	44.50	44.50	44.50	42.50
Library Services	97.50	102.00	116.50	115.50	115.50
Planning and Development	15.00	14.00	14.00	15.00	15.50
City Attorney	13.00	18.00	18.00	18.00	16.00
Public Works	261.00	276.00	285.50	298.50	299.00
General Services	83.50	89.50	90.50	92.50	89.50
Information Technology	31.00	38.50	39.50	41.00	40.50
Community Affairs	27.00	28.00	28.00	28.00	27.50
Housing and Human Services	6.00	6.00	7.50	9.00	8.50
Irving Convention and Visitors Bureau	0.00	30.00	30.00	31.00	30.00
Irving Arts Center	0.00	30.50	29.50	30.00	47.00
<b>Total Employees by Department</b>	<b><u>1,822.50</u></b>	<b><u>1,944.00</u></b>	<b><u>1,999.50</u></b>	<b><u>2,063.50</u></b>	<b><u>2,032.50</u></b>
<b>By Fund</b>					
General	1,620.00	1,693.50	1,734.50	1,777.00	1,741.50
Water and Sewer	128.00	135.50	145.50	147.50	137.50
Lake Chapman	4.00	5.00	9.00	9.00	9.00
Garage	29.00	31.00	31.00	31.00	30.00
Grants	11.00	10.00	11.50	15.00	14.50
Hotel Occupancy Tax	1.00	61.50	60.50	63.00	79.00
Municipal Court Funds	0.00	1.00	1.00	1.00	1.00
Tax Increment Financing	0.00	2.00	2.00	2.00	2.00
Recreation Centers	0.00	0.00	0.00	13.50	13.50
Cable Fund	27.00	0.00	0.00	0.00	0.00
Municipal Drainage Utility	2.50	4.50	4.50	4.50	4.50
<b>Total Employees by Fund</b>	<b><u>1,822.50</u></b>	<b><u>1,944.00</u></b>	<b><u>1,999.50</u></b>	<b><u>2,063.50</u></b>	<b><u>2,032.50</u></b>

Source: Current and prior year City of Irving Annual Operating Budget documents

Schedule 16

Fiscal Year				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
213.00	213.00	218.50	219.00	222.00
509.00	512.00	519.00	576.00	576.00
295.50	295.50	307.50	318.00	318.00
115.00	114.00	117.50	91.00	91.00
220.50	222.50	221.50	299.00	312.00
111.50	99.50	99.50	116.00	116.00
43.00	43.00	43.00	41.00	41.00
100.50	103.50	96.50	124.00	119.00
319.00	319.00	324.00	325.00	319.00
81.00	59.50	69.50	93.00	102.00
<u>2,008.00</u>	<u>1,981.50</u>	<u>2,016.50</u>	<u>2,202.00</u>	<u>2,216.00</u>
12.00	12.00	12.00	12.00	12.00
11.00	10.00	11.00	11.00	11.00
509.00	512.00	519.00	576.00	576.00
295.50	295.50	307.50	318.00	318.00
115.00	114.00	117.50	91.00	91.00
220.50	222.50	221.50	303.00	316.00
29.00	30.00	30.00	26.00	26.00
56.00	59.00	52.00	44.00	38.00
20.00	20.00	19.50	27.00	29.00
43.00	43.00	43.00	41.00	41.00
111.50	99.50	99.50	116.00	116.00
13.50	13.50	13.50	36.00	0.00
16.00	16.00	16.00	17.00	17.00
319.00	319.00	324.00	325.00	324.00
88.50	89.50	93.50	85.00	83.00
36.50	35.50	36.50	41.00	44.00
24.50	24.50	24.50	33.00	73.00
9.50	10.00	10.00	11.00	11.00
31.00	31.00	31.00	40.00	40.00
47.00	25.00	35.00	49.00	50.00
<u>2,008.00</u>	<u>1,981.50</u>	<u>2,016.50</u>	<u>2,202.00</u>	<u>2,216.00</u>
1,698.50	1,691.50	1,696.50	1,827.50	1,842.50
156.50	156.50	158.50	163.00	166.00
0.00	0.00	0.00	0.00	0.00
30.00	30.00	30.00	35.00	31.00
16.50	17.00	16.00	15.00	15.00
79.50	57.50	67.50	93.00	93.00
1.50	1.50	3.50	3.50	3.50
1.00	1.00	0.00	0.00	0.00
14.00	14.00	17.00	34.00	34.00
0.00	0.00	0.00	0.00	0.00
10.50	12.50	27.50	31.00	31.00
<u>2,008.00</u>	<u>1,981.50</u>	<u>2,016.50</u>	<u>2,202.00</u>	<u>2,216.00</u>

**CITY OF IRVING, TEXAS**

**Operating Indicators by Function  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Functions</b>				
Police				
Reported Index Crimes	12,529	12,484	12,559	14,134
Arrests (Juvenile and Adult)	14,260	14,595	13,568	13,263
Fire				
Responses (Fire and Ambulance)	24,227	24,227	26,203	25,563
Inspections	5,315	5,315	9,099	8,731
Environmental Services				
Tonnage Collected by Sanitation Crews	58,486	59,757	60,132	60,385
Annual Tons Recycled	9,823	11,639	11,747	9,124
Health Classes, Events, Presentations	56	68	92	71
Animals Handled by Shelter	5,270	4,695	4,744	4,499
Parks and Recreation				
Customer Svc Rating	98.50%	99.00%	98.00%	96.00%
Rec./Athletic/Aquatic Program Participation	138,000	150,460	125,662	156,758
Park Elements Certified	93.75%	94.00%	94.00%	95.00%
Library Services				
Library Visitors	737,127	759,207	779,115	865,915
Library Program Attendance	58,867	68,070	67,926	88,836
Court Services				
Traffic Violations Filed with Court	103,141	108,229	59,044	72,788
Community Development				
Subdivision Plats Filed	110	90	113	91
Building Inspection Plans Reviewed	1,938	2,163	2,047	1,872
Building Permits Issued	7,167	7,396	6,590	6,589
Zoning Cases Filed	110	80	100	103
Public Works				
Street Repair: Tons of Asphalt/Crew Hour	2.54	3.20	3.10	1.90
In House Design and Contract Admin.	\$5,000,000	\$9,000,000	\$7,000,000	\$6,600,000
Traffic Signals Maintained	178	178	178	178
Gallons of Water Pumped (000s)	14,888,961	14,527,011	16,210,303	15,715,161
Drinking Water Samples	3,909	4,330	3,190	2,898
Wastewater Stoppages Cleared	2,137	2,556	2,123	1,359
Community Services				
Neighborhood Round Table Attendance	N/A	N/A	N/A	240
Partnership Fund Projects Completed	N/A	7	10	13
Arts Center Visual Art Exhibits	32	27	29	26
Arts Center Theater Performances	209	282	295	298

Source: Current and prior year City of Irving Annual Operating Budget documents



Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
14,009	13,911	13,636	14,845	14,103	13,868
13,008	15,267	15,605	16,385	17,204	17,368
26,147	27,685	28,269	28,950	34,500	28,950
9,884	9,436	9,754	8,898	9,343	9,500
57,839	61,045	63,618	56,644	51,150	52,000
8,125	9,083	9,243	2,600	2,450	2,500
91	91	159	160	160	85
4,413	4,953	4,690	4,700	9,410	8,000
95.00%	95.00%	94.00%	95.00%	97.00%	97.00%
172,434	237,175	237,175	240,000	240,000	269,000
93.00%	94.00%	94.00%	94.00%	94.00%	94.00%
1,137,219	1,107,131	874,197	894,681	928,768	1,020,927
103,811	97,333	79,243	80,828	81,064	85,024
66,878	82,499	78,030	76,550	80,378	81,000
76	94	102	94	95	95
1,582	2,148	3,002	5,559	4,500	4,500
6,588	9,241	10,594	14,055	15,100	15,500
90	98	90	70	75	75
1.80	3.00	2.50	3.00	3.00	3.00
\$7,600,000	\$4,600,000	\$3,000,000	\$7,600,000	\$11,561,999	\$ 13,975,000
178	180	180	182	185	189
14,609,427	13,384,568	13,960,480	14,502,694	15,600,000	16,210,000
2,704	3,066	2,696	2,888	3,000	2,700
283	181	201	312	275	275
213	208	132	150	175	200
24	19	15	15	15	20
24	24	24	22	24	24
263	215	213	236	240	261

**CITY OF IRVING, TEXAS**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<b>Functions</b>				
Police				
Police Vehicles	190	110	110	110
Fire				
Fire Fighting Units	15	17	17	17
Ambulances	5	8	8	8
Parks and Recreation				
Developed Park Acreage	1,384	1,384	1,384	1,384
Number of Parks	53	52	52	52
Public Works				
Miles of Streets	702	705	705	708
City Maintained Street Lighting	1,043	1,043	1,043	1,243
Water Main Miles	661	675	680	719
Fire Hydrants	9,536	9,746	9,746	5,440
Sewer System Miles	655	655	658	663
Meters in Service	41,404	42,118	42,990	43,588

Source: Current and prior year City of Irving Annual Operating Budget documents

Schedule 18

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
110	159	159	164	223	233
17	18	21	23	23	24
8	9	11	11	11	12
1,384	1,443	1,445	1,445	1,445	1,451
52	58	58	59	59	59
708	712	712	507	725	725
1,243	1,243	1,243	1,243	1,250	1,250
762	711	711	711	711	733
5,440	5,559	5,559	5,559	5,559	5,559
677	573	573	573	573	741
43,588	44,684	43,757	43,757	43,757	43,757

