



# Lewisville Independent School District

Comprehensive Annual  
Financial Report  
For the Year Ended  
August 31, 2012

Lewisville ISD  
William T. Bolin  
Administrative Center  
1565 W. Main Street  
Lewisville, TX 75067  
Denton County  
[www/lisd.net](http://www/lisd.net)







# Lewisville Independent School District

Comprehensive Annual  
Financial Report  
For the Year Ended  
August 31, 2012

Prepared by  
**Division of Finance**

Dr. Quentin Burnett  
Chief Financial Officer

Becky Buck, CPA  
Executive Director of Finance





**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2012**

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**INTRODUCTORY  
SECTION**





December 10, 2012

To the Board of Trustees and the Citizens of the Lewisville Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report of the Lewisville Independent School District (the District) for the fiscal year ended August 31, 2012.

This report consists of managements' representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Whitley Penn L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2012, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the year ended August 31, 2012 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the Federal Awards section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

Lewisville ISD is an independent public educational agency operating under applicable laws and regulations of the State of Texas providing a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade twelve. LISD is located north of the Dallas/Fort Worth Metroplex. LISD encompasses 127 square miles and is made up of all, or part of, thirteen different communities: Lewisville, Flower Mound, The Colony, Highland Village, Double Oak, Copper Canyon, north Carrollton, western Plano, and portions of Frisco, Hebron, Coppell, Grapevine, and Argyle. The District is comprised of five high schools, one 9<sup>th</sup> grade campus, two 9<sup>th</sup>-10<sup>th</sup> grade campuses, two career centers, one learning center, fifteen intermediate schools, forty elementary schools and one early childhood center. The ages of the school buildings range from zero to fifty-five years.

Serving more than 50,000 students, our district has experienced a period of rapid growth adding over 22,000 students in an eleven year period and will continue to grow. While the District continues to grow, the rate of growth has slowed to approximately 600 students per year.

The seven members of the Board of Trustees (Board) serve, without compensation, a three-year term in office. On a rotating basis, two or three places are filled during annual elections held the first Saturday in May. Vacancies may be filled by appointment until the next election. The Board has final control over local school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school Board elections. Board decisions are based on a majority vote of those present. In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

## **EDUCATION**

The District is a public school system whose mission recognizes that “Students, staff and community design and implement a learning organization that provides engaging, innovative experiences every day”. Recognizing that the quality of life, both today and in the future, depends upon the quality of education provided by the public schools, the Lewisville Independent School District is dedicated to education and committed to meeting the needs of every individual. The District believes:

- Every student is uniquely capable and deserves to be challenged each day.
- Uninhibited learning depends on a safe, nurturing, inclusive and flexible environment.
- An educated citizenry is essential for equal opportunity and a prosperous society.
- Meaningful and relevant work engages students in profound learning.
- Critical thinking and problem solving today are necessary for students to be equipped for future challenges.
- Genuine transformation requires disruptive innovation.
- Education is the shared responsibility of the community.

The District has set the following goals:

- Provide all learners with safe, nurturing, inclusive and flexible learning environments.
- Engage learners through the use of technological tools to access, create and share content as well as collaborate with other learners throughout the world.
- Reframe state readiness standards in a way that leads to profound learning and has meaning and value for students.
- Create flexible systems that result in a learning organization supported by innovation and engaged staff.
- Continuously involve our diverse community, staff and students to use their strengths, resources and talents to provide engaging, innovative experiences for all learners.
- Develop and implement meaningful, varied assessments that inform and inspire students and educators for continuous improvement and growth in a way that transforms learning and teaching.
- Design an accountability system that transcends state/national mandates and reflects local values and expectations.

The District prides itself on its long-standing tradition of educational excellence. With 38 schools receiving the “Exemplary” rating and 20 schools earning the “Recognized” rating by the Texas Education Agency, families move into the District because of our commitment to student success. The District also has six National Blue Ribbon Schools of Excellence, which is the highest designation a school can earn by the United States Department of Education.

## FINANCIAL POLICIES

*Internal Controls.* The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives.

*Budgetary Controls.* In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Trustees. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency. Activities of the General Fund, Food Service Fund, and Debt Service Fund are included in the District’s formally adopted budget. Budgets for Special Revenue funds (other than the Food Service Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level with each fund. These functional categories are defined by the Texas Agency and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance staff.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Outstanding encumbrances at the end of a fiscal year are rolled forward into the subsequent fiscal period with the budget amended accordingly. As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

## MAJOR INITIATIVES

*Capital Projects.* In May 2008, voters approved a \$697.7 million bond package designed to finance facility needs through 2015. In the fiscal year ending August 31, 2012, the District issued \$151,190,000 in Unlimited Tax and Refunding School Building Bonds. The new proceeds were issued for construction and renovation of school buildings and equipment. Unlimited Tax Refunding Bonds were issued in the amount of \$62,685,000 to refund certain outstanding debt of the District for debt service savings. The refunding decreased the aggregate debt service payments by \$9,064,827 through 2025 resulting in an economic gain of \$7,964,187.

The District continues to retire existing debt at a steady pace, but continued enrollment growth requires issuance of new debt. District personnel continually work with the community to review the facility needs of the District and to provide for those needs through additional debt issuance, as necessary, while minimizing the financial impact on the taxpayer.

*Relevant Financial Policy.* The Board recognizes the importance of maintaining sufficient fund balance to sustain the District through uncertain economic times. Acknowledging that the District’s financial position is impacted greatly by the legislature’s actions and the level of the state’s available resources, the Board has been proactive in building the District’s fund balances over time. The following policy is designed to assure a strong financial position in the event of reductions in enrollment, tax revenues or other funding:

- General Fund – The Board has resolved that the District shall not drop below a minimum of \$45,000,000 committed fund balance.
- Debt Service Fund – The District strives to maintain a Debt Service Fund balance of 10% of Debt Service Fund expenditures.
- Food Service Fund – The fund balance for Food Service should not exceed three months of average Food Service operations expenditures.

Fund balance has reached \$146 million in the General Fund, which will allow the District to weather the current financial storm and continue to accomplish the goals.

*Long-term Financial Planning.* The District has grown the fund balance to ensure that the needed resources are available to provide for the expected growth and unexpected situations. Projections assumed in budgeting for subsequent fiscal year include:

- Maintenance and Operations tax rate will remain at \$1.04 per \$100 valuation through 2012-13.
- LISD will not be subject to Chapter 41 recapture.
- State funding will decline in fiscal year 2012-13 and 2013-14 as a result of the 82<sup>nd</sup> Legislative Session. Funding formulas will produce \$30 million less in revenue in 2012-13 than would have been the result using prior funding formulas.
- Average Daily Attendance for budgeting purposes for 2012-13 is projected at 49,512, an increase of .06%.

Plans to facilitate this growth include new schools, additions to existing schools, improved technology focusing on greater efficiency and reduced paperwork, and continued reliance on grant funds to supplement regular funding and to expand programs needed for greater academic achievement.

## **ECONOMIC CONDITION AND OUTLOOK**

Lewisville ISD's local economy has experienced a slight downturn but remains strong. The diversity of the businesses located here and the range of housing available combined with the transportation grid and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycles that is not available to most school districts.

The District's largest taxpayer is only 0.32 % of the taxable value of the District. This lack of dependence on a single employer or business segment means that the loss of even a large business will not negatively impact the education of children or imperil the future payment of obligations.

The District has elected to provide the "Freeport exemption" for qualifying businesses. This tax incentive has resulted in the attraction of new businesses bringing value and jobs to the District. It is believed that this will continue to be a positive force for the District and will ensure that businesses needing the facilities of DFW and Alliance airports will consider and select Lewisville ISD for their new plants and their plant expansions.

The upgrading of the road system within the metroplex continues to be a plus for the District. A combination of interstate highways, state highways, and toll roads ensures that residents can easily commute to jobs anywhere in the metroplex and serves as a magnet for the location of new businesses coming into the area.

Each of the communities within the Lewisville ISD continues to experience quality growth. The partnership between these cities and the school district helps to ensure that facilities are provided at the best cost to the students and the taxpayers. The cities recognize that the impact growth will have on the schools must be part of their planning process. This understanding of the importance of schools to the health of all political subdivisions is providing help with the location and purchase of future school sites.

Residents continue to support the schools and demand the best for the students. Past Lewisville ISD bond voters reaffirmed their commitment to provide quality instruction and facilities for their students and have overwhelmingly approved issues. This support will ensure that facility needs are met in a timely manner for the near future.

## **AWARDS**

The FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. The primary goal of FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. The District has been awarded the "Superior Achievement" rating under Texas' Schools FIRST financial accountability rating system each year since inception. The "Superior Achievement" rating

is the state's highest financial rating, demonstrating the quality of LISD's sound fiscal management and appropriate reporting system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2011. This was the thirteenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

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

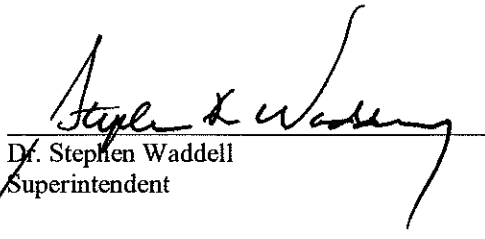
In addition, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2011. This award has also been received for the thirteenth consecutive year. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2012 continues to conform to the standards for which these awards were granted.

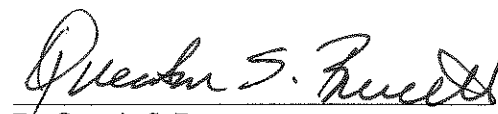
#### ACKNOWLEDGEMENTS

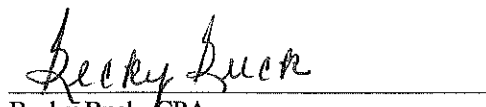
We appreciate the support of the Board of Trustees, the citizens of the District, and the business community, all who work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperation is indicative of the strong support for the attainment of excellence in the District's educational programs.

Also, we would like to express an appreciation to all employees of the District's schools for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance office.

Respectfully submitted,

  
Dr. Stephen Waddell  
Superintendent

  
Dr. Quentin S. Burnett  
Chief Financial Officer

  
Becky Buck, CPA  
Executive Director of Finance

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2012**

**PRINCIPAL OFFICIALS AND ADVISORS**

**Principal Officials**

<b><u>Board of Trustees</u></b>	<b><u>Date Elected</u></b>	<b><u>Term Expires</u></b>	<b><u>Occupation</u></b>
Carol Kyer, President	1997	2014	Office Manager
Vice President	2010	2013	Vacant since July 2012
Julie Foughty, Secretary	2010	2013	Former Educator
Kathy Duke	2012	2015	Commercial Insurance Agent
Brenda Latham	2010	2013	Business Owner
Mike McDaniel	2011	2014	Entrepreneur
Trisha Sheffield	2012	2015	Independent Copywriter

**Administrative Officials**

Dr. Stephen Waddell, Superintendent

Ms. Barbara Brown, Chief Technology Officer

Dr. Quentin Burnett, Chief Financial Officer

Dr. Lynda Haynes, Associate Superintendent for Staff and Community Relations

Dr. Penny Reddell, Associate Superintendent for Learning and Teaching

Dr. Kevin Rogers, Chief Operating Officer

**Consultants and Advisors**

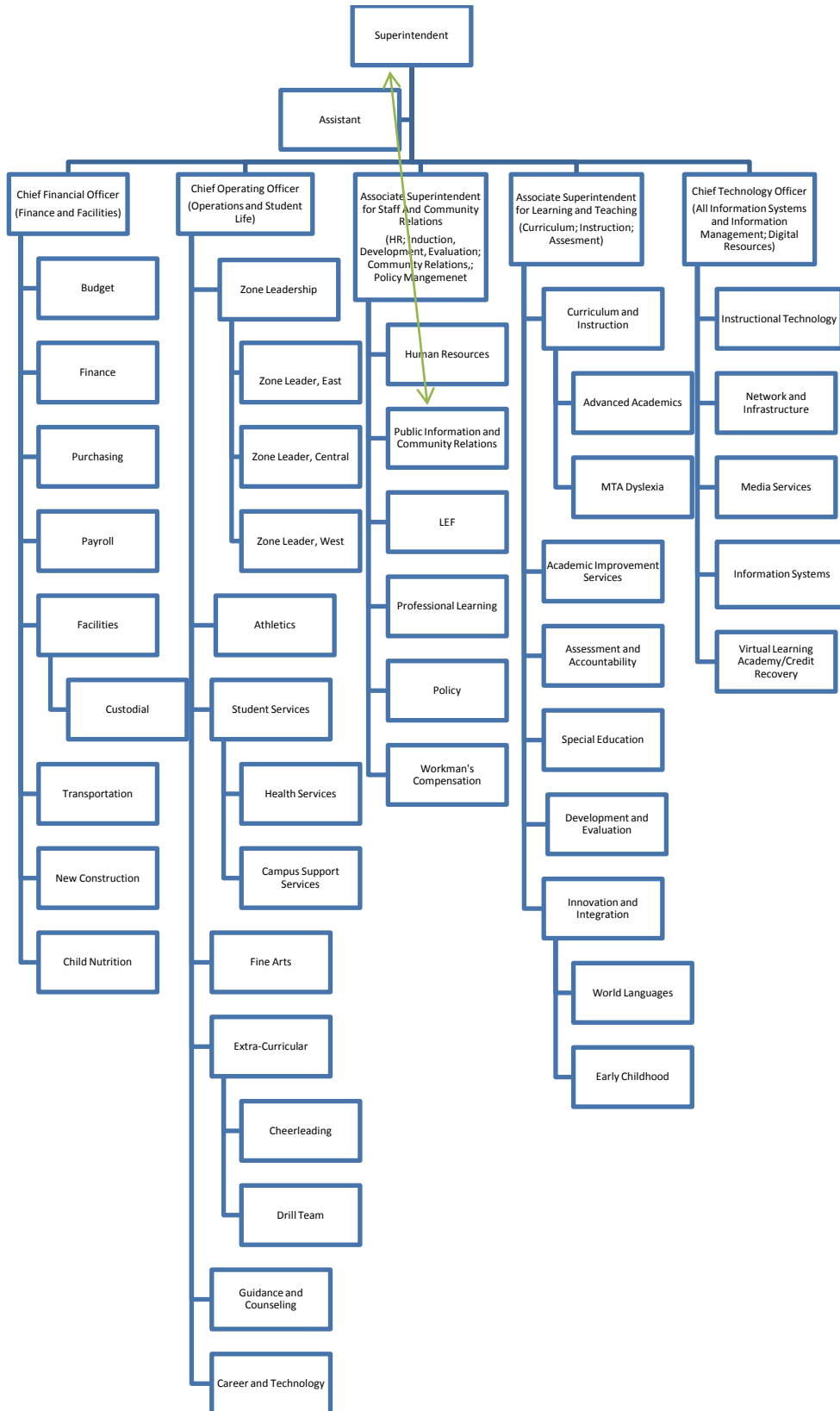
Whitley Penn L.L.P., Houston, Texas  
Independent Auditors

Southwest Securities, Dallas, Texas  
Financial Advisors

McCall, Parkhurst & Horton L.L.P. Dallas, Texas  
Bond Counsel

Law Offices of Robert E. Luna, P.G., Dallas, Texas  
Attorney

LEWISVILLE INDEPENDENT SCHOOL DISTRICT  
 ORGANIZATIONAL CHART  
 JUNE 2012



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Lewisville Independent School  
District, Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2011

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended August 31, 2011

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

CERTIFICATE OF THE BOARD

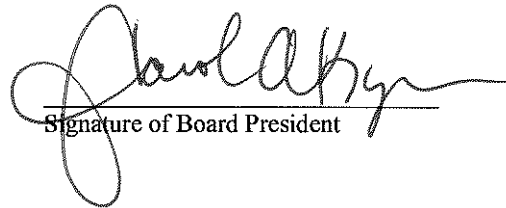
Lewisville Independent School District  
Name of School District

Denton  
County

061-902  
County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and  approved  disapproved for the year ended August 31, 2012, at a meeting of Board of Trustees of such school district on the 10<sup>th</sup> day of December, 2012.

  
Signature of Board Secretary

  
Signature of Board President

**FINANCIAL  
SECTION**



## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Lewisville Independent School District  
Lewisville, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewisville Independent School District's (the "District"), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements for the Lewisville Education Foundation, Inc. as of and for the year ended December 31, 2011. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lewisville Education Foundation is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Lewisville Education Foundation were not audited in accordance with *Governmental Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2012, and the respective changes in financial position, the respective budgetary comparison for the general fund and, where applicable, cash flows 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 December 6, 2012, on our consideration of the District'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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, other supplementary information (as described in the accompanying table of contents), and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information (as described in the accompanying table of contents) and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Whitley Penn LLP

Houston, Texas  
December 6, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2012**

The management of the Lewisville Independent School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended August 31, 2012. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this analysis.

### **FINANCIAL HIGHLIGHTS**

- The District's total combined net assets, as presented on the government-wide Statement of Net Assets, exceeded liabilities by \$91 million. The net assets of the District increased by \$14.6 million during the year ended August 31, 2012.
- The District's governmental funds financial statements reported combined ending fund balance of \$280.0 million. This balance consists of \$146.9 million in the General Fund of which \$45 million is committed and \$101.5 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$129.5 million and is used by the Debt Service Fund, Capital Projects Funds and Nonmajor Funds. Non-spendable fund balance is \$918,473 and the remaining balance consists of \$3 million committed.
- In May 2008, voters approved a \$697.7 million bond package designed to finance facility needs through 2015. During the 2011-2012 fiscal year, the District issued \$88,505,000 in Unlimited Tax School Bonds and \$62,685,000 in Unlimited Tax Refunding Bonds to refund certain outstanding debt of the District for debt service savings. Authorized but unissued school building bonds are \$287,774,497 at August 31, 2012.
- Program revenues accounted for \$72 million of total revenues. General revenues and special items accounted for \$454.2 million.
- The General Fund had \$390 million in revenues, which primarily consisted of state aid and property taxes, and \$376 million in expenditures increasing the fund balance this year by \$13.6 million.
- During the fiscal year 2012, the District completed projects consisted of HVAC renovations, batting cages and playground renovations.

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

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The financial statements comprise four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the basic financial statements, and (4) federal awards section. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. The following chart summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain.

Also included as a discretely presented component unit is the Lewisville Education Foundation, Inc., a nonprofit organization, that provides support to the District, teachers, and students.

Government-wide	Fund Statements		
	Governmental Funds	Proprietary Funds	Fiduciary Funds
Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as Health and workers' compensation	Activities the District operates similar to private business--health insurance and workers' compensation	Instances in which the District is the trustee or agent for someone else's resources, such as student activity accounts
Statement of Net Assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
Statement of Activities	Statement of revenues, expenditures and changes in fund balance	Statement of revenues, expenses and changes in fund net assets  Statement of cash flows	Statement of changes in fiduciary net assets (if applicable)
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
All assets and liabilities, both financial and capital short-term and long-term	Only assets expected to be used up 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; the District's fiduciary funds do not currently contain capital assets, although they can
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 during the year or soon thereafter	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 (not applicable to agency funds)

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The *Statement of Net Assets* includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, additional nonfinancial factors, such as changes in the District's tax base, should be considered.

The government-wide financial statements of the District include only governmental activities. The District's basic services included here are instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

**Fund financial statements.** The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state



and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by state law and by bond covenants, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* — Most of the District’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

The District maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance of the General Fund, the Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

- *Proprietary funds* — Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District uses internal service funds to report activities that provide supplies and services for the District’s other programs and activities—such as the Workers’ Compensation Fund.
- *Fiduciary funds* — The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District’s fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the District.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a District’s financial position. The District’s combined net assets increased between fiscal years 2012 and 2011 – increasing by \$14,628,307 as can be seen on the following table. The District’s net assets invested in capital assets, net of related debt includes its investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt, used to acquire those assets that is still outstanding. The District’s net assets invested in capital assets, net of related debt is \$94,859,322.

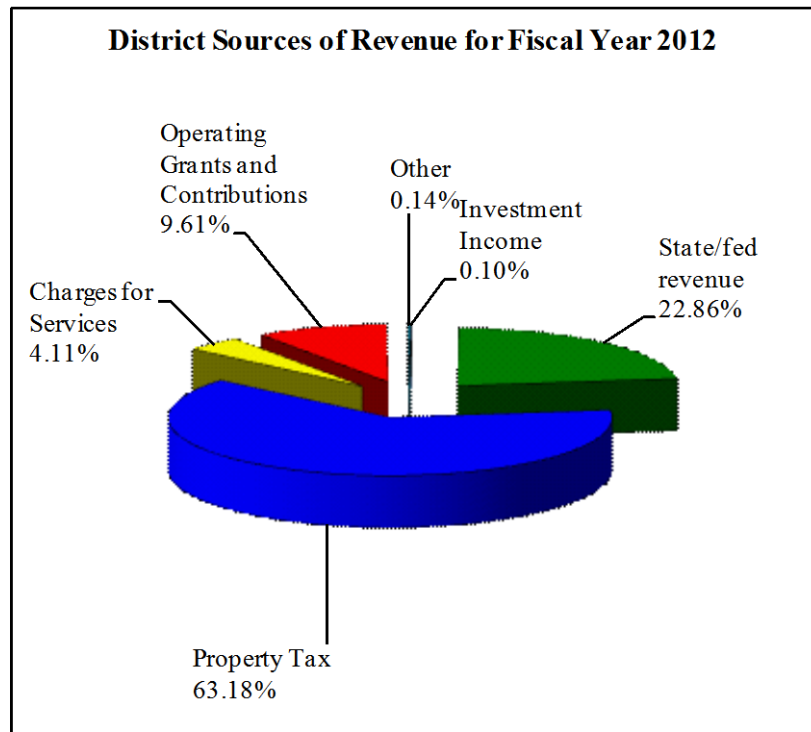
The District uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table provides a summary of the Assets, Liabilities, and Net Assets for governmental activities for the years ended August 31, 2012 and 2011, respectively.

	<b>FY 2012</b>	<b>FY 2011</b>
Current and Other Assets	\$ 339,617,148	\$ 281,500,849
Capital Assets	<u>964,626,464</u>	<u>957,346,616</u>
<b>Total Assets</b>	<u>1,304,243,612</u>	<u>1,238,847,465</u>
Current Liabilities	99,359,352	98,479,208
Long-Term Liabilities	<u>1,113,872,946</u>	<u>1,063,985,250</u>
<b>Total Liabilities</b>	<u>1,213,232,298</u>	<u>1,162,464,458</u>
Net Assets:		
Invested in Capital Assets		
net of related debt	94,859,322	75,709,046
Restricted	26,075,042	21,038,402
Unrestricted	<u>(29,923,050)</u>	<u>(20,364,441)</u>
<b>Total Net Assets</b>	<u><b>\$ 91,011,314</b></u>	<u><b>\$ 76,383,007</b></u>

A portion of the net assets are restricted as to the purpose for which they can be used. Unrestricted net assets increased by \$9,558,609.

**Changes in net assets.** The District's total revenues were \$526,488,755 representing a decrease of \$17 million from the previous year. The majority of this decrease is attributed to the state and federal funds. There was a decrease in federal stimulus funds (American Recovery and Reinvestment Act of 2009) in the amount of \$27 million which was established for a two year period to help create and retain jobs due to the economy. However, there was an increase in federal funding - School Health and Related Services and Impact Aid - in the amount of \$7.1 million. A \$5 million net decrease in state funding is due to changing of the state formula and additional funds. Local property tax revenues increased \$7.3 million. A significant portion of the District's revenue comes from taxes as seen below. Nine percent comes from operating grants and contributions, while less than four percent relates to charges for service.



**Government-Wide Activities**

Funding for these government-wide activities is by the specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental funds activities:

- The cost of all *governmental activities* for the year was \$511,860,448, a decrease of \$17,275,849 over the previous year.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. The program revenues amounted to \$72,269,171 compared to \$94,082,963 in the previous year.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$439,591,277 which was funded from property taxes and other local sources.

The following table presents the cost of the District’s largest governmental functions as well as their related net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state revenues and other miscellaneous general revenues.

**Net Cost of Selected District Functions**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction and Instruction Related Services	\$ 292,275,234	\$ 255,755,048
Support Services Student (Pupil)	66,733,534	43,045,833
Support Services Nonstudent based	46,994,311	43,323,120
Debt Service	48,154,399	47,907,800
	<u>\$ 454,157,478</u>	<u>\$ 390,031,801</u>

As seen in the following chart:

- The amount that our taxpayers paid for these activities through property taxes was \$332,619,670.
- Those who directly benefited from the programs paid \$21,660,844.
- Operating grants and contributions totaled \$50,608,327.

## Changes in the District's Net Assets

	Governmental Activities		Percentage Change from Prior Year
	FY 2012	FY 2011	
<b>Revenues:</b>			
<u>Program Revenues:</u>			
Charges for Services	\$ 21,660,844	\$ 20,734,653	4.47%
Operating Grants and Contributions	50,608,327	73,348,310	-31.00%
<u>General Revenues:</u>			
Property Taxes	332,619,670	325,285,923	2.25%
State and Federal Grants	120,357,218	122,958,957	-2.12%
Investment Earnings	525,344	596,419	-11.92%
Miscellaneous	717,352	743,362	-3.50%
<b>Total Revenues</b>	<u>526,488,755</u>	<u>543,667,624</u>	<u>-3.16%</u>
<b>Expenses:</b>			
Instruction and Instruction Related Services	292,275,234	301,294,940	-2.99%
Instructional and School Leadership	31,714,681	33,334,573	-4.86%
Support Services Student (Pupil)	66,733,534	68,704,779	-2.87%
Administrative Support Services	8,565,384	9,200,921	-6.91%
Support Services Nonstudent Based	46,994,311	47,197,276	-0.43%
Ancillary Services	4,909,867	4,910,278	-0.01%
Interest and Fiscal Charges	48,154,399	50,097,646	-3.88%
Unallocated Facilities Acquisition and Construction	9,356,373	11,272,489	-17.00%
Intergovernmental Charges	3,156,665	3,123,395	1.07%
<b>Total Expenses</b>	<u>511,860,448</u>	<u>529,136,297</u>	<u>-3.26%</u>
Increase (Decrease) in Net Assets	14,628,307	14,531,327	0.67%
Net Assets - September 1	<u>76,383,007</u>	<u>61,851,680</u>	<u>23.49%</u>
<b>Net Assets - August 31</b>	<u>\$ 91,011,314</u>	<u>\$ 76,383,007</u>	<u>19.15%</u>

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$280,261,740, an increase of \$66,167,123 in comparison with the prior year. Approximately 36% of this total amount (\$101,532,888) constitutes an unassigned fund balance, which is available for spending at the District's discretion. The remaining fund balance is not available for spending because it has already been committed, restricted, assigned or non-spendable. Below are examples:

- Construction
- Retirement of debt
- Inventories
- Prepaid Expenditures
- Minimum Fund Balance.

The District has self-imposed a limitation on the use of otherwise available expendable financial resources in governmental funds. The Board has resolved that the District shall not drop below a minimum of \$45,000,000 committed fund balance in the General Fund.

*General Fund.* The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$101,532,888, while total fund balance reached \$146,967,891. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26 percent of total General Fund expenditures, while total fund balances represents 39 percent of that same amount.

The District's General Fund balance increased \$13,648,924 during the current fiscal year in comparison to an increase in the prior year of \$12,647,930. The majority of the difference is related to salaries and benefits from the General Fund.

*Debt Service Fund.* The Debt Service Fund has a total fund balance of \$23,578,681, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$801,017.

The table that follows assists in illustrating the financial activities and balance of the Debt Service Fund.

	<b>FY 2012</b>	<b>FY 2011</b>
Revenues		
Property taxes	\$ 90,092,368	\$ 88,294,863
Investment Income	75,736	80,486
Federal Revenues	526,109	786,241
Total revenues	<u>90,694,213</u>	<u>89,161,590</u>
Expenditures by function		
Principal	42,420,121	29,823,611
Interest	48,083,638	60,458,092
Total expenditures	<u>90,503,759</u>	<u>90,281,703</u>
Other Financing Sources (Uses)		
Refunding Bonds Issued	62,686,456	33,659,938
Net premiums on Issuance of Bonds	10,146,115	2,445,698
Payments to Refunded Bond Escrow	<u>(72,222,008)</u>	<u>(35,738,783)</u>
Total Other Financing Sources (Uses)	<u>610,563</u>	<u>366,853</u>
Net change in fund balance	801,017	(753,260)
Fund balance - September 1	<u>22,777,664</u>	<u>23,530,924</u>
Fund balance - August 31	<u>\$ 23,578,681</u>	<u>\$ 22,777,664</u>

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$102,125,329, all of which is designated for ongoing capital projects. The fund balance increased by \$50,937,952 during the current fiscal year due to bond sales and fewer expenditures for new construction, additions and other improvements. The District's Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities specifically funded by bonds approved by the voters. Further discussion of the current year use of capital projects can be found under the Capital Assets section.

## **General Fund Budgetary Highlights**

In accordance with Board Policy CE (Local), the district submits amendments during the course of the budget year. Approval for budget increases for formally adopted funds shall be made by the Board of Trustees. The Board delegates the authority for approval of budget functional transfer to the budget department. The District's major budget amendments presented to the Board of Trustees throughout the year are summarized as follows:

- *Variances of original expenditure budget compared to amended budget* –The amended expenditure budget increased in the General Fund \$2,964,925 from the original budget.
- *Variances of amended budget to actual expenditures* – Expenditures were \$17 million less than final budgeted amounts. Salaries and benefits expenditures were \$9.2 million less than budget, a variance of 2.82%. This resulted from vacant positions throughout the year and hiring “greener”. The salary budget had been prepared assuming every position would be filled throughout the entire year. Many positions were not filled. Some employees resigned after the first semester of the school year. Long term substitutes were hired to fill vacancies in some cases. Savings from salaries were used to offset the cost of the early resignation incentive (\$2.1 million). Benefits were under budget by \$3.38 million which resulted from health & life insurance, TRS on behalf, TRS above state minimum and Medicare. Purchased and contracted services were \$5.14 million under budget, a variance of 10.55%. Utilities accounted for \$2.06 million of the variance. The contract for transportation was \$.69 million under budget. The variance for contracted maintenance in the amount of \$.97 million was due to variances in repairs to gym floor, maintenance and repairs projects controlled by the facilities department. Supplies and materials were under budget by \$2.09 million or 18.86% which was the result of under spending by various campuses and departments.
- *Variances of original revenue budget compared to actual revenue* – Local revenues were over budget by \$5.94 million which resulted from increased property tax collections and penalties and interest related to property taxes, increase revenue in our extended school day program, insurance recovery and e-rate program. State revenues were \$1 million over budget. TRS on behalf was less due to lower payroll cost but foundation revenues were greater due to an increase in actual student enrollment and ADA. Federal revenues were higher due to Medicaid claims and Impact Aid.

## **Capital Assets**

At the end of 2012, the District invested \$1,235,498,185 in a broad range of capital assets, including land, equipment, buildings, and construction in progress. This amount represents a net increase of \$33,243,448 or 2.77% over last year.

The majority of capital asset activity is reported in the Capital Projects Fund. Facility acquisitions and construction expenditures decreased by 64.7% over fiscal year 2011.

Major capital asset events during the current year included the following:

- Playground renovations at Flower Mound ES and Donald ES
- Batting Cages
- HVAC renovations

Listed in the table below are the capital assets for governmental activities for the fiscal year ended August 31, 2012 and 2011, respectively:

	<b>FY 2012</b>	<b>FY 2011</b>	<b>Total % Change</b>
Land	\$ 103,233,346	\$ 102,796,593	0.42%
Buildings and Improvements	1,087,032,815	1,075,434,972	1.08%
Vehicles	2,901,696	2,987,782	-2.88%
Furniture and Equipment	22,758,756	20,772,268	9.56%
Construction in Progress	19,571,572	263,122	7338.21%
Total at historical cost	<u>1,235,498,185</u>	<u>1,202,254,737</u>	<u>2.77%</u>
Less accumulated depreciation for:			
Buildings and Improvements	255,856,913	230,369,677	11.06%
Vehicles	2,315,400	2,239,622	3.38%
Furniture and Equipment	12,699,408	12,298,822	3.26%
Total accumulated depreciation	<u>270,871,721</u>	<u>244,908,121</u>	<u>10.60%</u>
Net capital assets	<u>\$ 964,626,464</u>	<u>\$ 957,346,616</u>	<u>0.76%</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

#### **Debt Administration**

- At the end of the current fiscal year, the District has total bonded debt of \$1,056,278,367, an increase of four percent from the prior year. During the fiscal year, the District issued \$28,620,000 in Unlimited Tax School Bonds. The proceeds will be used for the construction and equipping of school buildings. In addition, the District issued \$122,570,000 in Unlimited Tax School Building and Refunding Bonds. The proceeds will be used to finance construction and equipping of building and the refunding portion will be used to refund certain outstanding debt of the District for debt service savings. The District's debt includes capital appreciation bonds which accrete interest until their maturing date. Total accreted interest on these capital appreciation bonds total \$91,315,434 at the end of the fiscal year.
- In May 2008, voters approved a \$697.7 million bond package designated to finance facility needs through 2015. The District has authorized unissued bonds as of August 31, 2012 in the amount of \$287,774,497. The District continues to enjoy excellent bond ratings. The District's bonds presently carry very favorable ratings as follow:
  - Standard and Poor's "AA+"
  - Fitch Investor Service "AA+"

More detailed information about the District's debt is presented in the Notes to the Financial Statements (Note 8).

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

The District's financial position and results of operations are impacted significantly by our continued growth. The enrollment increases require additional campus personnel, support staff, instructional facilities, equipment, and supplies. In addition to the recurring, required increases that are necessary in every budget year, the opening of new campuses provide significant challenges. Although the District finances new facilities through the issuance of bonds, there are significant operating costs (staffing, utilities, insurance, etc.) associated with these facilities. These operating costs must be funded in the General Fund. Therefore, the District faces future converging events: growing populations and a state funding formula that effectively caps the revenue per student.

The 82<sup>nd</sup> Legislative Session significantly changed school funding levels for Texas school districts by cutting \$4 billion in funding to public education. Lewisville ISD will receive approximately \$30 million less in state revenue in the 2012-13 fiscal year than would be produced using the 2010-11 funding formulas. Reductions in the funding formulas were accomplished by changing the weighted average daily attendance (WADA) calculation, adjusting regular program average daily attendance (ADA) to 98% of actual ADA for school year 2012-13 and reducing additional state aide for tax reduction by 7.65%.

The appraised property values used for the 2012-13 budget increased by over 1.8% increasing current property tax revenue by over \$3 million. The Maintenance and Operations (M&O) tax rate remained at \$1.04 per \$100 valuation for the 2012-13 year, and the Interest and Sinking (I&S) tax rate increased to \$0.413 per \$100 valuation for the 2012-13 year. The District's estimated ADA is expected to increase by approximately 300.

General Fund expenditures are budgeted to increase by \$16.6 million or 4.4% over the prior year expenditures. To help facilitate reductions to the 2012-13 payroll budgets, an early resignation incentive was offered in the fall of 2011. Elimination of the contribution for workers' compensation was maintained in the 2012-13 year as the Workers' Compensation Fund maintains sufficient fund balance to absorb the year's expenses.

If the estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$22.97 million by the close of 2013 fiscal year.

#### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department at William T Bolin Administrative Center, 1565 W Main Street, Lewisville, TX 75067.



**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Exhibit A-1

**STATEMENT OF NET ASSETS  
AUGUST 31, 2012**

Data Control Codes		Total Primary Government Governmental Activities August 31, 2012	Component Unit December 31, 2011
<b>ASSETS</b>			
1110	Cash and Temporary Investments	\$ 319,178,231	\$ 2,426,818
	Receivables:		
1225	Property Tax	4,313,552	-
1230	Allowance for Uncollectible Taxes	(990,063)	-
1240	Due from Other Governments	7,914,113	-
1250	Accrued Interest	66,441	-
1290	Other Receivables	574,405	13,806
1310	Inventories at Cost	835,056	-
1410	Prepaid Expenses	83,417	1,801
1420	Deferred Charges	6,641,949	-
	Capital Assets (net of accumulated depreciation where applicable)		
1510	Land	103,233,346	-
1520	Buildings and Improvements	831,175,902	-
1531	Vehicles	586,296	-
1530	Furniture and Equipment	10,059,348	-
1580	Construction in Progress	19,571,572	-
1810	Restricted Cash and Temporary Investments	1,000,047	-
1000	<b>Total Assets</b>	<u>1,304,243,612</u>	<u>2,442,425</u>
<b>LIABILITIES</b>			
2110	Accounts Payable	16,392,519	9,724
2140	Interest Payable	2,010,254	-
2150	Payroll Deductions & Withholding Payable	4,056,019	-
2160	Accrued Wages Payable	15,418,985	-
2180	Due to Other Governments	2,378,400	-
2300	Unearned Revenue	3,041,076	-
	Noncurrent Liabilities:		
2501	Due Within One Year	56,062,099	-
2502	Due in More Than One Year	1,113,872,946	-
2000	<b>Total Liabilities</b>	<u>1,213,232,298</u>	<u>9,724</u>
<b>NET ASSETS</b>			
3200	Invested in Capital Assets, Net of Related Debt	94,859,322	-
	Restricted for:		
3450	Food Service	3,706,224	-
3450	Grants	299,146	-
3480	Debt Service	22,069,672	-
3800	Expendable	-	126,572
3800	Nonexpendable	-	1,595,141
3900	Unrestricted	(29,923,050)	710,988
3000	<b>Total Net Assets</b>	<u>\$ 91,011,314</u>	<u>\$ 2,432,701</u>

The accompanying Notes are an integral part of this statement.

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2012**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Service</b>	<b>Operating Grants and Contributions</b>
<b>Primary Government:</b>			
Governmental Activities:			
11 Instruction	\$ 279,955,524	\$ 3,740,592	\$ 30,528,315
12 Instruction Resources & Media Services	6,262,370	56,249	340,802
13 Curriculum & Instructional Staff Development	6,057,340	61,359	1,792,869
21 Instructional Leadership	6,761,534	71,799	348,610
23 School Administration	24,953,147	167,114	1,493,092
31 Guidance and Counseling	17,451,208	213,725	1,432,459
32 Social Work Services	98,150	-	5,260
33 Health Services	4,481,729	2,383	305,796
34 Pupil Transportation	9,938,802	1,749	32,711
35 Food Services	20,080,887	8,895,203	10,132,423
36 Co-Curricular Activities	14,682,758	1,581,926	1,084,066
41 General Administration	8,565,384	197,755	347,766
51 Plant Maintenance and Operation	39,331,624	1,998,227	1,107,452
52 Security and Monitoring	994,727	8,240	3,378
53 Data Processing Services	6,667,960	118,113	435,781
61 Community Services	4,909,867	4,447,814	260,022
71 Interest and Fiscal Charges on Long-Term Debt	48,154,399	-	246,599
81 Other Facility Costs	9,356,373	98,596	675,751
93 Fiscal Agent/Member District of Shared Service Arrangement	170,500	-	-
95 Alternative Education Program	246,797	-	35,175
99 Other Intergovernmental Charges	2,739,368	-	-
<b>TG Total Governmental Activities</b>	<b>\$ 511,860,448</b>	<b>\$ 21,660,844</b>	<b>\$ 50,608,327</b>
<b>Component Units:</b>			
Lewisville Education Foundation, Inc	\$ 469,433	\$ -	\$ 408,944
<b>Data Control Codes</b>		<b>General Revenues:</b>	
		Taxes:	
MT		Property Taxes - Maintenance & Operation	
DT		Property Taxes - Debt Services	
SF		Unrestricted State Aid Formula Grants	
SF		Medicaid Reimbursement	
SF		Unrestricted Federal Aid	
IE		Investment Earnings	
MI		Miscellaneous	
TR		<b>Total General Revenues and Special Items</b>	
CN		Change in Net Assets	
NB		Net Assets - Beginning of year	
NE		<b>Net Assets - End of year</b>	

The accompanying Notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities		Component Unit	
Year Ended August 31, 2012		Year Ended December 31, 2011	
\$	(245,686,617)	\$	-
	(5,865,319)		-
	(4,203,112)		-
	(6,341,125)		-
	(23,292,941)		-
	(15,805,024)		-
	(92,890)		-
	(4,173,550)		-
	(9,904,342)		-
	(1,053,261)		-
	(12,016,766)		-
	(8,019,863)		-
	(36,225,945)		-
	(983,109)		-
	(6,114,066)		-
	(202,031)		-
	(47,907,800)		-
	(8,582,026)		-
	(170,500)		-
	(211,622)		-
	(2,739,368)		-
\$	(439,591,277)		
		\$	(60,489)
\$	242,746,951	\$	-
	89,872,719		-
	109,838,538		-
	6,811,600		-
	3,707,080		-
	525,344		76,442
	717,352		-
	454,219,584		76,442
	14,628,307		15,953
	76,383,007		2,416,748
\$	91,011,314	\$	2,432,701

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2012**

Data Control Codes		100-199  General Fund
<b>ASSETS</b>		
1110	Cash and Temporary Investments	\$ 169,545,339
	Receivables:	
1220	Property Tax - Delinquent	3,320,309
1230	Allowance for Uncollectible Taxes	(827,615)
1240	Due from Other Governments	4,381,527
1250	Accrued Interest	65,935
1260	Due from Other Funds	7,302
1290	Other Receivables	571,129
1310	Inventories at Cost	357,002
1430	Prepaid Expenditures	78,001
1810	Restricted Cash and Temporary Investments	-
1000	<b>Total Assets</b>	<b>\$ 177,498,929</b>
<b>LIABILITIES</b>		
	Current Liabilities:	
2110	Accounts Payable	\$ 4,320,700
2150	Payroll Deductions & Withholding Payable	4,056,019
2160	Accrued Wages Payable	15,418,985
2170	Due to Other Funds	50
2180	Due to Other Governments	2,375,252
2300	Deferred Revenues	4,360,032
2000	<b>Total Liabilities</b>	<b>\$ 30,531,038</b>
<b>FUND BALANCE</b>		
	Non-Spendable:	
3410	Inventory	357,002
3430	Prepaid Expenditures	78,001
	Restricted:	
3450	Grant Funds	-
3470	Capital Acquisition Program	-
3480	Retirement of Debt	-
	Committed:	
3545	Campus Activity Funds	-
3545	Minimum Fund Balance Policy	45,000,000
3600	Unassigned	101,532,888
	<b>Total Fund Balance</b>	<b>146,967,891</b>
	<b>Total Liabilities and Fund Balance</b>	<b>\$ 177,498,929</b>

The accompanying Notes are an integral part of this statement.

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Exhibit C-1

500-599 Debt Service Fund	600-699 Capital Projects Fund	200-499 Other Governmental Funds	Total Governmental Funds August 31, 2012
\$ 22,450,732	\$ 110,826,667	\$ 5,881,759	\$ 308,704,497
993,243	-	-	4,313,552
(162,448)	-	-	(990,063)
40,318	-	3,229,214	7,651,059
506	-	-	66,441
-	-	2,530,443	2,537,745
-	-	3,276	574,405
-	-	478,054	835,056
2,817	-	2,599	83,417
1,000,047	-	-	1,000,047
<b>\$ 24,325,215</b>	<b>\$ 110,826,667</b>	<b>\$ 12,125,345</b>	<b>\$ 324,776,156</b>
\$ -	\$ 8,692,561	\$ 1,061,983	\$ 14,075,244
-	-	-	4,056,019
-	-	-	15,418,985
-	7,302	2,530,443	2,537,795
-	1,475	1,673	2,378,400
746,534	-	941,407	6,047,973
<b>746,534</b>	<b>8,701,338</b>	<b>4,535,506</b>	<b>44,514,416</b>
-	-	478,054	835,056
2,817	-	2,599	83,417
-	-	3,887,181	3,887,181
-	102,125,329	-	102,125,329
23,575,864	-	-	23,575,864
-	-	3,222,005	3,222,005
-	-	-	45,000,000
-	-	-	101,532,888
<b>23,578,681</b>	<b>102,125,329</b>	<b>7,589,839</b>	<b>280,261,740</b>
<b>\$ 24,325,215</b>	<b>\$ 110,826,667</b>	<b>\$ 12,125,345</b>	<b>\$ 324,776,156</b>

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
AUGUST 31, 2012**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$</b>	<b>280,261,740</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		1,235,498,185
Accumulated depreciation has not been included in the governmental fund financial statements.		(270,871,721)
Accounts payable has not been included in the fund financial statements.		(267,061)
Deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.		3,006,897
Bond issuance cost are expensed at the fund level, but are capitalized at the government-wide level and amortized over the term of the related debt.		6,641,949
Premiums on issuance of debt were not recognized on the balance sheet for governmental funds.		(35,604,397)
Deferred losses on issuances of debt were not recognized on the balance sheet for governmental funds.		15,769,121
Internal service funds are used by the District's management to charge the costs of certain activities, such as insurance and worker's compensation to individual funds. The assets are included with governmental activities in the statement of net assets.		8,423,568
Vacation and Personal Leave Benefits liability is reported in the governmental activities but not on the fund statements.		(2,505,966)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when paid.		(2,010,254)
Due from other governments for the federal interest subsidy on the Build America Bonds is not recorded in the governmental fund financials because it is not available within the current period.		263,054
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(1,056,278,367)
Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.		(91,315,434)
<b>Total Net Assets - Governmental Activities</b>	<b>\$</b>	<b><u>91,011,314</u></b>

The accompanying Notes are an integral part of this statement.



# Lewisville Independent School District

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2012**

Data Control Codes		100-199 General Fund	500-599 Debt Service Fund
<b>REVENUES:</b>			
	Local and Intermediate Sources:		
	Investment Income	\$ 329,795	\$ 75,736
	Other Local and Intermediate Sources	252,210,141	90,092,368
5700	Total Local and Intermediate Sources	<u>252,539,936</u>	<u>90,168,104</u>
5800	State Program Revenues	127,050,506	-
5900	Federal Program Revenues	10,811,225	526,109
<b>5020</b>	<b>Total Revenues</b>	<b><u>390,401,667</u></b>	<b><u>90,694,213</u></b>
<b>EXPENDITURES:</b>			
	Current:		
0011	Instruction	239,930,140	-
0012	Instruction Resources & Media Services	5,346,419	-
0013	Curriculum & Instructional Staff Development	4,388,088	-
0021	Instructional Leadership	6,330,354	-
0023	School Administration	23,993,716	-
0031	Guidance and Counseling	16,438,586	-
0032	Social Work Services	97,869	-
0033	Health Services	4,299,557	-
0034	Pupil Transportation	9,769,875	-
0035	Food Services	-	-
0036	Co-Curricular Activities	8,380,817	-
0041	General Administration	8,332,430	-
0051	Plant Maintenance and Operation	35,100,230	-
0052	Security and Monitoring	985,192	-
0053	Data Processing Services	5,955,796	-
0061	Community Services	4,416,751	-
0071	Debt Service:		
	Principal	-	42,420,121
	Interest on long-term debt	-	48,083,638
	Capital Outlay:		
0081	Facilities Acquisition and Construction	9,429	-
	Intergovernmental:		
0093	Fiscal Agent/Member District of Shared Service Arrangement	170,500	-
0095	Alternative Education Program	246,797	-
0099	Other Intergovernmental Charges	2,739,368	-
	<b>Total Expenditures</b>	<b><u>376,931,914</u></b>	<b><u>90,503,759</u></b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,469,753</u>	<u>190,454</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911	Refunding Bonds Issued	-	62,686,456
7911	Issuance of Debt	-	-
7912	Sale of Real & Personal Property	179,171	-
7916	Net premiums on Issuance of Bonds	-	10,146,115
8940	Payments to Refunded Bond Escrow Agent	-	(72,222,008)
	<b>Total Other Financing Sources (Uses)</b>	<b><u>179,171</u></b>	<b><u>610,563</u></b>
1200	Net Change in Fund Balances	13,648,924	801,017
0100	<b>FUND BALANCE - September 1</b>	<u>133,318,967</u>	<u>22,777,664</u>
3000	<b>FUND BALANCE - August 31</b>	<b><u>\$ 146,967,891</u></b>	<b><u>\$ 23,578,681</u></b>

The accompanying Notes are an integral part of this statement.



**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Exhibit C-2

600-699 Capital Projects Fund	200-499 Other Governmental Funds	Total Governmental Funds Year Ended August 31, 2012
\$ 99,955	\$ -	\$ 505,486
440,436	15,654,612	358,397,557
<u>540,391</u>	<u>15,654,612</u>	<u>358,903,043</u>
-	7,430,010	134,480,516
-	23,204,960	34,542,294
<u><b>540,391</b></u>	<u><b>46,289,582</b></u>	<u><b>527,925,853</b></u>
-	20,733,383	260,663,523
-	148,477	5,494,896
-	1,636,470	6,024,558
-	46,438	6,376,792
-	414,645	24,408,361
-	782,262	17,220,848
-	-	97,869
9,091	81,852	4,390,500
-	34,364	9,804,239
-	18,585,539	18,585,539
-	1,238,586	9,619,403
-	13,934	8,346,364
2,109,497	1,289,789	38,499,516
-	11,165	996,357
-	308,934	6,264,730
-	92,557	4,509,308
-	-	42,420,121
832,633	-	48,916,271
45,630,443	91,957	45,731,829
-	-	170,500
-	-	246,797
-	-	2,739,368
<u><b>48,581,664</b></u>	<u><b>45,510,352</b></u>	<u><b>561,527,689</b></u>
<u>(48,041,273)</u>	<u>779,230</u>	<u>(33,601,836)</u>
-	-	62,686,456
88,503,544	-	88,503,544
99,006	-	278,177
10,376,675	-	20,522,790
-	-	(72,222,008)
<u><b>98,979,225</b></u>	<u>-</u>	<u><b>99,768,959</b></u>
50,937,952	779,230	66,167,123
51,187,377	6,810,609	214,094,617
<u><b>\$ 102,125,329</b></u>	<u><b>\$ 7,589,839</b></u>	<u><b>\$ 280,261,740</b></u>

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2012**

---

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>66,167,123</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the governmental fund financials statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net assets.		37,560,871
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.		(28,336,832)
Disposition of capital assets is not recorded in the fund financial statements. The effect of recording loss on disposition is to decrease net assets.		(1,944,191)
Current year long-term debt principal payments on contractual obligations are expenditures in the governmental fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.		42,420,121
Current year bond proceeds are other financing sources in the governmental fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.		(151,190,000)
Current year payments to escrow agent for refunded debt are other uses in the fund financial statements, but are shown as reductions in long-term debt in the district-wide financial statements.		72,222,008
Current year increase in the accretion on capital appreciation bonds is not reflected in the governmental fund financial statements, but is shown as increases in accreted interest on the government-wide financial statements.		(8,057,960)
Accreted interest paid and recorded in the fund financial statements as interest and fiscal charges, whereas in the government-wide financial statements the amount had been recorded as interest expense in prior years when interest was incurred and therefore not recorded as expense in the government-wide financials for the current year.		3,357,954
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements an interest expenditure is reported when due. This amount represents the current year change in accrued interest.		1,523,314
Bond issuance costs are recorded as expenditures in the governmental fund financial statements when debt is issued, but it is amortized over the term of the bonds in the government-wide financial statements. This amount represents the capitalization of current bond issue costs (\$1,432,134) less current amortization of bond issue costs (\$1,526,546).		(94,412)

Amortization of deferred refunding amount is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net assets.	(2,361,397)
The reacquisition price exceeded the net carrying amount of the old debt by \$1,837,294. This amount is netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than new debt. The refunding was undertaken to reduce total debt service payments and resulted in an economic gain of \$1,526,723.	(310,571)
The governmental fund financial statements report the net premium or discount as an other financing source or use. The government-wide financial statements present the unamortized portion of premiums and discounts on bond issuance net of long-term debt. This amount represents the removal of current year net premiums (\$20,522,790) less current amortization of bond premiums (\$6,704,944).	(13,817,846)
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 such as compensated absences.	56,268
Internal service funds are used by the District's management to charge the costs of certain activities, such as insurance and workers' compensation to individual funds. The net revenue of internal service funds is reported with governmental activities.	(972,305)
Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the governmental funds.	(1,593,838)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 14,628,307</b>

The accompanying Notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND  
YEAR ENDED AUGUST 31, 2012**

Data Control Codes	General Fund 100-199 Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			
<b>REVENUES:</b>					
Local and Intermediate Sources:					
	\$ 250,000	\$ 250,000	\$ 329,795	\$ 79,795	
	246,346,385	246,346,385	252,210,141	5,863,756	
5700	246,596,385	246,596,385	252,539,936	5,943,551	
5800	126,014,156	126,014,156	127,050,506	1,036,350	
5900	1,245,700	1,245,700	10,811,225	9,565,525	
5020	<b>373,856,241</b>	<b>373,856,241</b>	<b>390,401,667</b>	<b>16,545,426</b>	
<b>EXPENDITURES:</b>					
Current:					
0011	247,319,856	247,260,934	239,930,140	7,330,794	
0012	5,478,129	5,749,572	5,346,419	403,153	
0013	4,378,728	4,779,953	4,388,088	391,865	
0021	6,565,123	6,716,408	6,330,354	386,054	
0023	24,445,608	24,503,261	23,993,716	509,545	
0031	17,265,847	17,387,399	16,438,586	948,813	
0032	99,797	99,797	97,869	1,928	
0033	4,356,991	4,512,803	4,299,557	213,246	
0034	10,531,716	10,521,456	9,769,875	751,581	
0036	8,531,184	8,778,327	8,380,817	397,510	
0041	8,866,098	8,925,835	8,332,430	593,405	
0051	37,191,400	38,653,213	35,100,230	3,552,983	
0052	959,827	1,021,179	985,192	35,987	
0053	5,980,131	6,226,213	5,955,796	270,417	
0061	5,796,373	5,550,037	4,416,751	1,133,286	
Capital Outlay:					
0081	24,263	21,749	9,429	12,320	
0093	220,000	220,000	170,500	49,500	
0095	300,000	300,000	246,797	53,203	
0099	3,000,000	2,750,000	2,739,368	10,632	
	<b>391,311,071</b>	<b>393,978,136</b>	<b>376,931,914</b>	<b>17,046,222</b>	
1100	(17,454,830)	(20,121,895)	13,469,753	33,591,648	
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	-	-	179,171	179,171	
8990	-	(297,860)	-	297,860	
	-	(297,860)	179,171	477,031	
1200	(17,454,830)	(20,419,755)	13,648,924	34,068,679	
0100	133,318,967	133,318,967	133,318,967	-	
3000	<b>\$ 115,864,137</b>	<b>\$ 112,899,212</b>	<b>\$ 146,967,891</b>	<b>\$ 34,068,679</b>	

The accompanying Notes are an integral part of this statement.

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
AUGUST 31, 2012**

Data Control Codes		Total Governmental Activities Internal Service Fund August 31, 2012
<b>ASSETS</b>		
	Current Assets:	
1110	Cash and Temporary Investments	\$ 10,473,734
	Receivables:	
1260	Due from Other Funds	50
1000	<b>Total Assets</b>	<b>10,473,784</b>
<b>LIABILITIES</b>		
	Current Liabilities:	
2110	Accounts Payable	2,156
2210	Accrued Expenses	2,048,060
2000	<b>Total Liabilities</b>	<b>2,050,216</b>
<b>NET ASSETS</b>		
	Unrestricted	8,423,568
	<b>Total Net Assets</b>	<b>\$ 8,423,568</b>

The accompanying Notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED AUGUST 31, 2012**

Data Control Codes		Total Governmental Activities Internal Service Fund Year Ended August 31, 2012
	<b>OPERATING REVENUES:</b>	
5700	Premiums	\$ 30,051
5020	<b>Total Operating Revenues</b>	<b>30,051</b>
	<b>OPERATING EXPENSES:</b>	
6200	Professional and Contracted Services	83,400
6400	Claims and premiums	938,814
6030	<b>Total Operating Expenses</b>	<b>1,022,214</b>
1100	<b>Operating Income</b>	<b>(992,163)</b>
	<b>NON-OPERATING REVENUES:</b>	
5742	Interest Income	19,858
	<b>Income before transfers</b>	<b>19,858</b>
1300	<b>Change in Net Assets</b>	<b>(972,305)</b>
	Total Net Assets - September 1	9,395,873
	<b>Total Net Assets - August 31</b>	<b>\$ 8,423,568</b>

The accompanying Notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED AUGUST 31, 2012**

	Total Governmental Activities Internal Service Fund Year Ended August 31, 2012
<b>Cash Flows from Operating Activities:</b>	
Cash received for premiums from other funds	\$ 30,064
Cash paid for claims and premiums	(1,104,085)
<b>Net cash provided by operating activities</b>	<b>(1,074,021)</b>
Interest received on investments	25,274
<b>Net cash provided by investing activities</b>	<b>25,274</b>
Net increase in cash and cash equivalents	(1,048,747)
Cash and cash equivalents - September 1	11,522,481
Cash and cash equivalents - August 31	<u>\$ 10,473,734</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating Income	<u>\$ (992,163)</u>
Adjustments:	
Decrease in Due From Other Funds	(50)
Increase in Receivables	63
Increase in Accounts Payable	(2,794)
Increase in Accrued Expenses	(79,077)
Total Adjustments	<u>(81,858)</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ (1,074,021)</u></b>

The accompanying Notes are an integral part of this statement.

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
AUGUST 31, 2012**

Data Control Codes		Total Agency Fund August 31, 2012
<b>ASSETS</b>		
1110	Cash and Temporary Investments	\$ 1,135,838
	Receivables:	
1290	Other Receivables	765
1000	<b>Total Assets</b>	<b><u>\$ 1,136,603</u></b>
<b>LIABILITIES</b>		
	Current Liabilities:	
2110	Accounts Payable	\$ 72,631
2440	Due to Outside Entities	70,972
2180	Due to Other Governments	30,979
2190	Due to Student Groups	962,021
2000	<b>Total Liabilities</b>	<b><u>\$ 1,136,603</u></b>

The accompanying Notes are an integral part of this statement.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lewisville Independent School District's (the "District") financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("FAR"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The Board of Trustees ("Board"), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the trustees. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("Agency") or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

For financial reporting purposes, in conformance with governmental accounting standards, the District includes all funds of the District, as well as any component units for which the District is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (1) the ability to impose will by the District, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, the District has determined that the Lewisville Education Foundation, Inc. ("LEF") should be included in the District's financial statements and reported as a discretely presented component unit.

The discretely presented component unit is reported in a separate column in the financial statements to emphasize it as legally separate from the District. LEF is a nonprofit organization with the purpose of providing financial support to the District, teachers, and students. LEF is governed by a 22 member Board of Trustees, who represents a cross-section of the community served by the District. All voting members are independent of the District; however, District administrators serve as ex-officio Board members. The accounting and reporting policies relating to the component unit included in the financial statements conform to the generally accepted accounting principles applicable to state and local governments. A copy of the complete separately audited financial statements as of and for the year ended December 31, 2011 can be obtained from Lewisville ISD Education Foundation, Inc., P.O. Box 643, Lewisville, Texas 75057.

The District receives funding from local, state, and federal government sources and complies with the requirements of these funding source entities.

**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. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers who directly benefit from the services provided by that function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District reports only internal service funds as proprietary funds. Internal service funds are never considered major funds.

### 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 funds. Agency funds also use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as the eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recorded when they are susceptible to accrual, which means they must be both available and measurable. Revenues are considered to be available when they are expected to be collected during the current budgetary period or within 60 days thereafter to pay liabilities outstanding at the close of the budgetary period.

Interest revenue and building rentals are recorded when earned since they are measurable and available. Other revenues such as fees, tuition, and miscellaneous revenues are recorded when received.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Under the modified accrual basis, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on long-term debt, which is recognized when due.

District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several funds that are organized by sub-funds within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

The District reports the following major governmental funds:

**General fund** – The District's primary operating fund. This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

**Debt Service Fund** – This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

**Capital Projects Fund** – This fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

In addition, the District reports the following funds:

**Special Revenue Funds** – These governmental funds are established to account for programs or expenditures legally restricted for specified purposes and Food Service Program transactions.

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program ("NSLP"), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP and user fees, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

**Internal Service Fund** – The District utilizes an Internal Service Fund, a proprietary fund, to account for its workers' compensation self-insurance plan.

The District continues to fully provide for incurred but not reported costs for workers' compensation claims through the establishment of undiscounted liability accounts and net assets. As of August 31, 2012, the undiscounted liabilities totaled \$2,050,216 and reported net assets of \$8,423,568.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The operating revenues of the self-insurance fund are received from both the General and Special Revenue Funds and its operating expenses are comprised of claims paid on behalf of District employees. Operating expenses also include administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service fund is accounted for on a flow of economic resources measurement focus. Accordingly, the accrual basis, whereby revenues and expenses are identified in the accounting period in which they are earned and incurred and net income is determined, is utilized for this fund. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

**Agency Fund** – This custodial fund is used to account for activities of student groups and other organizational activities. Financial resources for the Agency fund are recorded as assets and liabilities; therefore, this fund does not include revenues and expenditures and has no fund equity. If the student groups declare any unused resources surplus, they are transferred to the General Fund.

### **Budgetary Data**

Each school district in Texas is required by law to annually prepare a budget of anticipated revenues and expenditures for Governmental Funds for the fiscal year beginning September 1. The District adopts annual budgets for the General Fund, Food Service, and the Debt Service Fund.

The annual budget is prepared on the modified accrual basis of accounting. The official school budget was prepared for adoption for all governmental fund types by August 20, 2011 as required. The Board of Trustees formally adopted the budget at a duly advertised public meeting prior to the expenditure of funds. Final priorities and funding of projects are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget.

Management has the authority to transfer any unencumbered appropriation from one appropriation to another within a single function. In addition, the administration performs budget reviews by which budget requirements are reevaluated and revisions are recommended to the Board. The Board is required to approve amendments to the

budget that change any budgeted fund (the legal level of compliance), revenue object accounts, or other financing sources/uses as defined by the Agency for each individual fund type. Unexpended appropriations lapse at year-end. State law prohibits deficit fund balances. (See Note 2 for additional disclosure.)

### Cash in Bank Depository and Investments

The District's cash and investments are classified as cash and temporary investments. The cash and temporary investments include cash on hand, deposits with financial institutions, and short-term investments in a privately managed public funds investment pool account. The District's cash and temporary investments are short-term, highly liquid investments that are readily convertible to cash.

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$19,707,823 and the bank balance was \$25,117,159. At year end, the District held \$41,790 in petty cash. The District's deposits at August 31, 2012 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The cash and cash equivalents amounts were composed of the following:

	Cash	Investments
General	\$ 12,191,468	\$ 157,353,871
Special Revenue	5,881,759	-
Debt Service	421,048	23,029,731
Capital Projects	-	110,826,667
Internal Service	77,710	10,396,024
Total Governmental Activities	18,571,985	301,606,293
Agency	1,135,838	-
Total	<u>\$ 19,707,823</u>	<u>\$ 301,606,293</u>

In addition the following is disclosed regarding coverage of combined balances on the date of highest deposits:

- a. Depository: JP Morgan Chase Bank, Lewisville, Texas.
- b. The fair value of securities pledged as of the date of the highest combined balance on deposit was \$60,026,866.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$56,688,842 which occurred during the month of September 2011.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000 (per each bank).

*Credit Risk* – State law and the Lewisville ISD Investment Policy restrict time and demand deposits to those fully collateralized or FDIC insured from eligible depositories (banks and savings banks) doing business in Texas. By policy, Certificate of Deposits are limited to maturities under three (3) months and are further collateralized to 102% with pledged securities (with 110% margin on mortgage backed securities) and all collateral is to be held by an independent custodian. The bank is contractually liable for monitoring and maintaining the collateral margins.

State law and the Lewisville ISD adopted Investment Policy limit repurchase agreements to banks and primary dealers. The Policy requires an industry standard, written master repurchase agreement, independent safekeeping of

collateral, and a 102% margin on collateral. Repurchase agreements maximum maturity is not stated in the Policy. Fully collateralized flex repurchase agreements are restricted by Policy to be used only with bond funds and are required to match the expenditure plan of the bond proceeds.

Commercial paper is restricted by state law and Policy to dual rated A1/P1 paper. The Policy restricts all commercial paper to a maximum maturity of three months to stated maturity.

Constant dollar, local government investment pools, as defined by state law (2256.016) and approved by adopted Policy are authorized. By state law all local government pools are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

Neither state law nor the District's Investment Policy require SEC registered money market funds to be rated.

As of August 31, 2012:

- holding in local government investment pools that are rated AAA represented 88.14% of the total portfolio,
- municipal obligations rated AA or better by at least one NRSRO represented 6.89% of the total portfolio, and
- the remainder of the portfolio, 4.97% was invested in securities issued by the US Government or its agencies and instrumentalities rated AAA or equivalent by two NRSROs.

*Concentration of Credit Risk* – Lewisville ISD's adopted Investment Policy requires diversification on all authorized investment types which are monitored on at least a monthly basis. The Policy requires the following diversification:

	<u>Maximum % of Portfolio</u>
U.S. Treasury Obligations	100 %
U.S. Agency Obligations	80 %
Commercial Paper	25 %
Constant Dollar Pools	100 %
Repurchase Agreements	75 %
Certificates of Deposit	40 %
Municipal Obligations	20%

As of August 31, 2012:

- holding in local government investment pools represented 88.14% of the total portfolio,
- municipal obligations rated AA or better by at least one NRSRO represented 6.89% of the total portfolio, and
- the remainder of the portfolio, 4.97% was invested in securities issued by the US Government or its agencies and instrumentalities rated AAA or equivalent by two NRSROs.

The segmented time distribution of securities as of August 31, 2012 is shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than</u>	
		<u>1 Year</u>	<u>1-2 Years</u>
US Agencies			
FFLB      FHLB	\$ 15,001,140	\$ -	\$ 15,001,140
2A-7 like Local Government Pools	265,826,949	265,826,949	-
Municipal Bonds	20,778,204	20,778,204	-
Total Value	\$ 301,606,293	\$ 286,605,153	\$ 15,001,140
% of Total Portfolio		95.03%	4.97%

*Interest Rate Risk* – In order to limit interest and market rate risk from changes in interest rates, Lewisville ISD's adopted Investment Policy sets a maximum maturity of three (3) years and a maximum weighted average maturity (WAM) of 270 days on the total portfolio.

As of August 31, 2012, the portfolio contained:

- no investment matured beyond 538 days (1.47 years), and
- the dollar weighted average maturity of the total portfolio was 43 days.

As of August 31, 2012, the portfolio contained two structured notes (callable securities) that had a combined book value of \$15,000,000 or 4.97% of the total portfolio. The details regarding these securities are shown below:

Issuer	Par	Coupon	Purchase Date	Maturity Date	Call Date	Structure	Book Value	Fair Value
FHLB	\$ 10,000,000	0.350%	8/28/2012	2/21/2014	9/28/2012	Callable monthly	\$ 10,000,000	\$ 10,000,760
FHLB	\$ 5,000,000	0.350%	8/28/2012	2/21/2014	9/28/2012	Callable monthly	\$ 5,000,000	\$ 5,000,380
							\$ 15,000,000	\$ 15,001,140

Abbreviations: FHLB Federal Home Loan Bank

*Custodial Credit Risk* – To control custody risk State law and Lewisville ISD's adopted Investment Policy requires collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the District and held in the District's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions and position descriptions including fair value. Repurchase agreements and deposits must be collateralized to 102% (with 110% on mortgaged-backed securities) and transactions are required to be executed under a written agreement. The counterparty of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of August 31, 2012:

- the portfolio contained no collateralized certificates of deposit,
- the portfolio contained no repurchase agreements,
- all bank demand deposits were fully insured and collateralized, and
- all pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies. Investments are recorded at fair value. Fair value is determined by the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

The Texas State Comptroller of Public Accounts exercises oversight responsibility over the external pooled funds. The Pooled Funds operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than fair value to report net assets to compute share price.

Accordingly, the fair value of the positions of the pooled funds is the same as the value of the external pool shares. For the purpose of the "Statement of Cash Flows," the District considers investments with maturities ninety days or less from acquisition to be cash and cash equivalents.

### Interfund Transactions

Interfund receivables and payables arise from interfund transactions in the normal course of operations and are recorded in all affected funds in the period in which transactions are executed. Interfund transfers arise from the need to move cash from bank accounts. See Note 10 for additional discussion of interfund transactions.

### Inventories

Technology, maintenance and food commodities are carried in an inventory account at cost, using the first-in, first-out method of accounting. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements. Although food commodities are received at no cost, their fair value is supplied by the Texas Department of Human Resources and recorded as inventory. In the governmental funds, a non-spendable fund balance indicates that they are unavailable as current expendable financial resources.

### Prepaid Expenditures

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded using the consumption method in both government-wide and fund financial statements. The prepaid items have been identified as a non-spendable fund balance since it is not available for other subsequent expenditures.

### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. However, all land and land improvements are capitalized regardless of the amount. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

All capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight line method based on the estimated life as follows:

<u>Assets</u>	<u>Estimated Life</u>
Land improvements	10 – 20 years
Buildings and improvements	10 – 50 years
Vehicles	6 years
Furniture and Equipment	5 – 20 years

### Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, losses on refunding, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period as other financing sources and uses. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Compensated Absences**

Employees are allowed to accrue five days of state personal leave each year without limit. The District pays a portion of accrued personal leave to retiring personnel meeting state eligibility requirements for retirement. The payment is limited to one-half of the current salary rate for the accumulated personal days. The District has accrued \$2,505,966 for accumulated personal leave that is reflected in the government-wide financial statements. Personal leave is paid out of the fund to which the employee's salary relates, the majority of which has historically been the General Fund.

### **Fund Balance and Net Assets**

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

#### **Governmental Fund Financial Statements:**

In the fund financial statements, governmental funds report fund balances as either non-spendable, restricted, committed, assigned or unassigned.

*Non-Spendable* fund balances are amounts that are not in spendable form or required to be maintained intact. Inventory and prepaid items have been properly classified as such.

*Restricted* is that portion of fund equity which has limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.

*Committed* is that portion of fund equity which has limitations imposed by the Board of Trustees. To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The Board committed 100% of the ending fund balance in the Campus Activity Funds for use by the respective campus. In addition, the Board committed \$45,000,000 to Minimum Fund Balance. The Minimum Fund Balance Policy was approved to set aside resources to maintain liquidity and to cover unanticipated deficits of revenue reductions that may be caused by adverse economic conditions.

*Assigned* is that portion of fund equity that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by a designee that has been granted the authority by the Board. The District did not have any assigned fund balances as of August 31, 2012.

*Unassigned* is that portion of fund equity that is available for any legal purpose.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The order of spending and availability of the fund balances shall be to reduce funds in the following order: restricted, committed, assigned, and unassigned.

#### **Government-Wide Financial Statements:**

When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:



*Invested in Capital Assets, Net of Related Debt* – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction, or improvement of these capital assets.

*Restricted net assets* – The component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

*Unrestricted* – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt and Restricted Net Assets.

### Self-insured Workers' Compensation

On September 1, 1990, the District established a self-funding Workers' Compensation program. The District maintains a self-insured retention of \$400,000 per occurrence. The District currently purchases specific excess coverage to statutory limits from an insurance company that does not have a maximum amount. The District also maintains a self-insured retention of \$3,224,071 for aggregate claims. An aggregate policy from the Insurance Company provides \$1,000,000 in excess of the retention amount. Total claims exceeding the maximum aggregate policy amount become the responsibility of the District. Claims administration was provided by Edwards Claims Administration of Marble Falls, Texas.

The accrued liability for Workers' Compensation self-insurance of \$2,048,060 includes incurred but not reported (IBNR) claims for the three-year self-insurance period of which \$914,994 is expected to be due within one year. This liability reported in the fund at August 31, 2012 is based on the requirements of GASB Statement No. 10, which 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 as of the date of the financial statements and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the undiscounted estimate of the actuary.

Changes in the workers' compensation claims liability paid during the year are as follows:

	Year Ended <u>August 31, 2012</u>	Year Ended <u>August 31, 2011</u>
Unpaid claims, beginning of year	\$ 2,127,137	\$ 2,233,107
Incurred claims (including IBNR's)	938,814	1,076,321
Claim payments and changes in estimate	<u>(1,017,891)</u>	<u>(1,182,291)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,048,060</u>	<u>\$ 2,127,137</u>

### Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal 2012, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the current fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Since under Texas law, appropriations lapse at fiscal year end, outstanding encumbrances are appropriately provided for in the subsequent fiscal years' budget to provide for the liquidation of the prior commitments. As of August 31, 2012, the District had \$1,721,194 of encumbrances in the General Fund that rolled over into the new fiscal year.

**Data Control Codes**

In accordance with the Financial Accountability Resource Guide, the District has adopted and installed an accounting system that meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District’s accounting system uses codes and the code structure presented in the Financial Accountability Resource Guide. Mandatory codes are recorded in the order provided in that section.

**Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The District’s calculation of the 60 day property tax accrual for the month of October 2012 is estimated based on historical subsequent collections for the months of October.

**NOTE 2. BUDGETARY LEGAL COMPLIANCE**

During the fiscal year, the operating budget must be amended by the Board for changes that increase or decrease the original budget. All supplemental appropriations must be within limits of available revenues and fund equity. The following table summarizes changes to the originally adopted budgeted funds:

<u>Fund</u>	Appropriations as of September 1, 2011 <u>(Original Budget)</u>	Supplemental Appropriations and Revisions	Appropriations as of August 31, 2012 <u>(Amended Budget)</u>
General Fund	\$ 391,311,071	\$ 2,964,925	\$ 394,275,996
Food Service Fund	21,721,573	219,151	21,940,724
Debt Service Fund	91,131,650	72,826,575	163,958,225
Total Budgeted Funds	<u>\$ 504,164,294</u>	<u>\$ 76,010,651</u>	<u>\$ 580,174,945</u>

Supplemental Appropriations and Revisions, directly from Fund Balance, are summarized below.

<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>
\$2,964,925 Purchase Orders	\$219,068 Equipment/Inspections 83 Purchase Orders	\$72,826,575 Bond Sales/ Refundings

A reconciliation of fund balances for budgeted and unbudgeted special revenue funds is as follows:

Budgeted - Special Revenue Fund - Food Service	\$ 3,706,224
Unbudgeted Funds	<u>3,883,615</u>
All Special Revenue Funds	<u>\$ 7,589,839</u>

**NOTE 3. PROPERTY TAXES**

The District’s ad valorem property tax is levied each October 1 on the taxable value as of the prior January for all real and business personal property located in the district. The taxable value of the property tax roll upon which the levy was based for the 2011-12 fiscal year was \$23,095,990,992.

The tax rates assessed for the year ended August 31, 2012 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.386 per \$100 valuation, respectively, for a total of \$1.426 per \$100 valuation.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent by February 1 of the following year. Current tax collections for the year ended August 31, 2012 were 99.65% of the year-end adjusted tax levy.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2012, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,492,694 and \$830,795 for the General and Debt Service Funds, respectively.

#### NOTE 4. DUE TO/FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments. The amounts due from Denton County are for the Juvenile Justice Alternative Education Program (JJAEP) and property taxes. Amounts due from federal and state governments as of August 31, 2012 are summarized below. Amounts are expected to be collected within two months after the District fiscal year end.

<u>Fund</u>	<u>Denton County</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 174,983	\$ 25,349	\$ 4,181,195	\$ 4,381,527
Special Revenue	-	1,559,723	1,669,491	3,229,214
Debt Service	40,318	-	-	40,318
Total	<u>\$ 215,301</u>	<u>\$ 1,585,072</u>	<u>\$ 5,850,686</u>	<u>\$ 7,651,059</u>

Due to federal represents an overpayment of federal funds relating to the JROTC program. Due to state represents an overpayment by state due ADA projections, unclaimed property and sales tax. Amounts due to other represent amounts due to a purchasing co-op.

Amounts due to local and state governments as of August 31, 2012 are summarized below.

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
General	\$ 3,174	\$ 2,372,078	\$ -	\$ 2,375,252
Special Revenue	-	1,673	-	1,673
Agency Funds	-	372	30,607	30,979
Capital Projects	-	-	1,475	1,475
Total	<u>\$ 3,174</u>	<u>\$ 2,374,123</u>	<u>\$ 32,082</u>	<u>\$ 2,409,379</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2012 was as follows:

**Governmental activities:**

	Balance				Balance
	09/01/11	Additions	Deletions	Transfers	08/31/12
Capital assets, not being depreciated:					
Land	\$ 102,796,593	\$ 513,130	\$ 76,377	\$ -	\$ 103,233,346
Construction in Progress	263,122	19,569,839	-	(261,389)	19,571,572
Total capital assets, not being depreciated	103,059,715	20,082,969	76,377	(261,389)	122,804,918
Capital assets, being depreciated:					
Buildings and Improvements	1,075,434,972	13,854,262	2,517,808	261,389	1,087,032,815
Vehicles	2,987,782	37,778	123,864	-	2,901,696
Furniture and Equipment	20,772,268	3,585,862	1,599,374	-	22,758,756
Total capital assets being depreciated	1,099,195,022	17,477,902	4,241,046	261,389	1,112,693,267
Less accumulated depreciation for:					
Buildings and Improvements	230,369,677	26,770,995	1,283,759	-	255,856,913
Vehicles	2,239,622	199,642	123,864	-	2,315,400
Furniture and Equipment	12,298,822	1,366,195	965,609	-	12,699,408
Total accumulated depreciation	244,908,121	28,336,832	2,373,232	-	270,871,721
Total capital assets, being depreciated, net	854,286,901	(10,858,930)	1,867,814	-	841,821,546
Governmental activities capital assets, net	\$ 957,346,616	\$ 9,224,039	\$ 1,944,191	\$ -	\$ 964,626,464

Depreciation expense was charged to functions of the District as follows:

**Governmental activities:**

Instruction and Instructional Related Services	\$ 18,755,746
Instructional and School Leadership	571,257
Support Services Student (Pupil)	6,833,006
Administrative Support Services	200,864
Support Services - Nonstudent Based	1,584,385
Ancillary Students	391,574
Total depreciation expense - governmental activities	<u>\$ 28,336,832</u>

**Construction in Progress**

Construction in progress and remaining commitments under related construction contracts as of August 31, 2012:

	Authorized <u>Contract</u>	Total in <u>Progress</u>	Remaining <u>Commitment</u>
LHS-Rebuild/Auditorium	\$ 21,126,061	\$ 16,873,416	\$ 4,252,645
Fiber relocation, Colony HS	101,000	8,044	92,956
Marcus HS 9th Grade Center	5,019,644	696,159	4,323,485
Marcus HS 9th Athletic relocate	8,920,520	325,710	8,594,810
Flower Mound HS 9th Grade Center	2,862,015	766,196	2,095,819
Restroom Renovations	580,163	26,021	554,142
Aquatic Center/Harmon	1,233,000	795,306	437,694
Batting Cages (Marcus/Flower Mound)	456,672	80,720	375,952
Total	<u>\$ 40,299,075</u>	<u>\$ 19,571,572</u>	<u>\$ 20,727,503</u>

**NOTE 6. PENSION PLAN OBLIGATIONS**

*Plan Description* – The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy* – Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011, and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644% for fiscal year 2011 and 6.40% through December and 6.64% thereafter for fiscal year 2010. State contributions to TRS made on behalf of the Lewisville Independent School District's employees for the years ended August 31, 2012, 2011, and 2010 were \$17,128,260, \$19,725,788, and \$19,083,362, respectively. The District paid additional state contributions for the years ended August 31, 2012, 2011, and 2010 in the amount of \$3,788,132, \$4,159,250, and \$3,322,462, respectively, on the portion of the employees' salaries that exceeded the statutory minimum. The payments are recognized as revenues and expenditures/expenses during each period. Contributions for the retirement plan for the employees of the District represent 100% of the annual pension cost for current and the past two fiscal years.

**RETIREE HEALTH PLAN**

*Plan Description* – The Lewisville Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health

care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

*Funding Policy* – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011, and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$2,854,710, \$2,968,963, and \$2,907,867 respectively, the active member contributions were \$1,855,570, \$1,929,831, and \$1,862,728, respectively, which equaled the required contributions each year.

#### **MEDICARE PART D – ON-BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2012, 2011 and 2010, these on-behalf payments were \$746,643, \$696,433 and \$732,165, respectively, as equal revenues and expenditures.

#### **EARLY RETIREE REINSURANCE PROGRAM (ERRP) – ON-BEHALF PAYMENTS**

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. Texas Retirement System has been certified for the program and has received funds from the ERRP program. For the year ended August 31, 2012, these on-behalf payments were \$706,084 as equal revenues and expenditures.

#### **NOTE 7. DEFERRED COMPENSATION PLAN**

Employees of the District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plan with Respect to Service for State and Local Governments). An unrelated financial institution, JEM Resource Partners, Inc. administers the Plan.

The deferred compensation plan is available to all employees of the District who are not covered under the State Retirement Plan. Under the plan, employees defer 7.5% of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, or death.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

As a result of legislative changes, all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries and are not included in the financial statements of the District.

#### NOTE 8. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. Bond premiums and discounts are amortized using the effective interest method.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The 1996, 2003, 2006, 2007 and 2011 bond series included outstanding capital appreciation bonds in the principal amount of \$66,368,367. The bonds mature variously through 2028. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity.

Debt service requirements to maturity are summarized as follows:

Year Ended			Total
<u>August 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2013	\$ 52,519,938	\$ 45,003,946	\$ 97,523,884
2014	46,712,420	50,815,488	97,527,908
2015	37,928,841	61,599,718	99,528,559
2016	40,866,452	60,660,606	101,527,058
2017	52,178,384	50,948,086	103,126,470
2018-2022	305,670,938	209,463,557	515,134,495
2023-2027	422,831,394	118,696,591	541,527,985
2028	97,570,000	4,700,176	102,270,176
	<u>\$ 1,056,278,367</u>	<u>\$ 601,888,168</u>	<u>\$ 1,658,166,535</u>

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012**

Exhibit F-1

The following is a summary of the changes in the District's outstanding debt as of August 31, 2012:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/2011</u>	<u>Issued Current Year</u>	<u>Interest Accretion</u>	<u>Retired/ Refunded</u>	<u>Amounts Outstanding 8/31/2012</u>	<u>Due within one year</u>
1996 Refunding Bond	4.40 - 6.38%	\$ 22,623,358	\$ -	\$ -	\$ -	\$ 22,623,358	\$ -
2001 Unlimited Tax/Refunding	4.35 - 5.50%	125,121	-	-	125,121	-	-
2002 Unlimited Tax/Refunding	3.95 - 5.30%	7,085,000	-	-	7,085,000	-	-
2003 Unlimited Tax/Refunding	2.50 - 5.00%	3,691,626	-	-	3,340,000	351,626	-
2005 Unlimited Tax/Refunding	3.125 - 5.00%	27,170,000	-	-	27,170,000	-	-
2006 Unlimited Tax/Refunding	3.75 - 5.00%	49,685,681	-	-	37,975,000	11,710,681	2,020,000
2006 Refunding	4.25 - 5.00%	226,740,000	-	-	23,565,000	203,175,000	23,150,000
2007 Unlimited Tax/Refunding	4.00 - 5.00%	136,465,853	-	-	2,990,000	133,475,853	3,115,000
2007 Refunding	4.00 - 5.00%	84,516,911	-	-	460,000	84,056,911	1,840,000
2008 Unlimited Tax	3.50 - 5.00%	86,745,000	-	-	1,050,000	85,695,000	1,100,000
2009 Unlimited Tax	3.50 - 5.00%	163,860,000	-	-	3,290,000	160,570,000	3,410,000
2009 Unlimited Tax/Refunding	2.00 - 4.13%	4,135,000	-	-	1,180,000	2,955,000	1,900,000
2010 Qualified Sch Const Bonds	6.88%	29,900,000	-	-	-	29,900,000	-
2010A Unlimited Tax	2.00 - 5.00%	36,760,000	-	-	745,000	36,015,000	760,000
2010B Build America Bonds	5.974 - 6.024%	25,055,000	-	-	-	25,055,000	-
2010 Refunding Bond	2.00 - 5.00%	27,875,000	-	-	715,000	27,160,000	3,070,000
2011 Unlimited Tax	2.25 - 4.75%	48,685,000	-	-	-	48,685,000	1,440,000
2011 Refunding Bond	2.50 - 5.00%	33,659,938	-	-	-	33,659,938	5,889,938
2012 Unlimited Tax Bonds	3.00 - 4.00%	-	28,620,000	-	-	28,620,000	1,000,000
2012A Unlimited Tax/Refunding	3.00 - 5.00%	-	100,105,000	-	-	100,105,000	3,525,000
2012B Unlimited Refunding Bond	2.00 - 5.00%	-	22,465,000	-	-	22,465,000	300,000
Total Bonded Indebtedness		1,014,778,488	151,190,000	-	109,690,121	1,056,278,367	52,519,938
Accreted Interest and CAB premium		86,615,428	-	8,057,960	3,357,954	91,315,434	508,343
Bond Premium		21,786,551	20,522,790	-	6,704,944	35,604,397	4,121,893
Deferred loss on refunding		(13,489,079)	(4,641,439)	-	(2,361,397)	(15,769,121)	(1,529,537)
Accrued Compensated Absences		2,562,234	-	-	56,268	2,505,966	441,462
Total Obligations		\$ 1,112,253,622	\$ 167,071,351	\$ 8,057,960	\$ 117,447,890	\$ 1,169,935,043	\$ 56,062,099

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2012.

In May 2008, voters approved a \$697.7 million bond package designed to finance facility needs through 2015. Authorized but unissued school building bonds as of August 31, 2012 are \$287,774,497. During 2012, the District issued \$28,620,000 in Unlimited Tax School Building Bonds with interest rates from 3.00% to 4.00%. The proceeds were issued to provide funds to construct, acquire, and equip school buildings and purchase necessary sites for school buildings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond orders.

In addition, the District issued \$100,105,000 in Unlimited Tax School Building and Refunding Bonds (Series 2012A) with interest rates from 3.00% to 5.00% and \$22,465,000 in Unlimited Tax Refunding Bonds (Series 2012B) with interest rates from 2.00% to 5.00%. A portion of Series 2012A, \$59,885,000, will be used to construct, acquire, and equip school buildings and purchase necessary sites for school buildings. The refunding portion of both series was used to refund a portion of 2002, 2005 and 2006 with maturity dates through 2025 and interest rates from 4.40% to 5.25%. As a result, \$62,685,000 of the Unlimited Tax Series 2002, 2005 and 2006 are considered to be defeased. The proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed. The reacquisition price exceeded the net carrying amount of the old debt by \$4,641,439. This amount is being netted against the new debt and amortized over the life of the refunded debt. The district, in effect, decreased its aggregate debt service payments by \$9,064,827 through 2025 and resulted in an economic gain (difference between present values of the old and new debt service payment) of \$7,964,187.



**Qualified School Construction Bonds**

The District is scheduled to make annual deposits into trust accounts for the Qualified School Construction Bonds (QSCBs), Series 2010. These annual deposits plus the interest earned on the trust accounts will be used to pay off the debt upon maturity June 2016. The District accounts for these trust accounts as *Restricted Cash and Temporary Investments* on both the Statement of Net Assets (Exhibit A-1) and in the Debt Service fund on the Governmental Funds Balance Sheet (Exhibit C-1).

**NOTE 9. DEBT ISSUANCES AND DEFEASED DEBT**

In prior years and in the current year, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. These refunding issues defeased selected general obligation bonds from the original issues of 2002, 2003 and 2006. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of August 31, 2012, the outstanding balance of defeased bonds is \$61,661,918.

**NOTE 10. INTERFUND TRANSACTIONS***Receivables and payables:*

Interfund balances at August 31, 2012 consisted of the following individual fund receivables and payables that originated in the ordinary course of operations, for cash transfers between bank accounts, which have been eliminated on the government-wide statement of net assets:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 7,302	\$ 50
Other Governmental Funds	2,530,443	2,530,443
Capital Projects Fund	-	7,302
Internal Service Fund	50	-
Total	<u>\$ 2,537,795</u>	<u>\$ 2,537,795</u>

**NOTE 11. LITIGATION AND CONTINGENCIES**

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in numerous State and Federal 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; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. This calculation yielded no known material rebate liability at August 31, 2012.

**NOTE 12. REVENUES FROM LOCAL SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 241,767,425	\$ -	\$ 89,637,242	\$ -	\$ 331,404,667
Food Sales	-	10,949,675	-	-	10,949,675
Investment Income	329,795	-	75,736	99,955	505,486
Penalties, interest and other tax related income	1,807,145	-	455,126	-	2,262,271
Co-curricular student activities	920,249	3,161,759	-	-	4,082,008
Tuition and fees	4,858,064	45	-	-	4,858,109
Rental Income	454,141	-	-	-	454,141
Insurance Recovery	571,502	-	-	-	571,502
Donations	121,915	1,410,923	-	-	1,532,838
Other	1,709,700	132,210	-	440,436	2,282,346
Total	<u>\$ 252,539,936</u>	<u>\$ 15,654,612</u>	<u>\$ 90,168,104</u>	<u>\$ 540,391</u>	<u>\$ 358,903,043</u>

**NOTE 13. DEFERRED REVENUES**

Deferred revenues at August 31, 2012 represent assets that are not available for use by the District to liquidate current year liabilities. A summary of deferred revenues at the fund level consist of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Net Tax Revenue	\$ 2,260,363	\$ -	\$ 746,534	\$ 3,006,897
Athletic Receipts	121,523	-	-	121,523
Student Lunches	-	851,125	-	851,125
Community Ed	1,970,906	-	-	1,970,906
Other	7,240	-	-	7,240
Grant Advances	-	90,282	-	90,282
	<u>\$ 4,360,032</u>	<u>\$ 941,407</u>	<u>\$ 746,534</u>	<u>\$ 6,047,973</u>

Revenues that have been earned but which are not available as of year end consist of net tax revenue of \$3,006,897. These are recognized as revenue in the government-wide Statement of Activities.

**NOTE 14. COMPONENT UNIT DISCLOSURES**Organization and Nature of Activities

LEF is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within Lewisville ISD. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. The calculated discount to present value was not materially different from the face

value of the contributions receivable at December 31, 2011. An allowance for uncollectible promises to give has not been recorded based on management's evaluation of contributions receivable at year-end.

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions are reported as permanently restricted support if the donor directs that the donation be held in perpetuity.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No material noncash assets or services were contributed to the Foundation during 2011.

#### Cash and Cash Equivalents

The Foundation considers all highly liquid investments, primarily checking and money market accounts, to be cash equivalents. At December 31, 2011, the carrying amount of cash was \$206,151.

#### Investments

Investments are presented in the financial statements at fair value. Realized and unrealized gains and losses on investments are reflected in the statement of activities. Purchases and sales of investments are recorded on the trade date. Investment income is recorded in the period when earned.

Investments as of December 31, 2011 are composed of the following:

	Cost	Fair Value	Unrealized Gain
Certificates of deposit	\$ 100,825	\$ 100,825	\$ -
Corporate bonds	130,578	139,634	9,056
U.S. Government secured Obligations	196,615	217,720	21,105
Individual stocks	1,014,000	1,082,357	68,357
Mutual funds	214,462	254,057	39,595
Fixed income mutual funds	386,155	426,074	39,919
	<u>\$ 2,042,635</u>	<u>\$ 2,220,667</u>	<u>\$ 178,032</u>

#### Restricted Net Assets

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within Lewisville ISD for use of the contributions.

Permanently restricted net assets consist of contributions from donors who have specified that the funds be invested in perpetuity, with earnings from the investments available for scholarships or grants.

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit F-1

Contributions and Other Receivables

Unconditional promises to give as of December 31, 2011 are as follows:

Receivable in less than one year	\$ 5,671
Receivable in one to five years	8,135
Total Unconditional Promises to Give	<u>13,806</u>
Less allowance for uncollectible amounts	-
Less discounts to net present value	-
Net Unconditional Promises to Give	<u>13,806</u>
Other contributions receivable	-
Total Contributions and Other Receivables	<u>\$ 13,806</u>

Unrestricted Net Assets

Unrestricted net assets at December 31, 2011 include the following amounts designated by the Foundation's Board of Directors for grant endowment.

Silver Star Gala Grant	\$ 150,000
Silver Star Gala Scholarship	10,000
Earl Luna Memorial Grant	10,000
Pat Watts Honorary Grant	10,000
Janet Luttrell Honorary Grant	<u>10,000</u>
Total	<u>\$ 190,000</u>

Income Tax Status

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

**Other Supplementary Information**

**Combining Schedules and Other Schedules**



## **Nonmajor Governmental Funds**

The nonmajor governmental funds, which are made up of Special Revenue Funds are used to account for funds that are legally restricted for specified purposes excluding capital projects.

**Federal Funds** are used to account for federally funded grants and programs.

**State Funds** are used to account for state funded grants and programs.

**Local Funds** are used to account for local grants, programs and donations from corporations, foundations and other local sources.

**Food Service Fund** is used to account for allowable expenditures, as determined under the National School Lunch Program, for the operation and improvement of the Child Nutrition Programs.







# Lewisville Independent School District

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2012**

		200-499		
Data Control Codes		Special Revenue Funds		
		Federal Funds	State Funds	Local Funds
<b>ASSETS</b>				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ 1,380,315
	Receivables:			
1240	Due from Other Governments	1,669,491	1,348,406	-
1260	Due from Other Funds	-	-	2,530,443
1290	Other Receivables	-	-	2,500
1310	Inventories at Cost	-	-	-
1410	Prepaid Expenditures	-	-	2,599
1000	<b>Total Assets</b>	<b>\$ 1,669,491</b>	<b>\$ 1,348,406</b>	<b>\$ 3,915,857</b>
<b>LIABILITIES</b>				
	Current Liabilities:			
2110	Accounts Payable	\$ 127,310	\$ 57,756	\$ 242,675
2170	Due to Other Funds	1,538,939	991,504	-
2180	Due to Other Governments	-	-	1,673
2300	Deferred Revenues	3,242	-	87,040
2000	<b>Total Liabilities</b>	<b>1,669,491</b>	<b>1,049,260</b>	<b>331,388</b>
<b>FUND BALANCE</b>				
	Non-Spendable:			
3410	Inventory	-	-	-
3430	Prepaid Expenditures	-	-	2,599
3450	Restricted	-	299,146	359,865
3545	Committed	-	-	3,222,005
3000	<b>Total Fund Balance</b>	<b>-</b>	<b>299,146</b>	<b>3,584,469</b>
4000	<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,669,491</b>	<b>\$ 1,348,406</b>	<b>\$ 3,915,857</b>

<b>240</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Food Service Fund</b>	<b>August 31, 2012</b>
\$ 4,501,444	\$ 5,881,759
211,317	3,229,214
-	2,530,443
776	3,276
478,054	478,054
-	2,599
<b>\$ 5,191,591</b>	<b>\$ 12,125,345</b>
\$ 634,242	\$ 1,061,983
-	2,530,443
-	1,673
851,125	941,407
<b>1,485,367</b>	<b>4,535,506</b>
478,054	478,054
-	2,599
3,228,170	3,887,181
-	3,222,005
<b>3,706,224</b>	<b>7,589,839</b>
<b>\$ 5,191,591</b>	<b>\$ 12,125,345</b>

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2012

		200-499	
Data Control Codes		Federal Funds	Special Revenue Funds State Funds
<b>REVENUES:</b>			
	Local and Intermediate Sources:		
	Other Local and Intermediate Sources	\$ -	\$ -
5700	Total Local and Intermediate Sources	-	-
5800	State Program Revenues	-	6,969,448
5900	Federal Program Revenues	14,137,095	-
<b>5020</b>	<b>Total Revenues</b>	<b>14,137,095</b>	<b>6,969,448</b>
<b>EXPENDITURES:</b>			
	Current:		
0011	Instruction	12,465,321	6,277,333
0012	Instruction Resources & Media Services	16,882	14,967
0013	Curriculum & Instructional Staff Development	1,105,109	426,496
0021	Instructional Leadership	40,001	-
0023	School Administration	7,721	60,808
0031	Guidance and Counseling	300,400	48,458
0032	Social Work Services	-	-
0033	Health Services	62,535	14,366
0034	Pupil Transportation	30,729	-
0035	Food Services	-	-
0036	Co-Curricular Activities	17,741	-
0041	General Administration	-	-
0051	Plant Maintenance and Operation	-	-
0052	Security and Monitoring	-	-
0053	Data Processing Services	-	308,934
0061	Community Services	90,656	-
0081	Facilities Acquisition and Construction	-	-
	<b>Total Expenditures</b>	<b>14,137,095</b>	<b>7,151,362</b>
1200	Net Change in Fund Balances	-	(181,914)
0100	<b>FUND BALANCE - September 1</b>	-	481,060
3000	<b>FUND BALANCE - August 31</b>	<b>\$ -</b>	<b>\$ 299,146</b>

<u>Local Funds</u>	<u>240 Food Service Fund</u>	<u>Totals Nonmajor Governmental Funds Year Ended August 31, 2012</u>
\$ 4,704,937	\$ 10,949,675	\$ 15,654,612
4,704,937	10,949,675	15,654,612
500	460,062	7,430,010
-	9,067,865	23,204,960
<u>4,705,437</u>	<u>20,477,602</u>	<u>46,289,582</u>
1,990,729	-	20,733,383
116,628	-	148,477
104,865	-	1,636,470
6,437	-	46,438
346,116	-	414,645
433,404	-	782,262
-	-	-
4,951	-	81,852
3,635	-	34,364
6,923	18,578,616	18,585,539
1,220,845	-	1,238,586
13,934	-	13,934
86,186	1,203,603	1,289,789
11,165	-	11,165
-	-	308,934
1,901	-	92,557
91,957	-	91,957
<u>4,439,676</u>	<u>19,782,219</u>	<u>45,510,352</u>
265,761	695,383	779,230
3,318,708	3,010,841	6,810,609
<u>\$ 3,584,469</u>	<u>\$ 3,706,224</u>	<u>\$ 7,589,839</u>



# Lewisville Independent School District

## **Supplemental Schedules**

The schedules within this subsection are presented as supplementary information to expand upon the data presented in the other subsections of the Financial Section.







# Lewisville Independent School District

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2012**

Fiscal Year Ended August 31:	(1)  Maintenance	(2)  Debt Service	(3)  Assessed/ Appraised Value for School Tax Purposes	(10)  Beginning Balance 9/1/2011
2003 and prior years	1.50000	0.27000	14,577,990,672	\$ 709,755
2004	1.50000	0.27000	16,138,151,856	274,982
2005	1.50000	0.27000	16,880,106,282	344,506
2006	1.50000	0.27000	17,730,993,540	289,189
2007	1.33000	0.31000	18,881,927,080	355,112
2008	1.04000	0.33000	21,061,221,028	442,905
2009	1.04000	0.34000	21,911,662,802	424,030
2010	1.04000	0.36870	23,200,406,048	1,069,152
2011	1.04000	0.38670	22,507,417,241	1,676,274
2012 (school year under audit)	1.04000	0.38600	23,095,990,992	-
				<u><u>\$ 5,585,905</u></u>

Note: Amounts included on this schedule reflect actual collections and is not adjusted for the 60 day accrual.  
Sources of Information: Year to date recapulation

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Exhibit H-1

(20)			(30)		(40)	(50)
Current Year's Total Levy	Debt Service Collections	Maintenance Collections	Total Collections		Entire Year's Adjustments	Ending Balance 8/31/2012
\$ -	\$ 8,203	\$ 36,132	\$ 44,335	\$ (130,193)	\$ 535,227	
-	18,216	101,198	119,414	25,177	180,745	
-	17,651	98,063	115,714	25,655	254,447	
-	23,313	129,516	152,829	54,665	191,025	
-	38,271	164,193	202,464	116,983	269,631	
-	31,658	99,774	131,432	(30,149)	281,324	
-	76,035	232,579	308,614	340,901	456,317	
-	114,638	323,362	438,000	(158,377)	472,775	
-	332,706	894,788	1,227,494	57,826	506,606	
329,348,832	89,044,349	239,912,230	328,956,579	773,202	1,165,455	
<b>\$ 329,348,832</b>	<b>\$ 89,705,040</b>	<b>\$ 241,991,835</b>	<b>\$ 331,696,875</b>	<b>\$ 1,075,690</b>	<b>\$ 4,313,552</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - FOOD SERVICE FUND  
YEAR ENDED AUGUST 31, 2012**

Data Control Codes	Food Service Fund Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
<b>REVENUES:</b>					
	Local and Intermediate Sources:				
	Other Local and Intermediate Sources	\$ 11,675,680	\$ 11,675,680	\$ 10,949,675	\$ (726,005)
5700	Total Local and Intermediate Sources	11,675,680	11,675,680	10,949,675	(726,005)
5800	State Program Revenues	530,000	530,000	460,062	(69,938)
5900	Federal Program Revenues	9,120,085	9,120,085	9,067,865	(52,220)
5020	<b>Total Revenues</b>	<b>21,325,765</b>	<b>21,325,765</b>	<b>20,477,602</b>	<b>(848,163)</b>
<b>EXPENDITURES:</b>					
	Current:				
0035	Food Services	20,714,131	20,714,214	18,578,616	2,135,598
0051	Plant Maintenance and Operation	1,007,442	1,226,510	1,203,603	22,907
	<b>Total Expenditures</b>	<b>21,721,573</b>	<b>21,940,724</b>	<b>19,782,219</b>	<b>2,158,505</b>
1100	Excess of Revenues Over Expenditures	(395,808)	(614,959)	695,383	1,310,342
0100	<b>FUND BALANCE - September 1</b>	<b>3,010,841</b>	<b>3,010,841</b>	<b>3,010,841</b>	<b>-</b>
3000	<b>FUND BALANCE - August 31</b>	<b>\$ 2,615,033</b>	<b>\$ 2,395,882</b>	<b>\$ 3,706,224</b>	<b>\$ 1,310,342</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - DEBT SERVICE FUND  
YEAR ENDED AUGUST 31, 2012**

Data Control Codes	Debt Service Fund 500-599			Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
<b>REVENUES:</b>					
	Local and Intermediate Sources:				
	Investment Income	\$ 40,000	\$ 40,000	\$ 75,736	\$ 35,736
	Other Local and Intermediate Sources	89,133,005	89,133,005	90,092,368	959,363
5700	Total Local and Intermediate Sources	89,173,005	89,173,005	90,168,104	995,099
5900	Federal Program Revenues	-	526,109	526,109	-
5020	<b>Total Revenues</b>	<b>89,173,005</b>	<b>89,699,114</b>	<b>90,694,213</b>	<b>995,099</b>
<b>EXPENDITURES:</b>					
	Current:				
0071	Debt Service:				
	Principal	43,420,121	43,420,121	42,420,121	1,000,000
	Interest and Fiscal Charges	47,711,529	48,316,096	48,083,638	232,458
	<b>Total Expenditures</b>	<b>91,131,650</b>	<b>91,736,217</b>	<b>90,503,759</b>	<b>1,232,458</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,958,645)	(2,037,103)	190,454	2,227,557
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Refunding Bonds Issued	-	62,686,456	62,686,456	-
7949	Other Sources	526,109	-	-	-
7916	Net premiums or discounts on Issuance of Bonds	-	10,146,115	10,146,115	-
8940	Payments to Refunded Bond Escrow Agent	-	(72,222,008)	(72,222,008)	-
	<b>Total Other Financing Sources (Uses)</b>	<b>526,109</b>	<b>610,563</b>	<b>610,563</b>	<b>-</b>
1200	Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,432,536)	(1,426,540)	801,017	2,227,557
0100	<b>FUND BALANCE - September 1</b>	22,777,664	22,777,664	22,777,664	-
3000	<b>FUND BALANCE - August 31</b>	<b>\$ 21,345,128</b>	<b>\$ 21,351,124</b>	<b>\$ 23,578,681</b>	<b>\$ 2,227,557</b>

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**YEAR ENDED AUGUST 31, 2012**

Data Control Codes		Agency Fund			
		10 Balance September 1, 2011	5020 Additions	6030 Deductions	11 Balance August 31, 2012
<b>ASSETS</b>					
1110	Cash and Temporary Investments	\$ 1,127,757	\$ 1,994,184	\$ 1,986,103	\$ 1,135,838
1290	Other Receivables	580	4,221	4,036	765
1000	<b>Total Assets</b>	<b>\$ 1,128,337</b>	<b>\$ 1,998,405</b>	<b>\$ 1,990,139</b>	<b>\$ 1,136,603</b>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 53,155	\$ 1,932,691	\$ 1,913,215	\$ 72,631
2441	Due to Outside Entities	77,307	164,754	171,089	70,972
2180	Due to Other Governments	23,017	14,592	6,630	30,979
2190	Due to Student Groups	974,858	1,802,437	1,815,274	962,021
2000	<b>Total Liabilities</b>	<b>\$ 1,128,337</b>	<b>\$ 3,914,474</b>	<b>\$ 3,906,208</b>	<b>\$ 1,136,603</b>

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Exhibit H-5

**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED AUGUST 31, 2012**

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other)	7 Total
611X-6146	Payroll Cost	\$ -	\$ -	\$ 453,417	\$ 5,955,968	\$ -	\$ -	\$ 6,409,385
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				7,027			7,027
6211	Legal Services	73,426	-	423,005		-	-	496,431
6212	Audit Services				61,650			61,650
6213	Tax Appraisal & Collection Appraisal in Function 99		2,808,166					2,808,166
621X	Other Prof. Services	1,799	-	6,582	42,332	-	-	50,713
6220	Tuition & Transfer Payments						-	-
6230	Education Service Centers	-	-	650	25,000	-	-	25,650
6240	Contr. Maint. & Repair					148,454		148,454
6250	Utilities					-		-
6260	Rentals	-	-	15,924	35,314	-	-	51,238
6290	Miscellaneous Contr.	-	-	33,361	244,611	-	-	277,972
6320	Textbooks & Reading	234	-	1,881	3,427	-	-	5,542
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	296	-	3,847	180,948	-	-	185,091
6410	Travel, Subsistence, Stipends	15,794	-	12,336	57,844	-	-	85,974
6420	Insurance & Bonding Costs	-	-	-	234,448	-	-	234,448
6430	Election Costs	31,240						31,240
6490	Miscellaneous Operating	11,703	-	39,949	154,258	841	-	206,751
6500	Debt Service						-	-
6600	Capital Outlay						-	-
6000	<b>TOTAL</b>	\$ 134,492	\$ 2,808,166	\$ 990,952	\$ 7,002,827	\$ 149,295	\$ -	\$ 11,085,732

Total expenditures/expenses for General and Special Revenue Funds (plus Food Service Enterprise Fund if present)	(9)	\$ 422,442,266
FISCAL YEAR		
LESS: Deductions of Unallowable Costs		
Total Capital Outlay (6600)	(10)	1,082,115
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	36,319,915
Food (Function 35, 6341 and 6499)	(13)	6,630,536
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>7,002,827</u>
Net Allowed Direct Cost		<u>\$371,406,873</u>
CUMULATIVE		
Total Cost of Buildings before Depreciation (1520)	(15)	\$ 1,087,032,815
Historical Cost of Buildings over 50 years old	(16)	\$ 753,945
Amount of Federal Money in building Cost (Net of #16)	(17)	\$ 50,114
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	(18)	\$ 22,758,756
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 3,692,570
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 538,090

Note - \$0 in Function 53 expenditures are included in this report on administrative costs.

\$2,739,368 in Function 99 expenditures for appraisal district costs are included in this report on administrative cost.



# Lewisville Independent School District



**STATISTICAL  
SECTION**



## STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the District's overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to assist the reader in understanding how the District's financial position has changed over time.	<b>1, 2, 3, &amp; 4</b>
<b>Revenue Capacity</b> These tables contain information to assist the reader in understanding and assessing the factors affecting the District's ability to generate its own-source revenues.	<b>5, 6, 7, 8, &amp; 9</b>
<b>Debt Capacity</b> These tables contain information to assist the reader in understanding the District's debt burden and its ability to issue additional debt in the future.	<b>10, 11, 12, &amp; 13</b>
<b>Economic and Demographic Information</b> These tables contain information to assist the reader in understanding the socioeconomic environment in which the District operates and to provide information that facilitates comparisons of financial statement information over time and with other school districts.	<b>14, 15, &amp; 16</b>
<b>Operating Information</b> These tables contain information intended to provide contextual information about the District's operations and resources and to assist readers in using financial statement information to understand and assess the District's economic condition.	<b>17, 18, 19, &amp; 20</b>

**Source:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in fiscal year 2003: tables presenting government-wide information include information beginning in that year.

**GOVERNMENT-WIDE  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
Instruction	\$ 188,628,054	\$ 194,149,021	\$ 208,660,486	\$ 222,525,780	\$ 233,395,301
Instruction Resources & Media Services	5,257,076	5,293,887	5,444,107	5,744,657	5,904,269
Curriculum & Instructional Staff Development	2,886,934	3,060,641	3,609,781	3,929,105	4,003,597
Instructional Leadership	5,016,829	5,275,559	6,199,303	6,548,039	6,187,863
School Administration	17,435,333	17,425,865	19,060,412	20,669,902	22,041,362
Guidance and Counseling	13,690,224	13,738,052	14,535,970	15,304,315	15,563,635
Social Work Services	39,243	41,403	45,729	56,099	57,799
Health Services	2,709,209	2,900,104	3,158,096	3,339,351	3,506,757
Pupil Transportation	6,692,090	6,760,370	6,916,476	7,310,324	7,836,125
Food Services	13,808,913	14,451,912	15,902,061	16,785,294	17,219,548
Co-Curricular Activities	10,363,921	9,368,810	9,765,689	10,748,037	11,462,276
General Administration	9,412,711	8,588,533	9,108,062	9,482,237	10,228,021
Plant Maintenance and Operation	34,326,261	34,761,525	38,033,030	34,388,751	40,722,312
Security and Monitoring	855,442	708,380	766,690	787,568	817,228
Data Processing Services	3,345,260	3,336,033	3,636,121	4,424,367	5,279,923
Community Services	2,631,805	2,873,862	3,345,325	3,633,360	3,884,237
Interest and Fiscal Charges	32,500,844	34,978,776	33,712,898	40,514,548	35,943,533
Facilities Acquisition & Construction	3,689,711	4,512,877	8,116,120	4,126,204	9,346,603
Fiscal Agent/Member District of Shared Service Arrangement	144,500	150,400	137,200	112,253	183,600
Alternative Education Program	610,433	637,231	601,051	718,345	634,391
Other Intergovernmental Charges	-	-	-	-	-
<b>Total governmental expenses</b>	<b>\$ 354,044,793</b>	<b>\$ 363,013,241</b>	<b>\$ 390,754,607</b>	<b>\$ 411,148,536</b>	<b>\$ 434,218,380</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for Service					
Instruction & Instructional Related Services	\$ 1,455,129	\$ 2,070,210	\$ 1,828,183	\$ 2,049,978	\$ 3,772,417
Food Services	9,935,318	10,527,610	11,623,008	12,330,866	10,846,625
Cocurricular/Extracurricular Activities	2,089,509	1,995,811	2,107,921	2,441,734	2,316,339
Plant Maintenance and Operations	504,378	557,573	419,513	719,024	572,796
Community Services	2,592,504	2,554,578	2,820,891	3,197,971	3,394,650
Other Activities	647,643	530,867	451,739	485,689	695,079
Operating Grants and Contributions	28,849,693	28,605,389	33,043,826	37,627,818	40,154,971
Total Primary Government Program Revenues	46,074,174	46,842,038	52,295,081	58,853,080	61,752,877
<b>Net (Expense)/Revenue</b>					
Total Primary Government Net Expense	\$ (307,970,619)	\$ (316,171,203)	\$ (338,459,526)	\$ (352,295,456)	\$ (372,465,503)
<b>General Revenues</b>					
Property Taxes, Levied for General Purposes	\$ 227,418,370	\$ 246,587,460	\$ 257,030,349	\$ 273,940,175	\$ 263,426,055
Property Taxes, Levied for Debt Service	40,885,253	44,357,028	46,307,705	49,285,770	61,240,281
Unrestricted State Aid Formula Grants	32,329,362	29,445,380	32,689,819	20,696,322	55,959,321
Medicaid Reimbursement	471,994	471,290	259,349	2,211,943	519,627
Unrestricted Federal Aid	913,751	3,123,868	1,527,210	3,064,901	5,286,068
Investment Earnings	2,364,188	2,186,275	5,544,472	9,863,481	16,072,818
Miscellaneous	370,187	304,578	1,034,958	313,985	1,182,060
Total Primary Government General Revenues	304,753,105	326,475,879	344,393,862	359,376,577	403,686,230
<b>Special Items -</b>					
Gain (Loss) from Sale of Capital Assets	(407,443)	(32,109)	-	-	-
Proceeds from refunding escrow	111,000	10,968	-	-	-
<b>Total governmental revenues</b>	<b>\$ 350,530,836</b>	<b>\$ 373,296,776</b>	<b>\$ 396,688,943</b>	<b>\$ 418,229,657</b>	<b>\$ 465,439,107</b>
<b>Change in Net Assets</b>	<b>\$ (3,513,957)</b>	<b>\$ 10,283,535</b>	<b>\$ 5,934,336</b>	<b>\$ 7,081,121</b>	<b>\$ 31,220,727</b>

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Table - 1

2008	2009	2010	2011	2012
\$ 260,273,302	\$ 275,575,208	\$ 281,620,908	\$ 288,131,488	\$ 279,955,524
6,409,402	6,617,443	6,579,218	6,708,232	6,262,370
5,125,262	6,140,070	6,049,840	6,455,220	6,057,340
6,923,768	7,452,181	6,927,337	7,406,223	6,761,534
23,742,376	27,239,901	25,468,736	25,928,350	24,953,147
17,594,388	18,828,242	18,759,542	19,133,441	17,451,208
63,407	107,506	107,114	100,608	98,150
3,874,420	4,271,152	4,333,720	4,606,909	4,481,729
8,584,076	8,755,641	9,351,970	9,529,155	9,938,802
18,729,379	19,902,076	20,547,788	20,460,244	20,080,887
12,436,255	13,715,486	13,875,563	14,874,422	14,682,758
10,818,488	10,083,602	9,591,098	9,200,921	8,565,384
52,752,452	39,867,541	41,074,887	40,156,334	39,331,624
907,912	939,419	912,856	938,328	994,727
6,374,009	7,094,566	5,943,920	6,102,614	6,667,960
4,644,760	4,795,969	5,008,193	4,910,278	4,909,867
42,532,707	47,734,528	47,244,599	50,097,646	48,154,399
12,159,730	12,552,738	17,596,170	11,272,489	9,356,373
216,000	163,800	238,000	201,500	170,500
544,858	329,923	611,252	153,614	246,797
-	2,688,343	2,768,705	2,768,281	2,739,368
<b>\$ 494,706,951</b>	<b>\$ 514,855,335</b>	<b>\$ 524,611,416</b>	<b>\$ 529,136,297</b>	<b>\$ 511,860,448</b>
\$ 3,343,832	\$ 4,489,515	\$ 3,337,481	\$ 2,441,643	\$ 3,929,999
10,495,811	9,870,594	10,698,511	10,225,992	8,895,203
2,270,110	1,990,018	2,246,881	1,779,880	1,581,926
523,627	419,396	747,845	974,322	1,998,227
3,321,551	3,074,598	3,008,535	4,119,209	4,447,814
1,203,183	1,198,937	1,163,296	1,193,607	807,675
45,154,720	47,107,497	60,913,693	73,348,310	50,608,327
66,312,834	68,150,555	82,116,242	94,082,963	72,269,171
<b>\$ (428,394,117)</b>	<b>\$ (446,704,780)</b>	<b>\$ (442,495,174)</b>	<b>\$ (435,053,334)</b>	<b>\$ (439,591,277)</b>
\$ 227,576,466	\$ 245,065,937	\$ 243,499,386	\$ 237,128,747	\$ 242,746,951
71,824,072	79,763,441	86,144,920	88,157,176	89,872,719
111,285,977	101,366,379	101,862,834	119,824,122	109,838,538
447,727	863,715	2,422,209	817,643	6,811,600
1,967,127	1,179,995	1,237,177	2,317,192	3,707,080
12,095,389	4,436,309	1,046,795	596,419	525,344
2,877,938	1,825,683	1,000,192	743,362	717,352
428,074,696	434,501,459	437,213,513	449,584,661	454,219,584
-	-	-	-	-
-	-	-	-	-
<b>\$ 494,387,530</b>	<b>\$ 502,652,014</b>	<b>\$ 519,329,755</b>	<b>\$ 543,667,624</b>	<b>\$ 526,488,755</b>
\$ (319,421)	\$ (12,203,321)	\$ (5,281,661)	\$ 14,531,327	\$ 14,628,307

**GOVERNMENT-WIDE  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 73,055,312	\$ 71,204,093	\$ 77,107,432	\$ 75,482,779
Restricted				
Food Service	364,190	536,392	500,169	496,120
Grants	-	-	-	-
Debt Service	10,894,303	12,018,522	11,027,137	-
Unrestricted	(61,382,860)	(50,544,527)	(47,280,503)	(27,543,543)
<b>Total primary government net assets</b>	<b>\$ 22,930,945</b>	<b>\$ 33,214,480</b>	<b>\$ 41,354,235</b>	<b>\$ 48,435,356</b>

Source of Information: Statement of Net Assets - audited financial reports.

Table - 2

2007	2008	2009	2010	2011	2012
\$ 79,230,889	\$ 95,241,278	\$ 96,071,603	\$ 89,609,708	\$ 75,709,046	\$ 94,859,322
625,897	465,126	591,559	553,210	3,010,841	3,706,224
-	-	-	-	481,060	299,146
-	-	-	3,802,228	17,546,501	22,069,672
(200,703)	(16,369,742)	(29,529,821)	(32,113,466)	(20,364,441)	(29,923,050)
<b>\$ 79,656,083</b>	<b>\$ 79,336,662</b>	<b>\$ 67,133,341</b>	<b>\$ 61,851,680</b>	<b>\$ 76,383,007</b>	<b>\$ 91,011,314</b>

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**ALL GOVERNMENTAL FUNDS  
CHANGES IN FUND BALANCES  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 265,809,877	\$ 289,880,259	\$ 304,885,381	\$ 322,152,579
Interest	2,330,703	2,141,123	5,443,591	9,698,881
Other	20,663,150	19,455,136	21,348,946	23,072,443
State Sources	51,100,728	44,443,840	48,237,752	38,747,724
Federal Sources	10,952,020	16,288,503	18,223,202	24,076,835
<b>Total Revenue</b>	<b>350,856,478</b>	<b>372,208,861</b>	<b>398,138,872</b>	<b>417,748,462</b>
<b>Expenditures</b>				
Instruction	181,538,940	185,216,694	198,756,530	211,576,146
Instructional Resources & Media Services	4,890,182	4,879,525	4,996,321	5,223,569
Curriculum and Instructional Staff Development	2,862,163	3,043,101	3,593,499	3,917,741
Instructional Leadership	4,985,600	5,258,381	6,183,698	6,515,635
School Administration	17,286,846	17,283,101	18,906,810	20,488,076
Guidance and Counseling	13,611,108	13,644,117	14,436,438	15,205,667
Social Work Services	39,186	41,443	45,795	56,266
Health Services	2,677,539	2,864,212	3,121,114	3,298,462
Pupil Transportation	6,655,866	6,728,218	6,885,749	7,235,254
Food Services	13,005,177	13,631,433	15,144,537	15,983,689
Co - Curricular Activities	8,297,866	8,341,189	8,268,362	9,088,454
General Administration	9,362,869	8,544,398	9,065,762	9,358,604
Plant Maintenance and Operations	34,272,860	34,591,407	38,030,447	34,311,650
Security and Monitoring	832,016	663,363	719,679	738,633
Data Processing Services	3,298,835	3,340,451	3,604,610	4,214,430
Community Services	2,561,490	2,815,006	3,287,525	3,559,324
Debt Service				
Principal	16,098,062	11,735,369	20,755,067	18,525,000
Interest	27,048,400	31,290,684	28,977,766	29,517,158
Facilities Acquisition and Construction	74,259,336	71,107,575	79,910,310	32,376,842
Intergovernmental Charges	754,933	787,631	738,251	830,598
<b>Total expenditures</b>	<b>424,339,274</b>	<b>425,807,298</b>	<b>465,428,270</b>	<b>432,021,198</b>
<b>Other financing sources (uses)</b>				
Refunding Bonds Issued	7,100,000	6,000,000	17,697,694	252,336,859
Transfers In	-	3,068	178,369	-
Issuance of Debt	52,898,543	64,549,999	45,000,000	54,645,683
Sale of Real & Personal Property	67,554	16,581	31,482	42,789
Premium on Issuance of Bonds	16,285,250	3,250,880	4,206,472	42,334,986
Transfers Out	-	(3,068)	(96,741)	-
Payments to Refunded Bond Escrow Agent	(7,334,031)	(6,444,664)	(20,473,901)	(291,602,901)
<b>Total other financing sources (uses)</b>	<b>69,017,316</b>	<b>67,372,796</b>	<b>46,543,375</b>	<b>57,757,416</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>2,205,419</b>	
<b>Net changes in fund balances</b>	<b>\$ (4,465,480)</b>	<b>\$ 13,774,359</b>	<b>\$ (18,540,604)</b>	<b>\$ 43,484,680</b>
<b>Debt service as a percentage of noncapital expenditures (1)</b>	<b>12.21%</b>	<b>12.00%</b>	<b>12.66%</b>	<b>11.92%</b>

Sources of Information: Statement of Revenues, Expenditure and Changes in Fund Balance - Audited financial reports

(1) In calculating the ratio of total debt service expenditures to noncapital expenditures, governmental fund expenditures for the facilities acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements are subtracted from the total governmental fund expenditures (Exhibit C-3).



**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Table - 3

	2007	2008	2009	2010	2011	2012
\$	324,905,827	\$ 300,179,722	\$ 322,697,841	\$ 331,544,587	\$ 326,407,429	\$ 333,666,938
	15,870,053	11,952,030	4,367,527	1,027,363	583,103	505,486
	24,062,891	25,823,623	24,918,353	23,946,287	22,623,729	24,730,619
	76,409,975	134,700,520	125,619,482	122,825,368	143,098,832	134,480,516
	24,221,728	21,711,420	23,400,527	41,847,993	51,571,002	34,542,294
	<b>465,470,474</b>	<b>494,367,315</b>	<b>501,003,730</b>	<b>521,191,598</b>	<b>544,284,095</b>	<b>527,925,853</b>
	222,031,041	246,981,627	263,191,773	265,012,438	271,554,272	260,663,523
	5,381,296	5,803,868	6,042,544	5,912,652	6,021,719	5,494,896
	3,990,670	5,115,313	6,114,311	6,011,497	6,484,525	6,024,558
	6,142,297	6,880,637	7,130,744	6,808,006	7,832,930	6,376,792
	21,842,800	23,505,939	27,024,895	25,203,341	25,578,743	24,408,361
	15,451,797	17,468,940	18,755,490	18,636,783	18,967,277	17,220,848
	57,914	63,548	108,042	107,273	100,546	97,869
	3,462,796	3,822,972	4,232,494	4,277,112	4,529,805	4,390,500
	7,727,669	8,476,551	8,677,229	9,242,192	9,394,593	9,804,239
	16,520,822	17,807,633	18,979,584	19,459,341	19,152,354	18,585,539
	9,614,950	9,965,597	10,889,869	10,661,335	10,242,158	9,619,403
	10,097,201	10,693,760	9,241,283	9,401,022	9,859,951	8,346,364
	40,484,981	52,716,130	39,727,069	40,606,834	39,992,155	38,499,516
	767,889	858,762	897,112	889,694	923,348	996,357
	5,089,281	6,083,006	6,830,649	5,394,418	5,640,850	6,264,730
	3,808,679	4,251,803	4,392,688	4,600,979	4,571,472	4,509,308
	22,700,611	23,595,220	25,900,241	23,584,821	29,823,611	42,420,121
	45,378,860	46,279,548	50,627,806	62,484,307	60,642,813	48,916,271
	79,105,696	88,746,927	81,619,073	155,001,454	74,166,666	45,731,829
	817,991	760,858	3,182,066	3,617,957	3,123,395	3,156,665
	<b>520,475,241</b>	<b>579,878,639</b>	<b>593,564,962</b>	<b>676,913,456</b>	<b>608,603,183</b>	<b>561,527,689</b>
	155,581,503	-	5,350,000	28,440,000	33,659,938	62,686,456
	-	-	-	-	-	-
	102,386,261	87,745,000	167,045,000	91,715,000	48,685,000	88,503,544
	52,582	24,864	45,649	58,641	157,495	278,177
	22,253,172	240,000	4,773,268	3,668,653	2,655,676	20,522,790
	-	-	-	-	-	-
	(173,473,424)	-	(5,450,359)	(29,891,161)	(35,738,783)	(72,222,008)
	<b>106,800,094</b>	<b>88,009,864</b>	<b>171,763,558</b>	<b>93,991,133</b>	<b>49,419,326</b>	<b>99,768,959</b>
	-	-	-	-	-	-
\$	<b>51,795,327</b>	<b>2,498,540</b>	<b>79,202,326</b>	<b>(61,730,725)</b>	<b>(14,899,762)</b>	<b>66,167,123</b>
	<b>15.12%</b>	<b>13.90%</b>	<b>14.61%</b>	<b>15.97%</b>	<b>16.60%</b>	<b>17.43%</b>

**ALL GOVERNMENTAL FUNDS  
FUND BALANCES  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006
Non-spendable:				
Inventory	\$ 908,316	\$ 663,993	\$ 695,198	\$ 631,351
Prepaid Expenditures	30,649	5,432,090	6,632,793	67,284
Restricted:				
Grant Funds	-	-	6,581	311,671
Capital Acquisition Program	51,039,294	40,679,230	-	26,066,372
Retirement of Debt	12,261,003	14,736,296	12,943,200	15,576,293
High School Allotment	-	-	-	-
Committed:				
Student Activity Funds	2,039,343	2,240,089	2,771,449	2,764,400
Minimum Fund Balance Policy	-	-	-	45,000,000
Unassigned	52,231,871	68,533,137	88,489,591	66,811,540
<b>Total Fund Balance</b>	<b>\$ 118,510,476</b>	<b>\$ 132,284,835</b>	<b>\$ 111,538,812</b>	<b>\$ 157,228,911</b>

Sources of Information: Balance Sheet Governmental Funds

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Table - 4

2007	2008	2009	2010	2011	2012
\$ 549,715	\$ 446,115	\$ 538,412	\$ 327,995	\$ 762,601	\$ 835,056
59,138	52,875	-	47,002	11,205	83,417
4,720,573	6,698,244	5,892,931	4,515,094	3,224,286	3,887,181
54,943,771	53,709,923	142,390,668	77,142,083	51,187,377	102,125,329
12,794,089	16,577,899	21,635,840	23,530,924	22,775,495	23,575,864
-	-	-	534,852	719,912	-
2,687,583	2,898,866	3,111,182	3,135,241	3,078,656	3,222,005
45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
88,269,369	86,138,856	72,156,071	74,761,188	87,335,085	101,532,888
<b>\$ 209,024,238</b>	<b>\$ 211,522,778</b>	<b>\$ 290,725,104</b>	<b>\$ 228,994,379</b>	<b>\$ 214,094,617</b>	<b>\$ 280,261,740</b>

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Tax Levy Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent years and cumulative adjustments (2)	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 265,207,213	\$ 262,084,124	98.82%	\$ 2,488,774	\$ 264,572,898	99.76%
2003	286,785,535	283,343,372	98.80%	2,783,836	286,127,208	99.77%
2004	300,081,153	297,076,795	99.00%	2,365,877	299,442,672	99.79%
2005	319,461,652	316,082,747	98.94%	2,672,217	318,754,964	99.78%
2006	320,747,761	317,503,824	98.99%	2,363,619	319,867,443	99.73%
2007	295,398,819	292,659,331	99.07%	1,861,617	294,520,948	99.70%
2008	319,855,271	316,941,339	99.09%	1,978,082	318,919,421	99.71%
2009	327,214,703	324,566,517	99.19%	1,780,121	326,346,638	99.73%
2010	324,469,662	322,793,734	99.48%	884,004	323,677,738	99.76%
2011	330,122,034	328,956,578	99.65%	-	328,956,578	99.65%

(1) Current year original tax levy net of supplements and adjustments in current tax year.

(2) Collections in subsequent years are net of supplements and adjustments in subsequent years.

**SCHEDULE OF TAX RATE DISTRIBUTION PER \$100 VALUATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Maintenance	Debt Service	Total
2003	\$ 1.5000	\$ 0.2700	\$ 1.7700
2004	1.5000	0.2700	1.7700
2005	1.5000	0.2700	1.7700
2006	1.5000	0.2700	1.7700
2007	1.3300	0.3100	1.6400
2008	1.0400	0.3300	1.3700
2009	1.0400	0.3400	1.3800
2010	1.0400	0.3687	1.4087
2011	1.0400	0.3867	1.4267
2012	1.0400	0.3860	1.4260

Sources of Information: Lewisville ISD Budget Department

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Residential	Lots, Tracts & Acreage	Commercial and Industrial	Utilities
2003	\$ 11,640,071,207	\$ 595,564,757	\$ 2,815,615,141	\$ 274,041,600
2004	12,963,557,725	583,335,334	3,116,799,467	271,016,831
2005	13,435,102,916	591,877,856	3,681,870,559	314,621,437
2006	14,066,421,583	642,236,434	3,743,474,157	284,245,233
2007	14,794,245,905	662,713,380	4,080,024,053	307,293,020
2008	16,226,610,242	838,913,530	4,932,913,345	323,856,130
2009	16,834,933,657	828,657,120	5,278,210,410	327,325,225
2010	17,464,518,758	810,127,573	5,671,243,954	292,507,815
2011	17,388,209,969	643,775,755	5,503,954,303	248,021,610
2012	17,631,289,949	637,466,733	5,770,243,423	314,778,502

Sources of Information: Denton and Tarrant Central Appraisal Districts (DCAD) and Denton County Tax Office

Note: Property is assessed at market value. Properties are assessed every year. Tax rates are per \$100 of assessed value.

Note: \* Includes gains from supplemental corrections to DCAD certified values which DCAD could not identify by category.

Table - 7

Other	Less: Exemptions	Total Taxable Assessed value	Total Direct Tax Rate
\$ 213,004,495	\$ 960,306,528	\$ 14,577,990,672	\$ 1.770
246,959,705	1,043,517,206	16,138,151,856	1.770
219,028,042	1,362,394,528	16,880,106,282	1.770
187,991,238	1,193,375,105	17,730,993,540	1.770
175,087,482	1,137,436,760	18,881,927,080	1.640
216,260,532	1,477,332,751	21,061,221,028	1.370
941,206,948	2,298,670,558	21,911,662,802	1.380
1,018,701,477	2,056,693,529 *	23,200,406,048	1.409
1,029,813,947	2,306,358,343 *	22,507,417,241	1.427
1,058,795,450	2,316,583,065 *	23,095,990,992	1.426

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	City of Carrollton	City of Coppell	Town of Copper Canyon	Denton County	Denton County FWSD#1-B	Denton County FWSD#1-D	Denton County FWSD#1-E	Denton County LID #1
2003	\$ 0.59930	\$ 0.64860	\$ 0.14894	\$ 0.24897	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ -
2004	0.59930	0.64860	0.14894	0.24717	1.00000	1.00000	1.00000	-
2005	0.59930	0.64860	0.16041	0.25480	1.00000	1.00000	1.00000	-
2006	0.63288	0.64860	0.17027	0.24648	1.00000	1.00000	1.00000	-
2007	0.63288	0.64146	0.17027	0.23192	0.95000	0.95000	0.95000	0.15500
2008	0.61788	0.64146	0.19027	0.23589	0.90000	0.90000	0.90000	0.15500
2009	0.61788	0.64146	0.19027	0.23577	0.90000	0.90000	0.90000	0.16500
2010	0.61788	0.64146	0.20171	0.24980	0.90000	0.90000	0.90000	0.16500
2011	0.61788	0.69046	0.30171	0.27390	0.90000	0.90000	0.90000	0.16350
2012	0.61788	0.69046	0.30171	0.27736	0.88000	0.90000	0.90000	0.16350

Sources of Information: Dallas, Collin, and Denton Central Appraisal Districts

Note: Tax rates are per \$100 of assessed value.

Note: (A) Dissolved in 2005.



**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Table - 8

Denton County RUD#1	Town of Double Oak	Town of Flower Mound	City of Frisco	Frisco MUD#1	City of Highland Village	City of Lewisville	City of Plano	City of The Colony	Total
\$ 0.46000	\$ 0.22000	\$ 0.44970	\$ 0.33704	\$ 0.07000	\$ 0.56963	\$ 0.45050	\$ 0.45350	\$ 0.72500	\$ 8.38118
0.45000	0.22000	0.44970	0.43200	0.50000	0.56963	0.45050	0.45350	0.72000	8.88934
0.45000	0.22000	0.44970	0.42296	(A)	0.56963	0.45050	0.45350	0.72000	8.39940
0.43000	0.22000	0.44970	0.44489	(A)	0.56963	0.45679	0.45350	0.72000	8.44274
0.42000	0.22000	0.44970	0.45000	(A)	0.56963	0.45679	0.47350	0.71500	8.43615
0.40000	0.22481	0.44970	0.45000	(A)	0.56963	0.44050	0.47350	0.69750	8.24614
0.38000	0.22481	0.44970	0.45000	(A)	0.56963	0.44021	0.47350	0.69000	8.22823
0.35000	0.22481	0.44970	0.46500	(A)	0.56963	0.44021	0.48860	0.68800	8.25180
0.17000	0.22481	0.44970	0.46500	(A)	0.56963	0.44021	0.48860	0.68550	8.24090
0.11000	0.22481	0.44970	0.46191	(A)	0.56963	0.44021	0.48860	0.68300	8.15877

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Principal Taxpayers	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Sysco Food Services of Dallas LP	\$ 74,736,017	1	0.32%	\$ -	-	-
Verizon Southwest	74,346,650	2	0.32%	84,479,641	1	0.58%
Vista Ridge Joint Venture	71,396,541	3	0.31%	44,206,188	9	0.30%
Shops at Highland Village Dev LTD	60,000,000	4	0.26%	-	-	-
Oncor Elec Delivery Co	57,809,630	5	0.25%	51,490,750	7	0.35%
Frito-Lay Inc	56,829,906	6	0.25%	59,115,048	3	0.41%
TIC Lago Vista LP Etal	55,936,000	7	0.24%	-	-	-
Flower Mound Hospital Partners LLC	55,443,729	8	0.24%	-	-	-
Columbia Medical Center Lewisville	52,000,000	9	0.23%	-	-	-
BREOF Convergence LP	48,441,705	10	0.21%	-	-	-
Teachers Ins & Annuity Assn	-	-	-	54,318,529	6	0.37%
Albertsons Inc	-	-	-	44,351,170	8	0.30%
Harcourt Inc - Tax Dept	-	-	-	67,155,488	2	0.46%
Castle Hills Development Corp	-	-	-	58,206,474	4	0.40%
Four Seasons Distribution Ctr	-	-	-	55,486,688	5	0.38%
Ingram Micro Texas LP	-	-	-	43,847,350	10	0.30%
<b>Total Ten Principal Taxpayers</b>	<b>\$ 606,940,178</b>		<b>2.63%</b>	<b>\$ 562,657,326</b>		<b>3.85%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 23,095,990,992</b>			<b>\$ 14,577,990,672</b>		

Source of Information: 2011 Certified Top 10 Taxpayers Report from Denton Central Appraisal District

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**August 31, 2012**  
**(Unaudited)**

Taxing Jurisdiction	Bonded Debt	Overlapping	
		Percent	Amount
City of Carrollton *	\$ 199,781,000	39.17%	\$ 78,254,218
City of Coppell	84,060,000	1.98%	1,664,388
Town of Copper Canyon	1,805,000	69.00%	1,245,450
Denton County	553,915,000	41.09%	227,603,674
Denton County FWSD #1-B	14,095,000	100.00%	14,095,000
Denton County FWSD #1-D	25,855,000	100.00%	25,855,000
Denton County FWSD #1-E	22,850,000	100.00%	22,850,000
Denton County LID #1	10,200,000	93.19%	9,505,380
Denton County RUD#1	2,110,000	99.30%	2,095,230
Town of Double Oak	-	-	-
Town of Flower Mound	120,660,000	95.70%	115,471,620
City of Frisco	328,150,000	9.10%	29,861,650
City of Highland Village	22,050,000	100.00%	22,050,000
City of Lewisville	71,998,297	99.16%	71,393,511
City of Plano	322,000,256	4.42%	14,232,411
City of The Colony	90,305,000	96.17%	86,846,319
<b>Total Estimated Overlapping Debt</b>			<b>723,023,851</b>
Lewisville ISD			1,056,278,367
<b>Total Direct and Overlapping Debt</b>			<b>\$ 1,779,302,218</b>

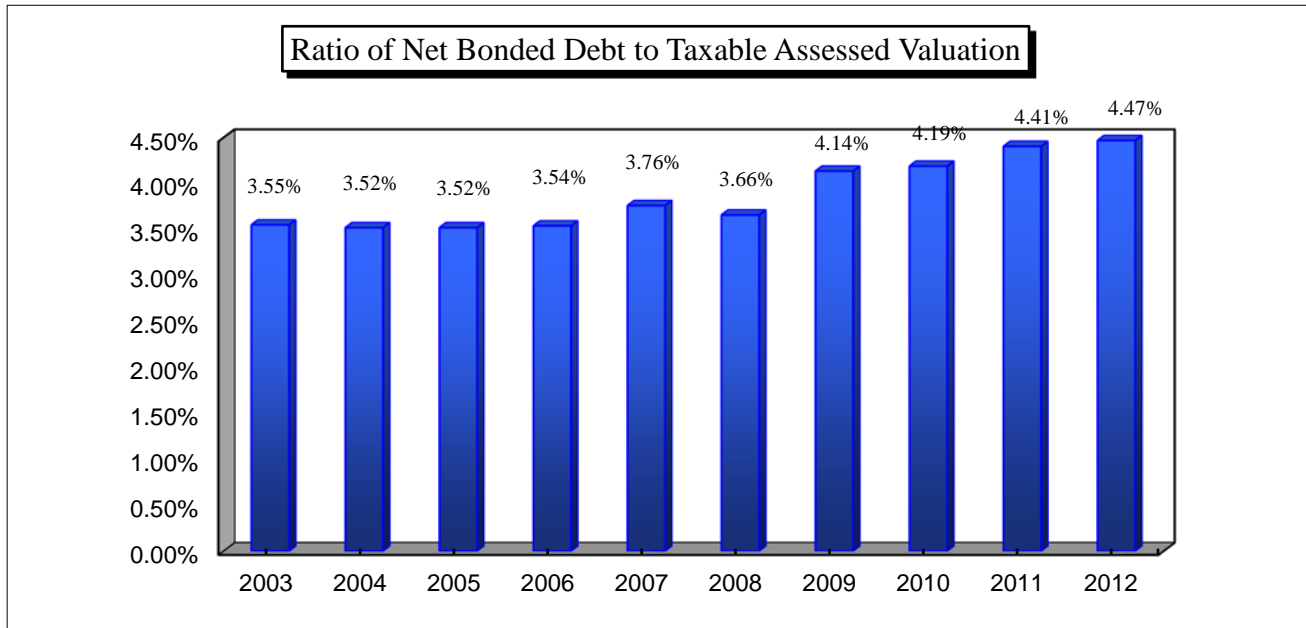
Source of Information: Individual Taxing Jurisdictions

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of these overlapping governments that is borne by the residents and businesses of the district.

Note: \* This entity information is as of 9/30/11.

**RATIO OF NET BONDED DEBT TO TAXABLE ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Taxable Assessed Value	Assessment Ratio	Gross Bonded Debt Outstanding at Year End	Amounts Available for Retirement of Bonds
2003	\$ 14,577,990,672	100%	\$ 529,824,664	\$ 12,261,003
2004	16,138,151,856	100%	582,756,580	14,733,798
2005	16,880,106,282	100%	607,031,572	12,941,530
2006	17,730,993,540	100%	643,152,208	15,574,624
2007	18,881,927,080	100%	722,827,443	12,793,335
2008	21,061,221,028	100%	786,977,223	16,577,078
2009	21,911,662,802	100%	928,121,982	21,634,453
2010	23,200,406,048	100%	995,917,161	23,529,345
2011	22,507,417,241	100%	1,014,778,488	22,775,495
2012	23,095,990,992	100%	1,056,278,367	23,575,864



Sources of Information: Lewisville ISD Audited Financial Statements, Denton County, Denton and Tarrant Central Appraisal District, North Central Texas Council of Governments

Table - 11

Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita	Net Bonded Debt To Personal Income
\$ 517,563,661	3.55%	263,725	\$ 1,963	\$ 55,277	3.19%
568,022,782	3.52%	271,422	2,093	59,458	3.26%
594,090,042	3.52%	270,402	2,197	62,426	2.99%
627,577,584	3.54%	271,526	2,311	65,301	2.84%
710,034,108	3.76%	266,237	2,667	70,921	2.96%
770,400,145	3.66%	272,836	2,824	77,194	2.96%
906,487,529	4.14%	283,699	3,195	77,236	3.54%
972,387,816	4.19%	282,889	3,437	82,012	3.60%
992,002,993	4.41%	294,609	3,367	76,398	(A)
1,032,702,503	4.47%	303,646	3,401	76,062	(A)

(A) Not available at time of publication.

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006
Debt Limit	\$ 1,457,799,067	\$ 1,613,815,186	\$ 1,688,010,628	\$ 1,773,099,354
Total net debt applicable to limit	<u>517,464,936</u>	<u>568,020,284</u>	<u>594,088,372</u>	<u>627,575,915</u>
Legal debt margin	<u>\$ 940,334,131</u>	<u>\$ 1,045,794,902</u>	<u>\$ 1,093,922,256</u>	<u>\$ 1,145,523,439</u>
Total net debt applicable to the limit as a percentage of debt limit	35.50%	35.20%	35.19%	35.39%

Source of Information: Denton Central Appraisal District.

Notes:

- (1) The 2011 tax year appraised value is used for fiscal year 2012 tax purposes.
- (2) Taxable value is adjusted by the following exemptions and reductions: State-mandated \$10,000 homestead exemptions: state-mandated \$10,000 homestead exemption for persons 65 years of age or older or disabled; disabled veterans or deceased veterans' survivor(s) exemption; reduction of value due to agricultural valuation under Article VIII-d and the open space valuation under Article VIII 1-d-1 of the Texas Constitution; freeport exemptions; abatements; pollution control; prorated exempt property.

2007	2008	2009	2010	2011	2012
\$ 1,888,192,708	\$ 2,106,122,103	\$ 2,191,166,280	\$ 2,320,040,605	\$ 2,250,741,724	\$ 2,309,599,099
710,033,354	770,399,324	906,486,142	972,386,237	992,000,824	1,032,702,503
<u>\$ 1,178,159,354</u>	<u>\$ 1,335,722,779</u>	<u>\$ 1,284,680,138</u>	<u>\$ 1,347,654,368</u>	<u>\$ 1,258,740,900</u>	<u>\$ 1,276,896,596</u>
37.60%	36.58%	41.37%	41.91%	44.07%	44.71%

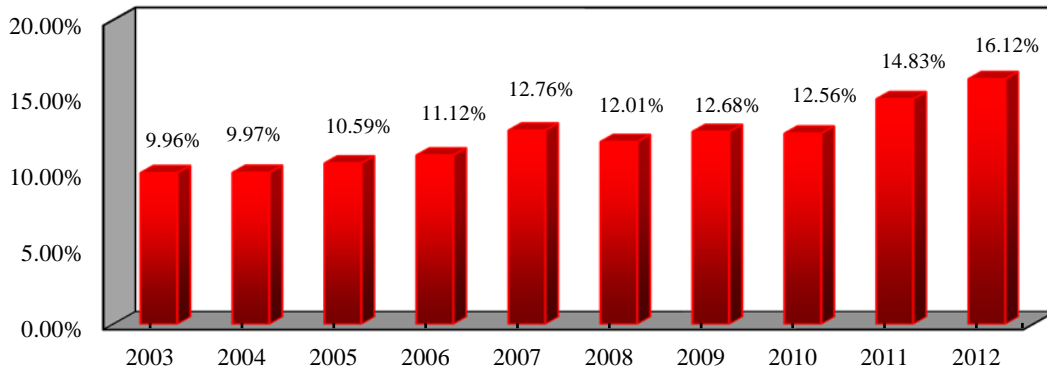
**Legal Debt Margin Calculation for Fiscal Year 2012**

Total Appraised Valuation (1)	\$ 25,412,574,057
Less - Exemptions and Reductions in Value (2)	2,316,583,065
Total Appraised Valuation for School Tax Purpose	<u>23,095,990,992</u>
Debt Limit Percentage	10%
Legal Debt Limit	<u>2,309,599,099</u>
Total Bonded Debt	1,056,278,367
Less - Reserve for Retirement of Bonded Debt	23,575,864
Net Bonded Debt Applicable to Debt Limit	<u>1,032,702,503</u>
Legal Debt Margin	<u><u>\$ 1,276,896,596</u></u>

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Principal	Interest and Other Charges	Total Bonded Debt Expenditures	Total Expenditures	Ratio of Total Bonded Debt Expenditures To Total Expenditures
2003	\$ 15,985,397	\$ 26,265,461	\$ 42,250,858	\$ 424,339,274	9.96%
2004	11,618,083	30,855,159	42,473,242	425,807,298	9.97%
2005	20,725,000	28,584,709	49,309,709	465,428,270	10.59%
2006	18,525,000	29,517,158	48,042,158	432,021,198	11.12%
2007	22,700,611	43,720,201	66,420,812	520,475,241	12.76%
2008	23,595,220	46,043,340	69,638,560	579,878,639	12.01%
2009	25,900,241	49,338,612	75,238,853	593,564,962	12.68%
2010	23,584,821	61,441,350	85,026,171	676,913,456	12.56%
2011	29,823,611	60,458,092	90,281,703	608,603,183	14.83%
2012	42,420,121	48,083,638	90,503,759	561,527,689	16.12%

**Ratio of Total Bonded Debt Expenditures to Total Expenditures**



Sources of Information: Lewisville ISD Audited Financial Statements -  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Debt Service Fund only



**PER STUDENT CALCULATIONS (GENERAL FUND ONLY)  
 BASED ON REVENUES AND EXPENDITURES  
 LAST THREE FISCAL YEARS  
 (Unaudited)**

	Fiscal Year Ended August 31,		
	2012	2011	2010
Beginning Fund Equity (9/1)	\$ 133,318,967	\$ 120,671,037	\$ 117,694,483
<b>Revenues</b>			
From Ad Valorem Taxes	243,574,570	238,112,566	245,111,955
% of Total Revenue	62.39%	61.29%	64.98%
From State and Federal Funds	137,861,731	142,480,819	124,546,165
% of Total Revenue	35.31%	36.68%	33.02%
From Other Local Sources	8,965,366	7,881,517	7,554,989
% of Total Revenue	2.30%	2.03%	2.00%
<b>Total Revenues</b>	<b>390,401,667</b>	<b>388,474,902</b>	<b>377,213,109</b>
<b>Total Expenditures</b>	<b>376,931,914</b>	<b>375,984,467</b>	<b>374,289,071</b>
Net Transfers and Other Increases (Decreases) to Fund Equity	179,171	157,495	52,516
<b>Ending Fund Equity (8/31)</b>	<b>\$ 146,967,891</b>	<b>\$ 133,318,967</b>	<b>\$ 120,671,037</b>

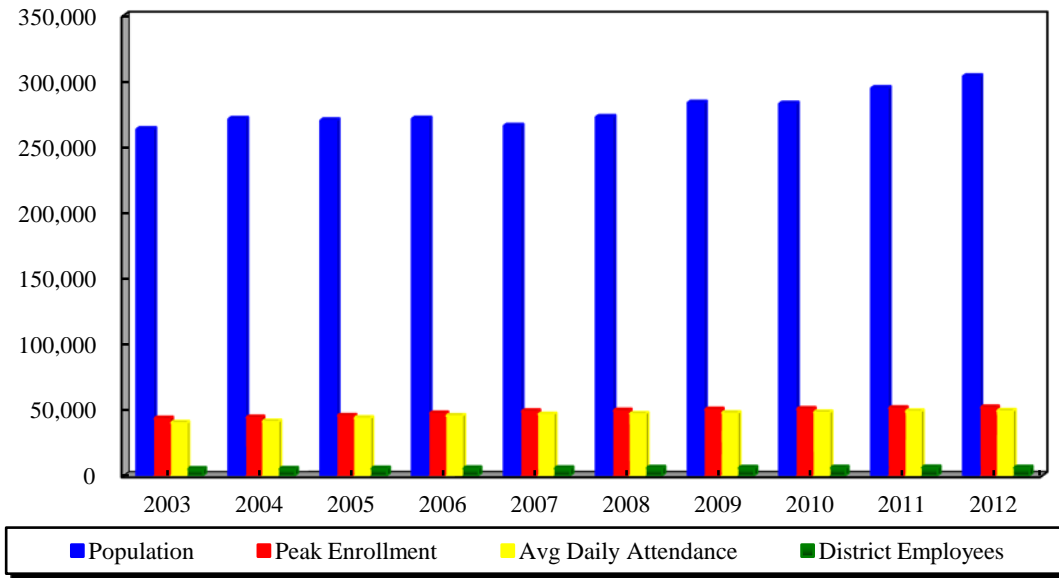
**Per Student Calculations:**

Assessed Valuation Per Student	\$ 469,212	\$ 460,491	\$ 482,297
Ad Valorem Tax Revenues Per Student	\$ 4,948	\$ 4,872	\$ 5,095
State and Federal Funds Per Student	2,801	2,915	2,589
Other Local Sources Per Student	182	161	157
<b>Total Revenues Per Student</b>	<b>\$ 7,931</b>	<b>\$ 7,948</b>	<b>\$ 7,841</b>
<b>Total Expenditures Per Student</b>	<b>\$ 7,658</b>	<b>\$ 7,692</b>	<b>\$ 7,781</b>
Average Daily Attendance	49,223	48,877	48,104

Source of Information: Lewisville ISD Audited Financial Statements, Texas Education Agency

**DEMOGRAPHIC DATA AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Estimated Population	Peak Enrollment	Average Daily Attendance	District Employees
2003	263,725	42,946	39,763	4,897
2004	271,422	43,757	40,752	5,035
2005	270,402	45,322	43,334	5,262
2006	271,526	47,314	45,208	5,459
2007	266,237	48,933	46,476	5,516
2008	272,836	49,465	46,924	5,796
2009	283,699	50,228	47,582	5,816
2010	282,889	50,657	48,104	5,949
2011	294,609	51,341	48,877	6,112
2012	303,646	51,874	49,223	5,908



Note: Employee Count includes FTEs from general fund and food service only.

Source of Information: Various departments within the District, North Central Texas Council of Governments, Texas Education Agency, Texas Workforce Commission, U.S. Department of Labor Bureau of Labor Statistics

Personal Income (000)*	Per Capita Personal Income *	Unemployment Rate *
\$ 16,206,562	\$ 31,639	5.3
17,436,547	32,694	4.6
19,888,691	35,641	4.6
22,119,114	37,498	4.2
24,021,275	39,048	3.9
26,045,818	41,336	4.5
25,608,197	39,415	7.1
27,001,903	40,474	7.3
(A)	(A)	7.0
(A)	(A)	6.4 (B)

\* Denton County statistics

(A) Not available at time of publication.

(B) Average thru August 2012

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Principal Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lewisville ISD	5,908	1	32.71%	4,897	1	37.27%
Nationstar Mortgage (prev. Centex Home Equity)	2,600	2	14.39%	-	-	-
Frito-Lay Inc	2,500	3	13.84%	2,500	2	19.03%
Wal-Mart SuperCenters/Stores (all District locations)	1,601	4	8.86%	-	-	-
EMC Mortgage Corp. (J.P. Morgan Chase)	1,394	5	7.72%	-	-	-
RealPage Internet Access Support	1,000	6	5.54%	-	-	-
Med Fusion Laboratories	900	7	4.98%	-	-	-
Medical Center of Lewisville	800	8	4.43%	757	4	5.76%
City of Lewisville	680	9	3.76%	630	8	4.80%
HSBC Finance Corp	680	10	3.76%	-	-	-
Horizon Health Care	-	-	-	1,085	3	8.26%
Sysco Foods	-	-	-	750	5	5.71%
Ultrak	-	-	-	710	6	5.40%
GE Capital	-	-	-	700	7	5.33%
Fleming	-	-	-	609	9	4.64%
Xerox	-	-	-	500	10	3.81%
Total	<u>18,063</u>			<u>13,138</u>		

Sources of Information: North Central Texas Council of Governments, Denton County, various municipalities, and individual employers

**EXPENDITURES, AVERAGE DAILY ATTENDANCE,  
AND PER PUPIL COSTS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	Expenditures	Average Daily Attendance	Per Pupil Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2003	\$ 291,254,016	39,763	\$ 7,325	14.4	13.24%
2004	301,270,493	40,752	7,393	14.3	16.14%
2005	323,642,151	43,334	7,469	13.9	16.77%
2006	346,275,751	45,208	7,660	14.0	19.41%
2007	363,320,497	46,476	7,817	14.1	22.02%
2008	403,987,226	46,924	8,609	13.9	22.77%
2009	426,550,996	47,582	8,965	13.7	24.41%
2010	424,369,306	48,104	8,822	13.6	26.80%
2011	435,472,358	48,877	8,910	13.6	31.42%
2012	414,674,907	49,223	8,424	14.0	29.60%

Sources of Information: Lewisville ISD Audited Financial Statements, Texas Education Agency

Expenditures include Governmental expenses for General and Special Revenue Funds of the District, excluding Debt Service, Facilities Acquisition, Community Services, and Intergovernmental Services between public schools.

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended August 31:	2003	2004	2005	2006
<b>Function</b>				
Instruction	3,375.00	3,492.61	3,658.82	3,813.63
Instructional Resources & Media Services	85.00	84.00	88.50	92.00
Curriculum and Instructional Staff Development	26.00	26.50	29.00	33.00
Instructional Leadership	70.50	78.32	82.86	84.86
School Administration	353.00	362.49	379.99	418.47
Guidance and Counseling	220.50	225.98	231.43	240.43
Social Work Services	0.75	0.35	0.25	0.35
Health Services	62.50	63.40	64.65	67.65
Food Services	332.50	337.75	341.65	317.30
Co - Curricular Activities	19.75	13.25	13.00	13.33
General Administration	82.00	79.13	80.63	84.13
Plant Maintenance and Operations	124.00	122.00	138.75	133.01
Security and Monitoring	1.00	1.00	1.00	1.00
Data Processing Services	36.00	38.00	39.50	47.00
Community Services	104.00	107.10	109.50	110.75
Facilities Acquisition and Construction	4.00	3.00	2.00	2.00
<b>Total employees</b>	<b>4,896.50</b>	<b>5,034.88</b>	<b>5,261.53</b>	<b>5,458.91</b>

Sources of Information: Lewisville ISD Budget Department

2007	2008	2009	2010	2011	2012
4,158.92	4,075.22	4,142.12	4,175.30	4,249.95	4,137.00
90.00	94.00	95.00	89.50	92.00	88.50
48.00	40.50	43.00	44.00	44.00	48.13
84.00	78.00	92.50	86.00	87.00	78.37
452.00	434.97	458.00	455.00	471.50	439.00
253.25	250.50	258.50	256.50	259.50	245.00
2.00	0.35	1.50	1.75	1.50	1.50
76.50	69.65	76.00	76.50	79.50	81.50
-	334.20	328.38	342.37	359.37	348.32
15.00	14.00	15.00	15.50	15.50	13.50
108.13	86.13	94.63	106.00	106.00	96.50
129.76	129.13	134.76	129.12	132.12	126.13
-	1.00	1.00	-	-	-
77.50	63.00	75.50	76.00	76.00	69.50
133.76	123.76	128.26	137.87	137.87	134.87
-	2.00	2.00	-	-	-
<b>5,628.82</b>	<b>5,796.41</b>	<b>5,946.15</b>	<b>5,991.41</b>	<b>6,111.81</b>	<b>5,907.82</b>

**TEACHER SALARY AND EDUCATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Teacher Salary Range									
	Beginning		1-5 Years		6-10 Years		11-20 Years		Over 20 Years	
	Salary	Employees	Salary	Employees	Salary	Employees	Salary	Employees	Salary	Employees
2003	\$34,858	186	\$36,176	934	\$38,388	650	\$43,675	684	\$54,185	537
2004	35,781	125	37,441	972	39,492	678	44,711	726	55,534	561
2005	37,594	168	38,669	974	40,491	760	45,551	787	56,668	581
2006	38,915	153	39,553	1,012	41,239	811	45,959	814	57,517	598
2007	42,009	154	43,309	976	44,911	859	49,682	857	61,712	622
2008	43,371	198	44,794	951	46,304	872	50,789	926	62,988	630
2009	44,694	175	45,767	967	47,247	912	51,383	980	63,842	632
2010	43,329	102	46,093	958	47,497	923	51,798	1,102	64,684	664
2011	38,548	143	44,063	926	45,948	899	50,138	1,163	63,250	653
2012	33,116	77	42,331	869	44,048	891	48,029	1,246	60,144	636

Sources: Lewisville ISD PEIMS Report Data, Texas Education Agency



Table - 19

District Average Salary	Statewide Average Salary	Teacher Education			
		No Degree	Bachelor's Degree	Master's Degree	Doctorate
\$ 41,519	\$ 39,974	17	2,245	711	18
42,864	40,478	16	2,313	718	16
43,889	41,011	17	2,480	756	17
44,638	41,744	18	2,552	803	17
48,523	44,897	18	2,620	812	19
49,841	46,178	19	2,700	840	18
50,703	47,158	17	2,773	855	21
51,335	48,263	60	2,764	904	21
49,481	48,639	33	2,818	912	21
47,507	48,375	51	2,714	932	21

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

School	Campus Size (acres)	Grades	Fiscal Year Ended			
			2003	2004	2005	2006
<b>High Schools:</b>						
Career Center East (2010)	9.22	10 - 12	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Dale Jackson Career Center (1985)	12.01	10 - 12	55,331	55,331	55,331	55,331
Square Feet			n/a	n/a	n/a	n/a
Enrollment			n/a	n/a	n/a	n/a
Flower Mound High (1999)	62.20	9 - 12	383,280	383,280	383,280	383,280
Square Feet			2,526	2,605	2,681	2,791
Enrollment						
Hebron 9th Grade Campus (2010)	11.00	9	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Hebron High (1999)	72.15	10 - 12	389,135	389,135	389,135	389,135
Square Feet			1,646	1,856	2,020	2,162
Enrollment						
LHS-North (1977) *	15.45	9	96,440	96,440	96,440	96,440
Square Feet			812	870	941	n/a
Enrollment						
LHS Harmon 9th/10th Grade Campus (2011)	63.82	9	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
LHS Killough 9th/10th Grade Campus (2005)	18.00	9	-	-	175,658	175,658
Square Feet			-	-	-	979
Enrollment						
Lewisville High (1968)	41.00	10 - 12	329,464	329,464	329,464	329,464
Square Feet			2,312	2,309	2,342	2,470
Enrollment						
Lewisville Learning Center (2001)	11.29	6 - 12	49,240	49,240	49,240	49,240
Square Feet			157	159	149	143
Enrollment						
Marcus High (1981)	46.14	9 - 12	438,904	438,904	438,904	438,904
Square Feet			2,470	2,546	2,664	2,776
Enrollment						
The Colony High (1986)	45.98	9 - 12	413,841	413,841	413,841	413,841
Square Feet			1,965	1,936	1,965	1,935
Enrollment						
<b>Middle Schools:</b>						
Arbor Creek Middle (1994)	14.00	6 - 8	118,800	118,800	118,800	118,800
Square Feet			747	748	772	823
Enrollment						
Briarhill Middle (1995)	12.00	6 - 8	118,800	118,800	118,800	118,800
Square Feet			920	906	897	964
Enrollment						
Creek Valley Middle (2001)	19.64	6 - 8	122,996	122,996	122,996	122,996
Square Feet			726	812	900	986
Enrollment						

\* Delay Middle School as of 2011.

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

Table - 20

2007	2008	Fiscal Year Ended		2011	2012
		2009	2010		
-	-	-	-	95,168	95,168
-	-	-	-	n/a	n/a
55,331	55,331	55,331	55,331	55,331	55,331
n/a	n/a	n/a	n/a	n/a	n/a
383,280	383,280	408,080	408,080	408,080	408,080
2,863	2,983	3,046	3,171	3,172	3,240
-	-	-	179,248	179,248	179,248
-	-	-	-	824	768
389,135	389,135	409,185	409,185	409,185	409,185
2,336	2,514	2,631	2,834	2,106	2,217
96,440	96,440	96,440	96,440	-	-
n/a	n/a	n/a	n/a	-	-
-	-	-	-	212,748	212,748
-	-	-	-	-	531
175,658	175,658	175,658	175,658	175,658	175,658
987	970	905	908	932	434
329,464	329,464	360,822	360,822	360,822	360,822
2,604	2,659	2,648	2,634	2,647	2,682
49,240	49,240	49,240	61,203	61,203	61,203
179	179	212	280	245	246
438,904	438,904	474,173	474,173	474,173	474,173
2,868	2,912	3,023	3,086	3,166	3,182
413,841	413,841	427,251	427,251	427,251	427,251
1,923	1,978	1,864	1,892	1,946	1,908
118,800	118,800	121,430	121,430	121,430	121,430
876	830	778	820	857	923
118,800	118,800	121,173	121,173	121,173	121,173
994	1,018	1,007	971	964	993
122,996	122,996	125,006	125,006	125,006	125,006
1,043	783	670	673	641	659

(Continued on the following page)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

School	Campus Size (acres)	Grades	Fiscal Year Ended			
			2003	2004	2005	2006
DeLay Middle (1949) *	17.74	6 - 8				
Square Feet			92,456	92,456	92,456	92,456
Enrollment			605	647	661	652
DeLay Middle (2010)	18.35	6 - 8				
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Downing Middle (2002)	15.47	6 - 8				
Square Feet			122,996	122,996	122,996	122,996
Enrollment			447	532	585	590
Durham Middle (2002)	18.89	6 - 8				
Square Feet			122,730	122,730	122,730	122,730
Enrollment			558	648	713	790
Forestwood Middle (1994)	20.84	6 - 8				
Square Feet			135,007	135,007	135,007	135,007
Enrollment			1,114	1,120	1,134	804
Griffin Middle (1982)	16.80	6 - 8				
Square Feet			135,212	135,212	135,212	135,212
Enrollment			721	756	726	698
Hedrick Middle (1973)	14.21	6 - 8				
Square Feet			114,212	114,212	114,212	114,212
Enrollment			755	690	629	634
Huffines Middle (1997)	15.00	6 - 8				
Square Feet			119,762	119,762	119,762	119,762
Enrollment			971	1,021	992	991
Killian Middle (2007)	30.60	6 - 8				
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Lakeview Middle (1989)	28.54	6 - 8				
Square Feet			125,058	125,058	125,058	125,058
Enrollment			919	855	863	853
Lamar Middle (1987)	20.00	6 - 8				
Square Feet			132,716	132,716	132,716	132,716
Enrollment			793	744	737	721
McKamy Middle (1997)	15.00	6 - 8				
Square Feet			121,375	121,375	121,375	121,375
Enrollment			961	947	1,031	969
Shadow Ridge Middle (2005)	35.95	6 - 8				
Square Feet			-	-	148,350	148,350
Enrollment			-	-	-	539
<b>Elementary Schools:</b>						
Bluebonnet Elementary (2000)	12.00	K - 5				
Square Feet			58,605	58,605	58,605	58,605
Enrollment			375	400	461	487
Bridlewood Elementary (1998)	12.82	PPCD, K - 5				
Square Feet			73,100	73,100	73,100	73,100
Enrollment			680	709	756	774
Camey Elementary (1977)	10.31	PPCD, PK - 5				
Square Feet			63,875	63,875	63,875	63,875
Enrollment			583	586	607	579

\* Purnell Support Center as of FY 2011.

2007	2008	Fiscal Year Ended		2011	2012
		2009	2010		
92,456 665	92,456 550	92,456 620	92,456 633	92,456 n/a	92,456 n/a
- -	- -	- -	- -	121,398 756	121,398 804
122,996 623	122,996 610	125,310 667	125,310 670	125,310 716	125,310 701
122,730 767	122,730 730	125,040 693	125,040 729	125,040 782	125,040 829
135,007 709	135,007 661	142,965 655	142,965 652	142,965 633	142,965 640
135,212 716	135,212 678	137,464 680	137,464 673	137,464 682	137,464 692
114,212 633	114,212 595	116,526 618	116,526 634	116,526 609	116,526 619
119,762 1,013	119,762 945	122,076 909	122,076 937	122,076 896	122,076 910
177,267 -	177,267 481	179,581 581	179,581 671	179,581 746	179,581 844
125,058 840	125,058 797	130,570 837	130,570 820	130,570 791	130,570 774
132,716 813	132,716 797	135,030 797	135,030 772	135,030 802	135,030 832
121,375 994	121,375 1,020	127,775 1,046	127,775 1,035	127,775 1,078	127,775 1,116
148,350 700	148,350 771	150,664 781	150,664 772	150,664 782	150,664 794
58,605 537	58,605 551	69,593 563	69,593 567	69,593 541	69,593 536
73,100 795	73,100 788	82,993 777	82,993 754	82,993 732	82,993 645
63,875 577	63,875 551	63,875 577	63,875 542	63,875 545	63,875 537

(Continued on the following page)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

School	Campus Size (acres)	Grades	Fiscal Year Ended			
			2003	2004	2005	2006
Castle Hills Elementary (2002)	7.04	K - 5				
Square Feet			73,557	73,557	73,557	73,557
Enrollment			524	669	724	446
Central Elementary (1957)	15.00	PK - 5				
Square Feet			78,317	152,952	152,952	152,952
Enrollment			917	915	897	970
College Street Elementary (1960)	6.37	PK - 5				
Square Feet			35,601	35,601	35,601	35,601
Enrollment			208	206	222	238
Coyote Ridge Elementary (2005)	16.81	K - 5				
Square Feet			-	-	99,939	99,939
Enrollment			-	-	-	505
Creekside Elementary (1989)	12.06	K - 5				
Square Feet			60,168	60,168	60,168	60,168
Enrollment			792	624	515	532
Degan Elementary (1973)	15.00	K - 5				
Square Feet			75,764	75,764	75,764	75,764
Enrollment			703	686	683	752
Donald Elementary (1989)	10.00	K - 5				
Square Feet			80,464	80,464	80,465	80,465
Enrollment			657	620	621	622
Ethridge Elementary (1990)	11.42	PPCD, K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			507	469	433	420
Flower Mound Elementary (1985)	10.05	K - 5				
Square Feet			79,485	79,485	79,485	79,485
Enrollment			544	540	537	544
Forest Vista Elementary (1997)	16.81	PPCD, K - 5				
Square Feet			85,610	85,610	85,610	85,610
Enrollment			717	578	554	538
Garden Ridge Elementary (1992)	10.00	K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			713	540	515	529
Hebron Valley Elementary (1989)	9.18	PPCD, K - 5				
Square Feet			79,195	79,195	79,195	79,195
Enrollment			691	692	667	650
Hedrick Elementary (1974)	14.21	K - 5				
Square Feet			81,815	81,815	81,815	81,815
Enrollment			913	639	652	534
Heritage Elementary (1993)	13.36	K - 5				
Square Feet			69,620	69,620	69,620	69,620
Enrollment			591	594	708	740
Hicks Elementary (2004)	10.00	PPCD, K - 5				
Square Feet			-	100,479	100,479	100,479
Enrollment			-	-	253	366
Highland Village Elementary (1981)	6.42	K - 5				
Square Feet			63,823	63,823	63,823	63,823
Enrollment			461	436	444	420
Homestead Elementary (1999)	9.93	K - 5				
Square Feet			74,375	74,375	74,375	74,375
Enrollment			642	606	602	604

2007	2008	Fiscal Year Ended		2011	2012
		2009	2010		
73,557 505	73,557 613	73,557 689	73,557 722	73,557 771	73,557 768
152,952 1,061	152,952 1,122	152,952 907	152,952 934	152,952 897	152,952 920
35,601 248	35,601 252	35,601 274	35,601 263	35,601 253	35,601 264
99,939 638	99,939 726	99,939 649	99,939 594	99,939 691	99,939 622
60,168 550	60,168 515	60,168 528	60,168 553	60,168 463	60,168 491
75,764 749	75,764 712	75,764 650	75,764 642	75,764 646	75,764 631
80,465 609	80,465 566	80,465 540	80,465 517	80,465 492	80,465 462
63,853 444	63,853 417	63,853 422	63,853 426	63,853 424	63,853 431
79,485 591	79,485 631	79,485 600	79,485 592	79,485 582	79,485 565
85,610 565	85,610 550	85,610 539	85,610 529	85,610 502	85,610 474
63,853 499	63,853 515	63,853 537	63,853 527	63,853 500	63,853 474
79,195 650	79,195 638	79,195 675	79,195 661	79,195 621	79,195 644
81,815 529	81,815 582	81,815 588	81,815 636	81,815 682	81,815 668
80,517 750	80,517 773	80,517 775	80,517 748	80,517 719	80,517 710
100,479 427	100,479 515	100,479 641	100,479 670	100,479 759	100,479 660
63,823 428	63,823 405	63,823 411	63,823 397	63,823 375	63,823 391
74,375 617	74,375 592	74,375 600	74,375 609	74,375 607	74,375 638

(Continued on the following page)

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

School	Campus Size (acres)	Grades	Fiscal Year Ended			
			2003	2004	2005	2006
Independence Elementary (2008)	14.58	PK - 5				
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Indian Creek Elementary (1985)	10.00	PPCD, PK - 5				
Square Feet			76,172	76,172	76,172	76,172
Enrollment			560	558	561	577
Lakeland Elementary (1963) / (2008)*	10.00	K - 5				
Square Feet			81,200	81,200	81,200	81,200
Enrollment			741	747	771	764
Lewisville Elementary (2010)	13.46	K - 5				
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Liberty Elementary (2002)	9.49	K - 5				
Square Feet			73,557	73,557	73,557	73,557
Enrollment			370	472	552	688
McAuliffe Elementary (1987)	11.02	K - 5				
Square Feet			78,776	78,776	78,776	78,776
Enrollment			543	567	527	557
Morningside Elementary (1993)	10.00	K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			626	677	594	608
Old Settler Elementary (1994)	14.56	PPCD, K - 5				
Square Feet			83,850	83,850	83,850	83,850
Enrollment			856	827	840	790
Owen Elementary (1987)	30.00	PPCD, K - 5				
Square Feet			78,776	78,776	78,776	78,776
Enrollment			458	450	463	477
Parkway Elementary (1995)	11.00	K - 5				
Square Feet			73,113	73,113	73,113	73,113
Enrollment			568	518	520	500
Peters Colony Elementary (1980) / (2010)*	10.00	PK - 5				
Square Feet			76,664	76,664	76,664	76,664
Enrollment			573	621	613	617
Polser Elementary (1995)	10.00	PPCD, PK - 5				
Square Feet			73,324	73,324	73,324	73,324
Enrollment			545	493	484	459
Prairie Trail Elementary (1995)	11.65	K - 5				
Square Feet			73,324	73,324	73,324	73,324
Enrollment			677	661	723	722
Rockbrook Elementary (2003)	9.76	K - 5				
Square Feet			73,557	73,557	73,557	73,557
Enrollment			-	532	653	682
Southridge Elementary (1999)	12.00	K - 5				
Square Feet			74,375	74,375	74,375	74,375
Enrollment			742	505	620	631
Stewarts Creek Elementary (1978)	7.10	PK - 5				
Square Feet			67,020	67,020	67,020	67,020
Enrollment			375	380	406	422

\* Original building demolished and new building built on same acreage.



2007	2008	Fiscal Year Ended		2011	2012
		2009	2010		
-	107,000	107,000	107,000	107,000	107,000
-	-	504	594	616	674
76,172	76,172	76,172	76,172	76,172	76,172
553	527	527	553	554	633
81,200	81,200	107,000	107,000	107,000	107,000
782	774	838	845	804	804
-	-	-	99,674	99,674	101,058
-	-	-	-	626	691
86,122	86,122	86,122	86,122	86,122	86,122
761	860	886	901	866	811
78,776	78,776	78,776	78,776	78,776	78,776
555	555	545	477	508	505
63,853	63,853	63,853	63,853	63,853	63,853
665	686	675	709	534	507
83,850	83,850	83,850	83,850	83,850	83,850
792	778	749	718	704	666
78,776	78,776	78,776	78,776	78,776	78,776
440	411	416	405	459	451
73,113	73,113	73,113	73,113	73,113	73,113
494	438	444	450	451	448
76,664	76,664	76,664	76,664	108,560	108,560
671	653	618	626	708	732
73,324	73,324	73,324	73,324	73,324	73,324
499	464	452	442	447	510
84,221	84,221	84,221	84,221	84,221	84,221
758	739	728	718	690	635
86,122	86,122	86,122	86,122	86,122	86,122
686	697	742	773	685	684
74,375	74,375	74,375	74,375	74,375	74,375
652	719	757	789	591	582
67,020	67,020	67,020	67,020	67,020	67,020
448	415	409	407	363	455

(Continued on the following page)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

School	Campus Size (acres)	Grades	2003	Fiscal Year Ended		
				2004	2005	2006
Timber Creek Elementary (1978)	15.91	PPCD, PK - 5				
Square Feet			63,532	63,532	63,532	63,532
Enrollment			602	594	535	586
Valley Ridge Elementary (1996)	14.54	K - 5				
Square Feet			72,947	72,947	72,947	72,947
Enrollment			690	662	743	751
Vickery Elementary (2003)	11.85	K - 5				
Square Feet			74,117	74,117	74,117	74,117
Enrollment			-	529	561	568
Wellington Elementary (1998)	10.05	PPCD, PK - 5				
Square Feet			73,100	73,100	86,778	86,778
Enrollment			724	764	865	940
<b>Early Childhood:</b>						
Lillie Jackson Early Childhood Center (2005)	7.66	PPCD, PK				
Square Feet			-	-	88,290	88,290
Enrollment			-	-	-	406

PK = Pre-kindergarten  
K = Kindergarten  
PPCD = Preschool Program for Children with Disabilities

Source of Information: School District records, Lewisville ISD PEIMS Report Data

Note: The district utilized 64 single and double temporary buildings providing classrooms, office space, storage, and other uses in schools where the district needs exceeded building capacity.

2007	2008	Fiscal Year Ended		2011	2012
		2009	2010		
63,532 562	63,532 562	63,532 547	63,532 519	63,532 494	63,532 508
83,844 770	83,844 723	83,844 723	83,844 662	83,844 645	83,844 579
74,117 606	74,117 566	74,117 585	74,117 571	74,117 588	74,117 593
86,778 981	86,778 1,000	86,778 969	86,778 918	86,778 921	86,778 870
88,290 403	88,290 465	88,290 456	88,290 572	88,290 642	88,290 703



# Lewisville Independent School District

**FEDERAL AWARDS  
SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Lewisville Independent School District  
Lewisville, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewisville Independent School District (the "District"), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Lewisville Education Foundation, Inc. as described in our report on Lewisville Independent School District's financial statements. The financial statements of Lewisville Education Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees  
Lewisville Independent School District  
Lewisville, Texas

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items #12-01 and #12-02.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 6, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Board of Trustees  
Lewisville Independent School District  
Lewisville, Texas

**Compliance**

We have audited Lewisville Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

To the Board of Trustees  
Lewisville Independent School District  
Lewisville, Texas

### **Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, the Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Whitley Penn LLP*

Houston, Texas  
December 6, 2012

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2012*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) 2-7 of OMB Circular A-133	None

Identification of Major Programs:

<b>Name of Federal Program</b>	<b>CFDA Number</b>
<b>US Department of Education</b>	
Title I, Part A Cluster	
ESEA Title I Part A - Improving Basic Programs	84.010A
Carl D. Perkins Basic Formula	84.048A
<b>US Department of Agriculture</b>	
Child Nutrition Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
National School Lunch Program - Commodities	10.555
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$816,138
Auditee qualified as low-risk auditee?	Yes

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
*For the Year Ended August 31, 2012*

**II. Financial Statement Findings**

**Finding #12-01 Maintenance of Effort for Special Education**

- Criteria:** Per Title 34, Section 300.203 of the Code of Federal Regulations, funds provided to a local education agency may not be used to reduce the level of expenditures for the education of children with disabilities made by the local education agency from local funds below the level of those expenditures for the preceding fiscal year.
- Condition:** Based on the information available as of the date of this report, it appears the District had a decline in fiscal effort compared to the previous year.
- Effect:** There is a potential the District is not in compliance with the maintenance of effort requirement.
- Cause:** Decrease in funding at the state level has created difficulty for school districts to continue to meet the maintenance of effort requirement.
- Recommendation:** Once the maintenance of effort calculation for fiscal year 2011-12 is determined, the District should evaluate whether or not the exceptions under 34 Code of Federal Regulations, Section 300.204, apply in order to demonstrate maintenance of effort compliance.

**Finding #12-02 Public Education Information Management System Reporting**

- Criteria:** Amounts reported to the Texas Education Agency (“TEA”) using the Public Education Management System (“PEIMS”) did not match the Comprehensive Annual Financial Report for the year ended August 31, 2011.
- Condition:** The Texas Education Agency’s Financial Accountability and Resource Guide section 7.3.3.2 requires that the amounts reported in the mid-year submission to the PEIMS database agree to the prior year audited amounts.
- Effect:** The District is not in compliance with the TEA PEIMS reporting requirements.
- Cause:** Lack of controls and procedures to ensure that reportable balance sheet accounts are accurate before submission.
- Recommendation:** Procedures should be developed to ensure that amounts reported in the mid-year submission agree to the previous year’s Comprehensive Annual Financial Report.

**III. Federal Award Findings and Questioned Costs**

There were no items reported.

**IV. Status of Prior Year Findings**

There were no items reported.

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended August 31, 2012**

**V. Corrective Action**

**Finding # 12-01**  
**Maintenance of Effort for**  
**Special Education**

**Contact Person:** Dr. Quentin Burnett, CFO

**Response:** Due to a reduction in state funding, the District made budget reductions in excess of \$8 million in the 2011-12 fiscal year. In accordance with 34 Code of Federal Regulations, Section 300.204, local educational agencies may reduce their level of local, or State and local, expenditures below amounts expended in the prior year if such a reduction is attributable to any of the following five exceptions:

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
2. A decrease in the enrollment of children with disabilities.
3. The termination of the obligation of the District to provide a program of special education to a particular child with a disability that is an exceptionally costly program because the child either left the jurisdiction of the District, reached the age at which the obligation to provide services has terminated, or no longer needs the program of special education.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment.
5. The assumption of cost by the high cost fund.

While the District has not received a preliminary letter from the Texas Education Agency regarding MOE noncompliance for fiscal year 2011-12, one or more of the above listed exceptions apply. Should the initial calculations by the TEA result in a preliminary finding that the District failed to maintain fiscal effort for the 2011-12 fiscal year, the District will be prepared to submit documentation to support applicable exceptions to the finding.

**Estimated Date of Completion:** 8/31/2013

**Finding #12-02**  
**Public Education**  
**Information**  
**Management System**

**Contact Person:** Dr. Quentin Burnett, CFO

**Response:** The District will implement procedures to ensure that all accounts, including reportable balance sheet accounts, are carefully screened before the PEIMS submission is sent for complete accuracy.

**Estimated Date of Completion:** 8/31/2013

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
As of August 31, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF DEFENSE</b>			
Direct Programs			
ROTC	12.000	99-061902	\$ 312,228
Total Direct Programs			<u>312,228</u>
Passed through State Comptroller			
Federal Flood Control Allocation	12.112	17560019550	132,577
Total Passed through State Comptroller			<u>132,577</u>
<b>TOTAL U. S. DEPARTMENT OF DEFENSE</b>			<u><u>444,805</u></u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Direct Programs			
Impact Aid	84.041	61902	333,984
Impact Aid	84.041	61902	1,385,323
Impact Aid	84.041	61902	540,475
Impact Aid	84.041	61902	528,138
Impact Aid	84.041	61902	529,657
Total Direct Programs			<u>3,317,577</u>
Passed Through State Department of Education			
ESEA Title I Part A - Improving Basic Programs *	84.010A	11610101061902	14,441
ESEA Title I Part A - Improving Basic Programs *	84.010A	12610101061902	3,529,038
Total ESEA Title I Part A - Improving Basic Programs			<u>3,543,479</u>
IDEA - Part B, Formula **	84.027A	116600010619026600	91,994
IDEA - Part B, Formula **	84.027A	126600010619026600	8,098,456
Total IDEA - Part B, Formula			<u>8,190,450</u>
IDEA - Part B, Formula ARRA **	84.391A	10554001061902	432,593
Carl D. Perkins Basic Formula	84.048A	12420006061902	429,732
Carl D. Perkins Basic Formula	84.048A	13420006061902	1,367
			<u>431,099</u>
IDEA - Part B, Preschool **	84.173A	116610010619026610	3,046
IDEA - Part B, Preschool **	84.173A	126610010619026610	156,901
Total IDEA - Part B, Preschool			<u>159,947</u>
IDEA - Part B, Preschool ARRA **	84.392A	10555001061902	1,127
ESEA Title IV, Part A - Safe and Drug-Free Schools	84.186A	11691001061902	4,104
ARRA Title II, D Disc Grant ***	84.386A	105530027110023	5,892
ESEA Title III, Part A - LEP	84.365A	11671001061902	58,439
ESEA Title III, Part A - LEP	84.365A	12671001061902	589,328
Total ESEA Title III, Part A - LEP			<u>647,767</u>

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
As of August 31, 2012

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Summer School LEP	84.369A	69551002	\$ 41,062
Education Jobs Fund	84.410A	11550101061902	187,241
ESEA Title II, Part A - Teacher Principal Training and Recruiting	84.367A	11694501061902	36,270
ESEA Title II, Part A - Teacher Principal Training and Recruiting	84.367A	12694501061902	584,864
Total ESEA Title II, Part A - Teacher Principal Training and Recruiting			621,134
Total Passed Through State Department of Education			14,265,895
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<b>17,583,472</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Texas Department of Human Services			
Medicaid Administrative Claiming Program - MAC	93.778	061902	40,328
Refugee School Impact Grant	93.576	529-11-0029-00006R1	68,117
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>108,445</b>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education			
National School Breakfast Program ****	10.553	71401201	2,080,281
National School Lunch Program ****	10.555	71301201	6,417,022
National School Lunch Program - Commodities ****	10.555	61902	570,562
Total Passed Through State Department of Education			9,067,865
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<b>9,067,865</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 27,204,587</b>

- \* Title I, Part A Cluster
- \*\* Special Education Cluster (IDEA)
- \*\*\* Education Technology State Grants Cluster
- \*\*\*\* Child Nutrition Cluster

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Summary of Significant Accounting Policies**

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. "Expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments," wherein certain types of expenditures are not allowable or are limited to reimbursement." Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported on Exhibit C-2:

Federal Program Revenues (Exhibit C-2)	\$ 34,542,294
SHARS	(6,811,598)
Interest subsidy on Build America Bonds	(526,109)
	<u>\$ 27,204,587</u>



**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**

**Note 4 - General Fund Expenditures**

Federal awards reported in the general fund are summarized as follows:

JROTC	\$ 292,545
Impact Aid	3,317,577
Federal Flood Control Allocation	132,577
SHARS	6,811,598
Indirect Costs -	
ESEA Title IV, Part A - Safe and Drug-Free Schools	75
ESEA Title I Part A - Improving Basic Programs	64,878
IDEA - Part B, Formula	149,730
IDEA - Part B, Preschool	2,930
Carl D. Perkins Basic Formula	6,775
ESEA Title II, Part A - Teacher Principal Training and Recruiting	11,385
ESEA Title III, Part A - LEP	11,870
ARRA Title II, D Disc Grant	108
Refugee School Impact Grant	1,248
IDEA - Part B, Formula ARRA	7,908
IDEA - Part B, Preschool ARRA	21
	<u>\$ 10,811,225</u>



# Lewisville Independent School District