



Lewisville Independent School District

Comprehensive Annual Financial Report For the Year Ended August 31, 2014







Lewisville Independent School District Texas

Prepared by Division of Finance

Dr. Quentin Burnett
Chief Financial Officer

Becky Buck, CPA
Executive Director of Accounting





LEWISVILLE INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2014

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
INTRODUCTORY SECTION		
Transmittal Letter	i	
Principal Officials and Advisors.....	vi	
Organizational Chart.....	vii	
GFOA Certificate of Achievement	viii	
ASBO Certificate of Excellence	ix	
Certificate of the Board	x	
FINANCIAL SECTION		
Independent Auditor’s Report	1	
Management’s Discussion and Analysis	5	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	15	A-1
Statement of Activities	16	B-1
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	18	C-1
Reconciliation of Governmental Funds Balance Sheet to the		
Statement of Net Position	20	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balance –		
Governmental Funds.....	22	C-2
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of		
Governmental Funds to the Statement of Activities	24	C-3
Statement of Revenues, Expenditures, and Changes in Fund Balance –		
Budget (GAAP Basis) and Actual – General Fund.....	26	C-4
Statement of Net Position – Proprietary Fund	27	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund ...	28	D-2
Statement of Cash Flows – Proprietary Fund	29	D-3
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund	30	E-1
Notes to the Basic Financial Statements.....	31	F-1
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	54	G-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance		
– Nonmajor Governmental Funds.....	56	G-2
Supplemental Schedules:		
Schedule of Delinquent Taxes Receivable	60	H-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance –		
Budget (GAAP Basis) and Actual – Food Service Fund	62	H-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance –		
Budget (GAAP Basis) and Actual – Debt Service Fund.....	63	H-3
Statement of Changes in Fiduciary Assets and Liabilities – Fiduciary Fund	64	H-4

STATISTICAL SECTION (Unaudited)

TABLE

Government-wide Information:

Government-wide Changes in Net Position – Last Ten Fiscal Years	66	1
Government-wide Net Position by Component – Last Ten Fiscal Years	68	2

Fund Information:

All Governmental Funds – Changes in Fund Balances – Last Ten Fiscal Years.....	70	3
All Governmental Funds – Fund Balances – Last Ten Fiscal Years	72	4
Property Tax Levies and Collections – Last Ten Fiscal Years	74	5
Schedule of Tax Rate Distribution Per \$100 Valuation – Last Ten Fiscal Years	75	6
Assessed and Actual Value of Taxable Property – Last Ten Fiscal Years	76	7
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	78	8
Principal Property Taxpayers – Current Year and Nine Years Ago	80	9
Computation of Direct and Overlapping Debt.....	81	10
Ratio of Net Bonded Debt to Taxable Assessed Valuation and		
Net Bonded Debt Per Capita – Last Ten Fiscal Years	82	11
Legal Debt Margin Information – Last Ten Fiscal Years	84	12
Ratio of Annual Debt Service Expenditures For General Bonded Debt To Total		
Expenditures – Last Ten Fiscal Years	86	13
Per Student Calculations (General Fund Only) Based on Revenues		
And Expenditures – Last Three Fiscal Years.....	87	14
Demographic Data and Economic Statistics Last Ten Fiscal Years	88	15
Principal Employers – Current Year and Nine Years Ago	90	16
Expenditures, Average Daily Attendance, and Per Pupil Costs – Last Ten Fiscal Years	91	17
Full-time Equivalent District Employees by Function – Last Ten Fiscal Years.....	92	18
Teacher Salary and Education – Last Ten Fiscal Years.....	94	19
School Building Information – Last Ten Fiscal Years	96	20

FEDERAL AWARDS SECTION

Auditor Documents:

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	107
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by <i>OMB Circular A-133</i>	109

Auditor Documents:

Schedule of Findings and Questioned Costs.....	111
--	-----

Auditee Documents:

Schedule of Expenditures of Federal Awards.....	113
Notes to Schedule of Expenditures of Federal Awards	115

**INTRODUCTORY
SECTION**



December 8, 2014

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, 2014.

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, 2014, 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, 2014 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, three 9th grade campuses, two 9th-10th 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 one to fifty-seven years.

Serving more than 52,000 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 300-500 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 is dedicated to enriching education opportunities for our students, and leading the way in classroom technology integrations. Utilizing groundbreaking, transformative and flexible learning environments through our 1:X initiative gives our students tools to access, create and collaborate as thriving, 21st century digital citizens.

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 within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Budget 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, 2014, the District issued \$67,435,000 in Unlimited Tax School Building Bonds. The new proceeds were issued for construction and renovation of school buildings and equipment.

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 \$144.5 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 the subsequent fiscal year include:

- Maintenance and Operations tax rate will remain at \$1.04 per \$100 valuation through 2014-15.
- LISD will not be subject to Chapter 41 recapture.
- State funding will increase \$1 million in fiscal year 2014-15 as a result of a one-time funding in 2014-15 to offset a new 1.5% TRS payroll tax, estimated at \$3 million. This is offset by a \$2 million reduction in state funding resulting from increased property tax revenue.
- Average Daily Attendance for budgeting purposes for 2014-15 is projected at 50,078, an increase of .038%.

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 0.40% 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 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 76th 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, 2013. This was the fourteenth 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.

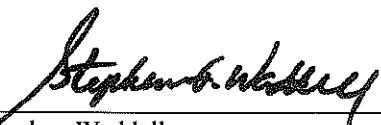
In addition, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2013. This award has also been received for the fourteenth consecutive year. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2014 continues to conform to the standards for which these awards were granted.

ACKNOWLEDGEMENTS

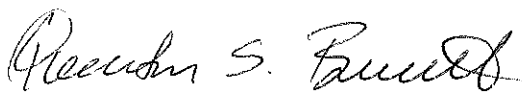
We appreciate the support of the Board of Trustees, the citizens of the District, and the business community, all who work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperation is indicative of the strong support for the attainment of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

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2014**

PRINCIPAL OFFICIALS AND ADVISORS

Principal Officials

<u>Board of Trustees</u>	<u>Date Elected</u>	<u>Term Expires</u>	<u>Occupation</u>
Trisha Sheffield, President	2012	2015	Independent Copywriter
Kathy Duke, Vice President	2012	2015	Commercial Insurance Agent
Kris Vaughn, Secretary	2013	2016	Community Volunteer
Angie Cox	2013	2016	Business Owner
Kristi Hassett	2014	2017	Community Volunteer
Brenda Latham	2010	2016	Business Owner
Tracy Scott Miller	2014	2017	AVP & Client Partner, Sutherland Global

Administrative Officials

Dr. Stephen Waddell, Superintendent

Ms. Barbara Brown, Chief Technology Officer

Dr. Quentin Burnett, Chief Financial Officer

Dr. Beth Brockman, 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

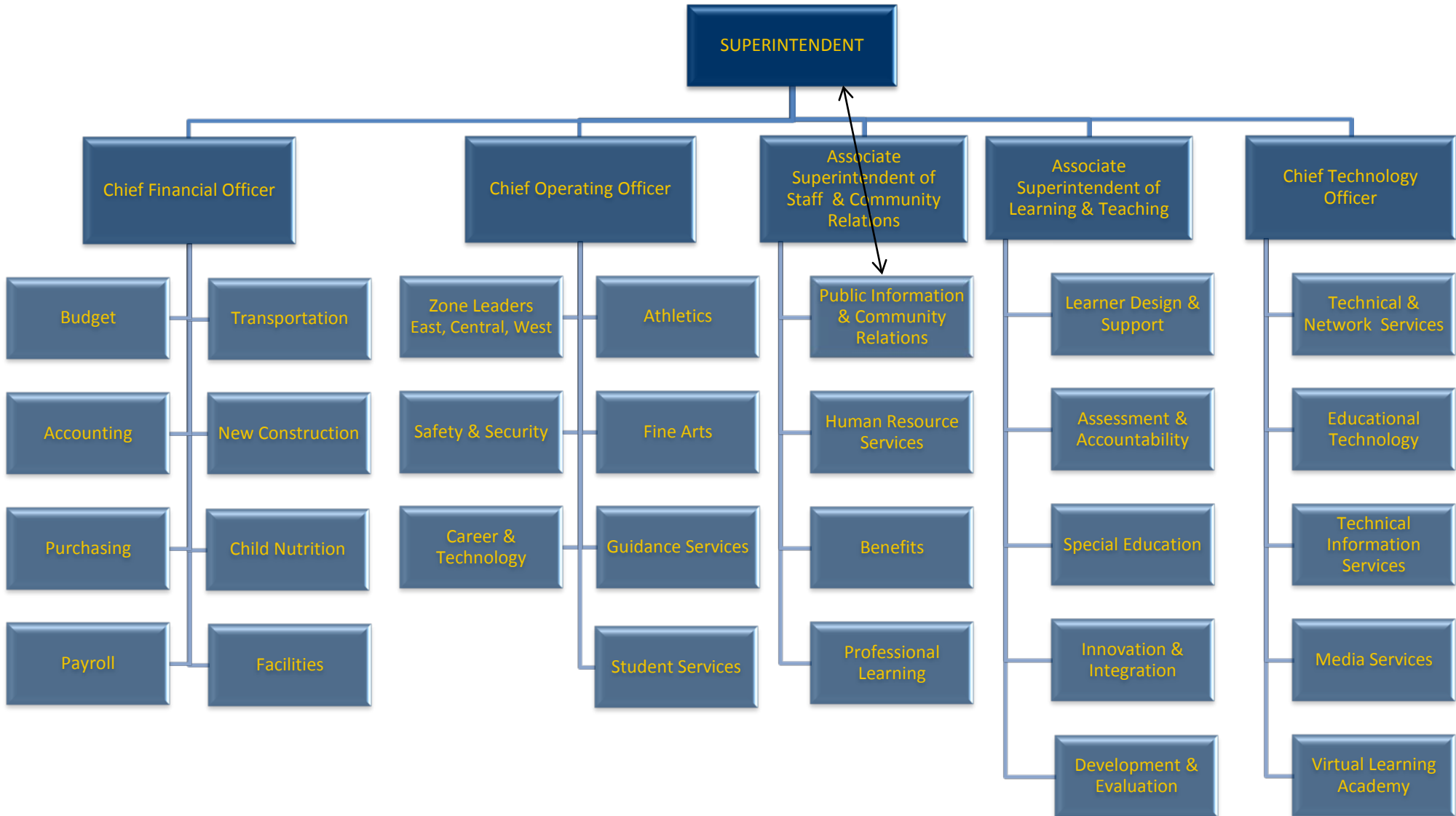
Whitley Penn L.L.P., Houston, Texas
Independent Auditors

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
 NOVEMBER 2014





Government Finance Officers Association

**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, 2013

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Lewisville ISD

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

CERTIFICATE OF THE BOARD

Lewisville Independent School District
Name of School District

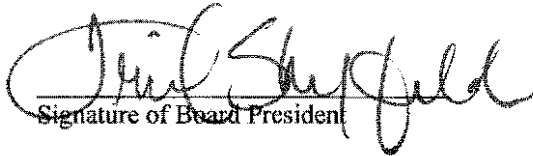
Denton
County

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, 2014, at a meeting of Board of Trustees of such school district on the 8th day of December, 2014.



Signature of Board Secretary



Signature of Board President

**FINANCIAL
SECTION**



LISD

REAL INNOVATION
LIMITLESS OPPORTUNITY
LEWISVILLE INDEPENDENT SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the "District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 of Lewisville Education Foundation, Inc. as of and for the year ended December 31, 2013. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lewisville Education Foundation, Inc., is based solely on the report of the 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 *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Lewisville Education Foundation, Inc. were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Trustees
Lewisville Independent School District

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lewisville Independent School District as of August 31, 2014, and the respective changes in financial position, the respective budgetary comparison schedule for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information (as described in the accompanying table of contents) and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information (as described in the accompanying table of contents) and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information (as described in the accompanying table of contents) and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Lewisville Independent School District

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 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* in considering the District's internal control over financial reporting and compliance.

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

Houston, Texas
December 8, 2014

[This page intentionally left blank.]

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014. 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 position, as presented on the government-wide Statement of Net Position, assets plus deferred outflows exceeded liabilities by \$57 million. The net position of the District increased by \$1 million during the year ended August 31, 2014.
- The District's governmental funds financial statements reported combined ending fund balance of \$204.8 million. This balance consists of \$144.5 million in the General Fund of which \$45 million is committed and \$99 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$55 million and is used by the Debt Service Fund, Capital Projects Funds and Nonmajor Funds. Non-spendable fund balance is \$680,294 and the remaining balance consists of \$4.7 million committed.
- In May 2008, voters approved a \$697.7 million bond package designed to finance facility needs through 2015. During the 2013-14 fiscal year, the District issued \$67,435,000 in Unlimited Tax School Bonds. Authorized but unissued school building bonds are \$103,142,750 at August 31, 2014.
- Program revenues accounted for \$77 million of total revenues. General revenues and special items accounted for \$480.5 million.
- The General Fund had \$399 million in revenues, which primarily consisted of state aid and property taxes, and \$396 million in expenditures increasing the fund balance this year by \$3 million.
- During the fiscal year 2014, the District completed projects consisted of a rebuild of the Lewisville High School Auditorium, Marcus High School and Flower Mound High School 9th Grade Centers, Tyler Munis software acquisition, and Westside Aquatic Center.

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.

	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	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
<i>Required financial statements</i>	Statement of Net Position Statement of Activities	Balance sheet Statement of revenues, expenditures and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets (if applicable)
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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 Position* includes all of the government's assets, deferred outflows 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 position and how they have changed. Net position—the difference between the District's assets, deferred outflows and liabilities—are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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, state aid 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 Position. As noted earlier, net position may serve over time as a useful indicator of a District’s financial position. The District’s combined net position increased between fiscal years 2014 and 2013 – increasing by \$1,031,490 as can be seen on the following table. The District’s net investment in capital assets 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 are still outstanding. The District’s net investment in capital assets is \$119,340,474.

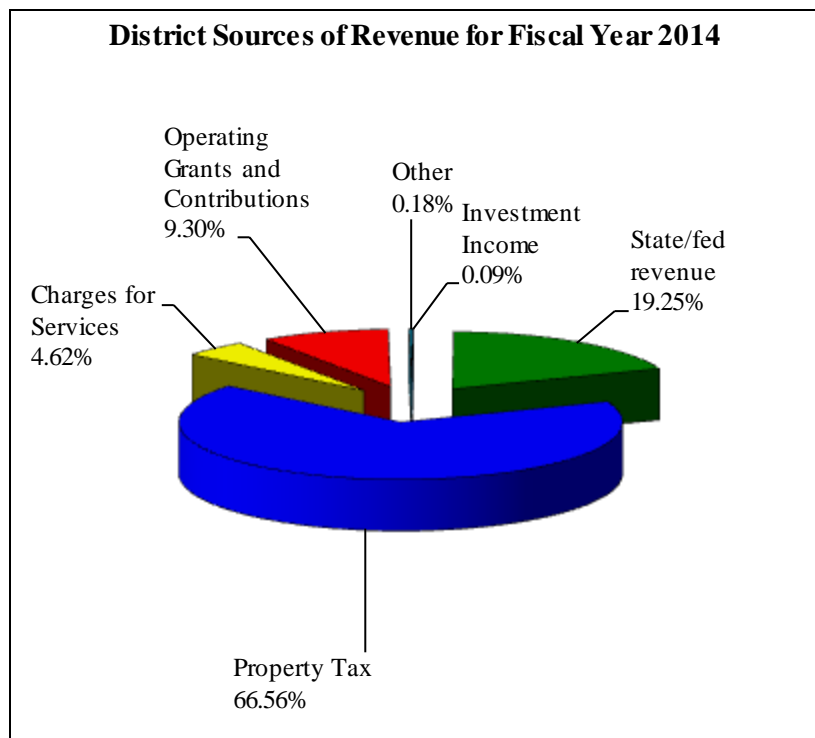
The District uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided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

The following table provides a summary of the assets, deferred outflows, liabilities, and net position for governmental activities for the years ended August 31, 2014 and 2013, respectively.

	FY 2014	FY 2013
Current and Other Assets	\$ 276,547,273	\$ 338,216,470
Capital Assets	1,096,506,477	1,032,933,379
Total Assets	<u>1,373,053,750</u>	<u>1,371,149,849</u>
Deferred Outflows of Resources	<u>19,400,393</u>	<u>21,643,552</u>
Current Liabilities	63,056,748	77,381,841
Long-Term Liabilities	1,271,691,652	1,258,737,307
Total Liabilities	<u>1,334,748,400</u>	<u>1,336,119,148</u>
Net Position		
Net Investment in capital assets	119,340,474	106,986,251
Restricted	10,545,537	18,840,831
Unrestricted	(72,180,268)	(69,152,829)
Total Net Position	<u><u>\$ 57,705,743</u></u>	<u><u>\$ 56,674,253</u></u>

A portion of the net position is restricted as to the purpose for which they can be used. Unrestricted net position decreased by \$3,027,439.

Changes in net position. The District's total revenues were \$558,326,349 representing an increase of \$34.4 million from the previous year. The majority of this increase is attributed to increases in local property tax revenue by \$26.4 million. Operating grants and contributions increased by \$6.7 million due to a new state Instructional Materials Allotment for textbooks and charges for services increased by \$4 million due to the ERATE program that provides a discount for goods and services used in communications. The significant decrease of \$2 million in state and federal revenue is primarily from the Impact Aid grants that settled revenue for several prior years during fiscal year 2013. As seen below, two-thirds of the District's revenue comes from taxes while the remaining one-third comes primarily from program revenue and state and federal sources.



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 \$557,294,859, an increase of \$5,756,935 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 \$77,834,746 compared to \$67,168,495 in the previous year.
- The remaining cost of *governmental activities* not directly funded by program revenues was \$479,460,113 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

	Total Cost of Services	Net Cost of Services
Instruction and Instruction Related Services	\$ 301,101,476	\$ 264,955,498
Support Services Student (Pupil)	71,022,776	45,097,081
Support Services Nonstudent based	68,175,478	60,911,697
Debt Service	52,358,811	51,870,582
	\$ 492,658,541	\$ 422,834,858

As seen in the following chart:

- The amount that our taxpayers paid for these activities through property taxes was \$372,295,964.
- Those who directly benefited from the programs paid \$25,829,655.
- Operating grants and contributions totaled \$52,005,091.

Changes in the District's Net Position

	Governmental Activities		Percentage Change from Prior Year
	FY 2014	FY 2013	
Revenues:			
<u>Program Revenues:</u>			
Charges for Services	\$ 25,829,655	\$ 21,848,398	18.22%
Operating Grants and Contributions	52,005,091	45,320,097	14.75%
<u>General Revenues:</u>			
Property Taxes	372,295,964	345,857,652	7.64%
State and Federal Grants	106,647,373	109,199,823	-2.34%
Investment Earnings	526,725	692,103	-23.89%
Miscellaneous	1,021,541	924,739	10.47%
Total Revenues	<u>558,326,349</u>	<u>523,842,812</u>	<u>6.58%</u>
Expenses:			
Instruction and Instruction Related Services	301,101,476	293,554,260	2.57%
Instructional and School Leadership	34,966,404	33,311,765	4.97%
Support Services Student (Pupil)	71,022,776	69,983,845	1.48%
Administrative Support Services	9,220,556	8,795,533	4.83%
Support Services Nonstudent Based	68,175,478	55,990,656	21.76%
Ancillary Services	5,105,551	4,895,546	4.29%
Interest and Fiscal Charges	52,358,811	51,615,410	1.44%
Other Facility Costs	12,360,716	30,358,431	-59.28%
Intergovernmental Charges	2,983,091	3,032,478	-1.63%
Total Expenses	<u>557,294,859</u>	<u>551,537,924</u>	<u>1.04%</u>
Increase (Decrease) in Net Position	1,031,490	(27,695,112)	-103.72%
Net Position- September 1	56,674,253	91,011,314	-37.73%
Change in Accounting Principle	-	(6,641,949)	N/A
Net Position - August 31	<u>\$ 57,705,743</u>	<u>\$ 56,674,253</u>	<u>1.82%</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 \$204,833,086, a decrease of \$47,693,788 in comparison with the prior year. Approximately 49% of this total amount (\$99,372,254) 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 \$99,372,254, while total fund balance reached \$144,545,798. 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 25% of total General Fund expenditures, while total fund balances represents 37% of that same amount.

The District's General Fund balance increased \$3,155,290 during the current fiscal year in comparison to a decrease in the prior year of \$5,577,383. The majority of the difference is related to revenue received from e-rate and local property taxes.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$26,105,315, 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 \$1,875,362.

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

	FY 2014	FY 2013
Revenues		
Property taxes	109,833,886	\$ 97,946,245
Investment Income	106,203	60,615
Federal Revenues	488,229	503,223
Total revenues	<u>110,428,318</u>	<u>98,510,083</u>
Expenditures by function		
Principal	52,472,420	52,584,938
Interest	56,083,212	46,143,831
Total expenditures	<u>108,555,632</u>	<u>98,728,769</u>
Other Financing Sources (Uses)		
Refunding Bonds Issued	-	68,060,000
Net premiums on Issuance of Bonds	2,676	12,526,799
Payments to Refunded Bond Escrow	-	(79,716,841)
Total Other Financing Sources (Uses)	<u>2,676</u>	<u>869,958</u>
Net change in fund balance	1,875,362	651,272
Fund balance - September 1	<u>24,229,953</u>	<u>23,578,681</u>
Fund balance - August 31	<u>\$ 26,105,315</u>	<u>\$ 24,229,953</u>

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$24,771,914, all of which is designated for ongoing capital projects. The fund balance decreased by \$54,020,336 during the current fiscal year due to 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 \$3,613,990 from the original budget.
- *Variances of amended budget to actual expenditures* – Expenditures were \$13.4 million less than final budgeted amounts. Salaries and benefits expenditures were \$4.9 million less than budget, a variance of 1.44%. 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. Benefits were under budget by \$1 million which resulted from health & life insurance. Purchased and contracted services were \$5.1 million under budget, a variance of 9.94%. The variance includes utilities, transportation and contracted maintenance projects. Utilities accounted for \$1.4 million of the variance. The contract for transportation was \$1.1 million under budget. The variance for contracted maintenance in the amount of \$1.2 million was due to variances maintenance and repairs projects controlled by the facilities and technology departments. Supplies and materials were under budget by \$2.4 million or 19.28% 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 \$9.6 million which resulted from increased property tax collections, investment earnings, e-rate reimbursements and athletic activities. State revenues were \$2.6 million over budget due to an increase in actual student enrollment and ADA. Federal revenues were \$4 million higher due to Impact Aid and SHARS revenue.

Capital Assets

At the end of 2014, the District invested \$1,419,113,432 in a broad range of capital assets, including land, equipment, buildings, and construction in progress. This amount represents a net increase of \$94,267,019 or 7.12% over last year.

The majority of capital asset activity is reported in the Capital Projects Fund. Facility acquisitions and construction expenditures decreased by 10% over fiscal year 2013.

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

- Rebuild of Camey Elementary and Griffin Middle School
- District-Wide Cameras

Listed in the table below are the capital assets for governmental activities for the fiscal year ended August 31, 2014 and 2013, respectively:

	FY 2014	FY 2013	Total % Change
Land	\$ 109,000,407	\$ 108,831,091	0.16%
Buildings and Improvements	1,259,052,458	1,136,767,803	10.76%
Vehicles	2,938,740	2,906,151	1.12%
Furniture and Equipment	19,008,378	22,724,701	-16.35%
Construction in Progress	29,113,449	53,616,667	-45.70%
Total at historical cost	<u>1,419,113,432</u>	<u>1,324,846,413</u>	<u>7.12%</u>
Less accumulated depreciation for:			
Buildings and Improvements	309,950,057	276,302,993	12.18%
Vehicles	2,319,920	2,414,449	-3.92%
Furniture and Equipment	10,336,978	13,195,592	-21.66%
Total accumulated depreciation	<u>322,606,955</u>	<u>291,913,034</u>	<u>10.51%</u>
Net capital assets	<u>\$ 1,096,506,477</u>	<u>\$ 1,032,933,379</u>	<u>6.15%</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 \$1,269,178,364, an increase of one percent from the prior year. During the fiscal year, the District issued \$67,435,000 in Unlimited Tax School Bonds. The proceeds will be used for the construction and equipping of school buildings. The District's debt includes capital appreciation bonds which accrete interest until their maturing date. Total accreted interest on these capital appreciation bonds total \$99,925,151 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, 2014 in the amount of \$103,142,750. The District continues to enjoy excellent bond ratings. The District's bonds presently carry very favorable ratings as follows:
 - 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.

The 83rd Legislative Session restored \$3.4 billion to school funding (\$4 billion was cut from school funding in the 82nd Legislative Session). Lewisville ISD projects that state revenue will increase by approximately \$1 million in the 2014-15 fiscal year. The \$1 million increase is the net change resulting from a one year increase in state funding for a new TRS payroll tax and a decrease in state funding that result from an increase in property tax revenue.

The 2014-15 appraised property values increased by approximately 10% increasing the budget for current property tax revenue by over \$24 million. The Maintenance and Operations (M&O) tax rate remained at \$1.04 per \$100 valuation for the 2014-15 year, and the Interest and Sinking (I&S) tax rate remained at \$0.437 per \$100 valuation for the 2014-15 year. The District's estimated ADA is expected to increase by approximately 200. This is a conservative estimate used for budgeting purposes. Actual ADA is expected to be between 250 to 500.

General Fund expenditures are budgeted to increase by \$21.5 million or 5.3% over the prior year budgeted expenditures. Elimination of the contribution for workers' compensation was maintained in the 2014-15 year as the Workers' Compensation Fund maintains sufficient fund balance to absorb the year's expenses. Major expenditure changes include a salary increase of 3%, the addition of \$5.4 million for student devices, and a new 1.5% TRS payroll tax.

If the estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$18.71 million by the close of 2015 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 Accounting Department at William T Bolin Administrative Center, 1565 W Main Street, Lewisville, TX 75067.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

**STATEMENT OF NET POSITION
AUGUST 31, 2014**

Data Control Codes		Total Primary Government Governmental Activities August 31, 2014	Component Unit December 31, 2013
ASSETS			
1110	Cash and Temporary Investments	\$ 261,575,622	\$ 3,227,816
	Receivables:		
1225	Property Tax	7,780,995	-
1230	Allowance for Uncollectible Taxes	(1,052,498)	-
1240	Due from Other Governments	3,817,320	-
1250	Accrued Interest	252,952	-
1290	Other Receivables	473,382	40,042
1310	Inventories at Cost	646,705	-
1410	Prepaid Items	33,589	3,047
	Capital Assets (net of accumulated depreciation where applicable)		
1510	Land	109,000,407	-
1520	Buildings and Improvements	949,102,401	-
1531	Vehicles	618,820	-
1530	Furniture and Equipment	8,671,400	-
1580	Construction in Progress	29,113,449	-
1810	Restricted Cash and Investments	3,019,206	-
1000	Total Assets	<u>1,373,053,750</u>	<u>3,270,905</u>
DEFERRED OUTFLOWS OF RESOURCES			
1700	Deferred Charges on Refunding	19,400,393	-
	Total Deferred Outflows of Resources	<u>19,400,393</u>	<u>-</u>
LIABILITIES			
2110	Accounts Payable	36,621,730	10,350
2140	Interest Payable	1,915,661	-
2150	Payroll Deductions & Withholding Payable	3,306,988	-
2160	Accrued Wages Payable	16,547,422	-
2180	Due to Other Governments	1,623,686	-
2300	Unearned Revenue	3,041,261	-
	Noncurrent Liabilities:		
2501	Due Within One Year	72,497,638	-
2502	Due in More Than One Year	1,199,194,014	-
2000	Total Liabilities	<u>1,334,748,400</u>	<u>10,350</u>
NET POSITION			
3200	Net Investment in capital assets	119,340,474	-
	Restricted for:		
3820	Food Service	2,824,580	-
3820	Grants	1,515,798	-
3850	Debt Service	6,205,159	-
3890	Expendable	-	160,760
3890	Nonexpendable	-	1,865,481
3900	Unrestricted	(72,180,268)	1,234,314
3000	Total Net Position	<u>\$ 57,705,743</u>	<u>\$ 3,260,555</u>

The accompanying Notes are an integral part of this statement.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014**

Functions/Programs	Expenses	Program Revenues	
		Charges for Service	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
11 Instruction	\$ 289,905,880	\$ 3,960,202	\$ 30,038,091
12 Instruction Resources & Media Services	6,733,833	50,740	347,920
13 Curriculum & Instructional Staff Development	4,461,763	78,827	1,670,198
21 Instructional Leadership	7,545,360	79,190	400,698
23 School Administration	27,421,044	194,265	1,626,792
31 Guidance and Counseling	18,166,936	230,553	1,558,789
32 Social Work Services	98,600	-	5,591
33 Health Services	4,934,261	1,418	350,214
34 Pupil Transportation	9,910,427	-	29,817
35 Food Services	21,296,674	9,098,179	11,411,917
36 Co-Curricular Activities	16,615,878	2,094,253	1,144,964
41 General Administration	9,220,556	180,239	353,651
51 Plant Maintenance and Operation	55,189,668	5,029,422	1,880,191
52 Security and Monitoring	1,241,366	6,665	10,165
53 Data Processing Services	11,744,444	-	337,338
61 Community Services	5,105,551	4,799,786	242,629
71 Interest and Fiscal Charges on Long-Term Debt	52,358,811	-	488,229
81 Other Facility Costs	12,360,716	23,273	8,280
93 Fiscal Agent/Member District of Shared Service Arrangement	147,600	-	-
95 Alternative Education Program	104,308	2,643	99,617
99 Other Intergovernmental Charges	2,731,183	-	-
TG Total Governmental Activities	\$ 557,294,859	\$ 25,829,655	\$ 52,005,091
Component Units:			
Lewisville Education Foundation, Inc	\$ 560,144	\$ -	\$ 961,360
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes - Maintenance & Operation		
DT	Property Taxes - Debt Services		
SF	Unrestricted State Aid Formula Grants		
GC	Medicaid Reimbursement		
GC	Unrestricted Federal Aid		
IE	Investment Earnings		
MI	Miscellaneous		
TR	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning of year		
NE	Net Position - End of year		

The accompanying Notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities		Component Unit	
Year Ended August 31, 2014		Year Ended December 31, 2013	
	\$ (255,907,587)		\$ -
	(6,335,173)		-
	(2,712,738)		-
	(7,065,472)		-
	(25,599,987)		-
	(16,377,594)		-
	(93,009)		-
	(4,582,629)		-
	(9,880,610)		-
	(786,578)		-
	(13,376,661)		-
	(8,686,666)		-
	(48,280,055)		-
	(1,224,536)		-
	(11,407,106)		-
	(63,136)		-
	(51,870,582)		-
	(12,329,163)		-
	(147,600)		-
	(2,048)		-
	(2,731,183)		-
	\$ (479,460,113)		
		\$ 401,216	
	\$ 262,361,996		\$ -
	109,933,968		-
	101,845,393		-
	785,020		-
	4,016,960		-
	526,725	87,930	
	1,021,541	-	
	480,491,603	87,930	
	1,031,490	489,146	
	56,674,253	2,771,409	
	\$ 57,705,743	\$ 3,260,555	

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2014**

Data Control Codes		100-199 General Fund
	ASSETS	
1110	Cash and Temporary Investments	\$ 174,422,309
	Receivables:	
1220	Property Tax - Delinquent	5,753,922
1230	Allowance for Uncollectible Taxes	(857,998)
1240	Due from Other Governments	1,150,236
1250	Accrued Interest	242,735
1260	Due from Other Funds	-
1290	Other Receivables	472,802
1310	Inventories at Cost	145,949
1430	Prepaid Items	27,595
1810	Restricted Cash and Investments	-
1000	Total Assets	<u>\$ 181,357,550</u>
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	\$ 5,694,477
2140	Accrued Interest Payable	-
2150	Payroll Deductions & Withholding Payable	3,306,988
2160	Accrued Wages Payable	16,547,422
2170	Due to Other Funds	4,594,422
2180	Due to Other Governments	1,620,722
2300	Unearned Revenues	2,093,182
2000	Total Liabilities	<u>33,857,213</u>
	DEFERRED INFLOWS OF RESOURCES	
2600	Unavailable revenue-property taxes	2,954,539
	Total Deferred Inflows of Resources	<u>2,954,539</u>
	FUND BALANCE	
	Non-Spendable:	
3410	Inventory	145,949
3430	Prepaid Items	27,595
	Restricted:	
3450-3490	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	99,372,254
	Total Fund Balance	<u>144,545,798</u>
	Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 181,357,550</u>

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 Nonmajor Governmental Funds	Total Governmental Funds August 31, 2014
\$ 17,733,590	\$ 51,336,797	\$ 9,754,271	\$ 253,246,967
2,027,073	-	-	7,780,995
(194,500)	-	-	(1,052,498)
42,329	-	2,361,701	3,554,266
10,217	-	-	252,952
4,594,422	-	1,859,644	6,454,066
-	-	580	473,382
-	-	500,756	646,705
4,587	-	1,407	33,589
3,019,206	-	-	3,019,206
\$ 27,236,924	\$ 51,336,797	\$ 14,478,359	\$ 274,409,630
\$ 56	\$ 26,564,790	\$ 2,257,706	\$ 34,517,029
30,893	-	-	30,893
-	-	-	3,306,988
-	-	-	16,547,422
-	-	1,859,644	6,454,066
-	93	2,871	1,623,686
-	-	948,079	3,041,261
30,949	26,564,883	5,068,300	65,521,345
1,100,660	-	-	4,055,199
1,100,660	-	-	4,055,199
-	-	500,756	646,705
4,587	-	1,407	33,589
-	-	4,203,547	4,203,547
-	24,771,914	-	24,771,914
26,100,728	-	-	26,100,728
-	-	4,704,349	4,704,349
-	-	-	45,000,000
-	-	-	99,372,254
26,105,315	24,771,914	9,410,059	204,833,086
\$ 27,236,924	\$ 51,336,797	\$ 14,478,359	\$ 274,409,630

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2014**

Total Fund Balance - Governmental Funds	\$	204,833,086
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.		1,419,113,432
Accumulated depreciation has not been included in the governmental fund financial statements.		(322,606,955)
Deferred inflows of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.		4,055,199
Premiums on issuance of debt were not recognized on the balance sheet for governmental funds.		(40,752,204)
Deferred losses on issuances of debt were not recognized on the balance sheet for governmental funds.		19,400,393
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 position.		6,223,954
Vacation and Personal Leave Benefits liability is reported in the governmental activities but not on the fund statements.		(2,513,288)
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.		(1,884,768)
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.		(1,128,501,009)
Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.		(99,925,151)
Total Net Position - Governmental Activities	\$	<u>57,705,743</u>

The accompanying Notes are an integral part of this statement.



Lewisville

Independent

School

District

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2014**

Data Control Codes		100-199 General Fund	500-599 Debt Service Fund
REVENUES:			
	Local and Intermediate Sources:		
	Investment Income	\$ 371,362	\$ 106,203
	Other Local and Intermediate Sources	273,300,511	109,833,886
5700	Total Local and Intermediate Sources	<u>273,671,873</u>	<u>109,940,089</u>
5800	State Program Revenues	120,205,995	-
5900	Federal Program Revenues	5,107,847	488,229
5020	Total Revenues	<u>398,985,715</u>	<u>110,428,318</u>
EXPENDITURES:			
	Current:		
0011	Instruction	250,288,948	-
0012	Instruction Resources & Media Services	5,808,507	-
0013	Curriculum & Instructional Staff Development	2,799,124	-
0021	Instructional Leadership	7,384,065	-
0023	School Administration	26,353,024	-
0031	Guidance and Counseling	17,058,354	-
0032	Social Work Services	98,206	-
0033	Health Services	4,726,834	-
0034	Pupil Transportation	9,745,987	-
0035	Food Services	6,680	-
0036	Co-Curricular Activities	9,035,885	-
0041	General Administration	8,520,473	-
0051	Plant Maintenance and Operation	37,141,769	-
0052	Security and Monitoring	1,219,397	-
0053	Data Processing Services	8,217,909	-
0061	Community Services	4,599,638	-
0071	Debt Service:		
	Principal	-	52,472,420
	Interest on long-term debt	-	56,083,212
	Capital Outlay:		
0081	Facilities Acquisition and Construction	22,536	-
	Intergovernmental:		
0093	Fiscal Agent/Member District of Shared Service Arrangement	147,600	-
0095	Alternative Education Program	104,308	-
0099	Other Intergovernmental Charges	2,731,183	-
	Total Expenditures	<u>396,010,427</u>	<u>108,555,632</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,975,288</u>	<u>1,872,686</u>
OTHER FINANCING SOURCES (USES):			
7911	Issuance of Debt	-	-
7912	Sale of Real & Personal Property	180,002	-
7916	Net premiums on Issuance of Bonds	-	2,676
	Total Other Financing Sources (Uses)	<u>180,002</u>	<u>2,676</u>
1200	Net Change in Fund Balances	3,155,290	1,875,362
0100	FUND BALANCE - September 1	141,390,508	24,229,953
3000	FUND BALANCE - August 31	<u>\$ 144,545,798</u>	<u>\$ 26,105,315</u>

The accompanying Notes are an integral part of this statement.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

600-699 Capital Projects Fund	200-499 Nonmajor Governmental Funds	Total Governmental Funds Year Ended August 31, 2014
\$ 45,008	\$ -	\$ 522,573
227,248	16,651,169	400,012,814
<u>272,256</u>	<u>16,651,169</u>	<u>400,535,387</u>
-	7,756,758	127,962,753
-	23,735,448	29,331,524
<u>272,256</u>	<u>48,143,375</u>	<u>557,829,664</u>
-	19,787,429	270,076,377
-	118,538	5,927,045
-	1,626,814	4,425,938
-	34,515	7,418,580
-	425,473	26,778,497
-	858,492	17,916,846
-	-	98,206
4,500	103,634	4,834,968
-	29,817	9,775,804
-	19,824,550	19,831,230
-	1,387,971	10,423,856
-	15,387	8,535,860
14,853,071	2,547,692	54,542,532
-	7,946	1,227,343
-	-	8,217,909
-	64,837	4,664,475
-	-	52,472,420
595,815	-	56,679,027
109,438,932	14,384	109,475,852
-	-	147,600
-	-	104,308
-	-	2,731,183
<u>124,892,318</u>	<u>46,847,479</u>	<u>676,305,856</u>
(124,620,062)	1,295,896	(118,476,192)
67,435,000	-	67,435,000
-	-	180,002
3,164,726	-	3,167,402
<u>70,599,726</u>	<u>-</u>	<u>70,782,404</u>
(54,020,336)	1,295,896	(47,693,788)
78,792,250	8,114,163	252,526,874
<u>\$ 24,771,914</u>	<u>\$ 9,410,059</u>	<u>\$ 204,833,086</u>

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (47,693,788)
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 position.	98,007,828
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 position.	(32,388,819)
Disposition of capital assets is not recorded in the fund financial statements. The effect of recording loss on disposition is to decrease net position.	(2,045,911)
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.	52,472,420
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.	(67,435,000)
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.	(7,993,632)
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.	7,593,335
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.	1,338,876
Amortization of deferred refunding amount is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(2,243,158)

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 (\$3,167,402) less current amortization of bond premiums (\$5,624,795).	2,457,393
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.	(48,861)
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.	(1,260,044)
Revenues in the statement of activities that do not provided current financial resources are not reported as revenues in the governmental funds.	270,851
Change in Net Position of Governmental Activities	<u>\$ 1,031,490</u>

The accompanying Notes are an integral part of this statement.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED AUGUST 31, 2014**

Data Control Codes	General Fund 100-199			Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
Local and Intermediate Sources:					
	Investment Income	\$ 251,000	\$ 251,000	\$ 371,362	\$ 120,362
	Other Local and Intermediate Sources	263,826,160	263,826,160	273,300,511	9,474,351
5700	Total Local and Intermediate Sources	264,077,160	264,077,160	273,671,873	9,594,713
5800	State Program Revenues	117,687,247	118,645,138	120,205,995	1,560,857
5900	Federal Program Revenues	1,150,000	1,150,000	5,107,847	3,957,847
5020	Total Revenues	382,914,407	383,872,298	398,985,715	15,113,417
EXPENDITURES:					
Current:					
0011	Instruction	254,956,383	253,962,776	250,288,948	3,673,828
0012	Instruction Resources & Media Services	5,903,693	5,977,036	5,808,507	168,529
0013	Curriculum & Instructional Staff Development	3,072,308	3,211,961	2,799,124	412,837
0021	Instructional Leadership	7,221,276	7,757,413	7,384,065	373,348
0023	School Administration	26,047,923	26,944,520	26,353,024	591,496
0031	Guidance and Counseling	17,348,404	17,696,344	17,058,354	637,990
0032	Social Work Services	100,274	101,178	98,206	2,972
0033	Health Services	4,722,144	4,889,425	4,726,834	162,591
0034	Pupil Transportation	10,823,556	10,870,855	9,745,987	1,124,868
0035	Food Services	-	6,680	6,680	-
0036	Co-Curricular Activities	8,953,787	9,868,128	9,035,885	832,243
0041	General Administration	8,866,732	9,160,241	8,520,473	639,768
0051	Plant Maintenance and Operation	39,175,217	39,450,923	37,141,769	2,309,154
0052	Security and Monitoring	1,216,259	1,299,895	1,219,397	80,498
0053	Data Processing Services	8,244,065	8,725,228	8,217,909	507,319
0061	Community Services	5,706,605	5,476,709	4,599,638	877,071
Capital Outlay:					
0081	Facilities Acquisition and Construction	38,000	611,304	22,536	588,768
0093	Fiscal Agent/Member District of Shared Service Arrangement	210,000	210,000	147,600	62,400
0095	Alternative Education Program	300,000	300,000	104,308	195,692
0099	Other Governmental Charges	2,900,000	2,900,000	2,731,183	168,817
	Total Expenditures	405,806,626	409,420,616	396,010,427	13,410,189
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,892,219)	(25,548,318)	2,975,288	28,523,606
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real & Personal Property	-	-	180,002	180,002
	Total Other Financing Sources (Uses)	-	-	180,002	180,002
1200	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(22,892,219)	(25,548,318)	3,155,290	28,703,608
0100	FUND BALANCE - September 1	141,390,508	141,390,508	141,390,508	-
3000	FUND BALANCE - August 31	\$ 118,498,289	\$ 115,842,190	\$ 144,545,798	\$ 28,703,608

The accompanying Notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUND
AUGUST 31, 2014**

	Total Governmental Activities Internal Service Fund August 31, 2014
ASSETS	
Current Assets:	
Cash and Temporary Investments	\$ 8,328,655
Total Assets	8,328,655
LIABILITIES	
Current Liabilities:	
Accounts Payable	4,800
Accrued Expenses	2,099,901
Total Liabilities	2,104,701
NET POSITION	
Unrestricted	6,223,954
Total Net Position	\$ 6,223,954

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED AUGUST 31, 2014

	Total Governmental Activities Internal Service Fund Year Ended August 31, 2014
OPERATING REVENUES:	
Premiums	\$ 98,571
Total Operating Revenues	98,571
OPERATING EXPENSES:	
Professional and Contracted Services	88,230
Claims and premiums	1,274,537
Total Operating Expenses	1,362,767
Operating Income (Loss)	(1,264,196)
NON-OPERATING REVENUES:	
Interest Income	4,152
Total Non-Operating Revenues	4,152
Change in Net Position	(1,260,044)
Total Net Position - September 1	7,483,998
Total Net Position - August 31	\$ 6,223,954

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED AUGUST 31, 2014**

	Total Governmental Activities Internal Service Fund Year Ended August 31, 2014
Cash Flows from Operating Activities:	
Cash received for premiums from other funds	\$ 103,874
Cash paid for claims and premiums	(1,130,559)
Net cash used for operating activities	(1,026,685)
Cash Flows from Investing Activities:	
Interest received on investments	4,152
Net cash provided by investing activities	4,152
Net decrease in cash and cash equivalents	(1,022,533)
Cash and cash equivalents - September 1	9,351,188
Cash and cash equivalents - August 31	<u>\$ 8,328,655</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income (Loss)	<u>\$ (1,264,196)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Decrease in Receivables	5,303
Increase in Accrued Expenses	232,208
Total Adjustments	237,511
Net cash used for operating activities	<u>\$ (1,026,685)</u>

The accompanying Notes are an integral part of this statement.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
AUGUST 31, 2014

	<u>Total Agency Fund</u> August 31, 2014
ASSETS	
Cash and Temporary Investments	\$ 1,169,236
Total Assets	<u>\$ 1,169,236</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 63,822
Due to Outside Entities	67,861
Due to Other Governments	34,682
Due to Student Groups	1,002,871
Total Liabilities	<u>\$ 1,169,236</u>

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 ("FASR"). 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. 61, *The Financial Reporting Entity: Omnibus*, 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, 2013 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 position 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 position. As of August 31, 2014, the undiscounted liabilities totaled \$2,104,701 and reported net position of \$6,223,954.

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, 2013 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, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,164,814 and the bank balance was \$18,016,790. At year end, the District held \$46,541 in petty cash. The District's deposits at August 31, 2014 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	\$ 1,668,930	\$ 172,753,379
Special Revenue	9,754,271	-
Debt Service	447,552	20,305,244
Capital Projects	7,572	51,329,225
Internal Service	117,253	8,211,402
Total Governmental Activities	11,995,578	252,599,250
Agency	1,169,236	-
Total	<u>\$ 13,164,814</u>	<u>\$ 252,599,250</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 \$55,893,225.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$48,174,516 which occurred during the month of October 2013.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000 (per each bank).

Credit Risk – Texas state law and the Lewisville ISD's Board adopted Investment Policy place high credit quality as a priority in its investment process. Credit minimums are set for appropriate invest types and a procedure is included in the policy for monitoring, disclosing and acting on credit downgrades.

All time and demand deposits are required to be FDIC insured or collateralized to 102% (or 110% if mortgage-backed securities). They must be in eligible depositories doing business in Texas and be under the terms of a written

collateral agreement. The maximum maturity on depository CD as stated in the Policy is one (1) year. The bank is contractually liable for monitoring and maintaining the collateral margins.

Brokered CD securities must be FDIC insured and delivered versus payment to the District's depository. Maximum maturity of one year and FDIC insurance must be verified before purchase.

State law and the Lewisville ISD adopted Investment Policy limit repurchase agreements to Texas banks and primary dealers. State law and the Policy require a defined termination date, an industry standard, written master repurchase agreement, independent safekeeping of collateral, and a 102% margin on collateral. Fully collateralized flex repurchase agreements are restricted by the Policy to the use of bond funds and are restricted to being matched to bond proceeds expenditures plans. The term of any reverse security repurchase agreement may not exceed ninety (90) days after the date of delivery.

Obligations of the State of Texas or its agencies and instrumentalities or obligations of other states, agencies, counties, cities and other political subdivisions rated as to investments quality by a nationally recognized rating firm (NRSRO) not less than AA or its equivalent are authorized. Debt obligations have a maximum maturity of three years.

AAA-rated, local government investment pools striving to maintain a \$1 net asset value as defined by state law (2256.016) and approved by the District's adopted policy are authorized. By State law all local government pools are rated AAA or equivalent by at least one NRSRO.

The District's Investment Policy requires SEC registered money market funds to be AAA-rated and to strive to maintain at \$1 NAV.

As of August 31, 2014:

- insured and collateralized money market represented 15.84% of the total portfolio,
- insured and collateralized certificates of deposit represented 7.94% of the total portfolio,
- municipal obligations rated AA or better by at least one NRSRO represented 10.25% of the total portfolio,
- holding in local government investment pools that are rated AAA represented 52.07% of the total portfolio, and
- the remainder of the portfolio, 13.90% was invested in securities issued by the US Government or its agencies and instrumentalities rated AAA.

Concentration of Credit Risk – Lewisville ISD's adopted Investment Policy requires diversification which is 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	100 %
Certificates of Deposit	40 %
Brokered Certificate of Deposit Securities	20%
Municipal Obligations	35%

The segmented time distribution of securities as of August 31, 2014 is shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than</u>			
		<u>1 Year</u>	<u>1-2 Years</u>	<u>2-3 Years</u>	<u>3-5 Years</u>
US Agencies					
FHLB	\$ 15,008,640	\$ -	\$ 2,995,410	\$10,011,665	\$2,001,565
FHLMC	11,036,475	-	11,036,475	-	-
FNMA	9,050,777	-	8,052,863	-	997,914
2A-7 like Local Government Pools	131,529,077	131,529,077	-	-	-
Money Market Mutual Funds	40,015,599	40,015,599	-	-	-
Certificate of Deposit	20,058,574	20,058,574	-	-	-
Municipal Bonds	25,900,108	20,962,859	4,937,249	-	-
Total Value	<u>\$ 252,599,250</u>	<u>\$ 212,566,109</u>	<u>\$ 27,021,997</u>	<u>\$10,011,665</u>	<u>\$2,999,479</u>
% of Total Portfolio		84.15%	10.70%	3.96%	1.19%

Abbreviations: FHLB Federal Home Loan Bank
FHLMC Federal Home Loan Mortgage Corporation
FNMA Federal National Mortgage Association

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 365 days on the total portfolio. Escrow sinking funds will be invested with a maximum maturity matching the termination date of the escrow.

As of August 31, 2014, the portfolio contained:

- three investments for the Escrow Sinking Fund mature in an average 1,651 days,
- no other investments matured beyond 1,092 days, and
- the dollar weighted average maturity of the total portfolio was 135 days.

As of August 31, 2014, the portfolio contained eight structured notes (callable securities with various structures) that had a combined book value of \$23,995,512 or 9.50% of the total portfolio. The details regarding these securities are shown below:

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit F-1

Issuer	Par	Coupon	Purchase Date	Maturity Date	Call Date	Structure	Book Value	Fair Value
FNMA	\$ 1,000,000.00	1.000%	11/8/2012	11/8/2018	11/8/2013	Callable once on 11/18/16 & 11/08/18 with 10 day notice step increase on 2013 and 2016	\$ 995,651	\$ 997,914
FHLB	\$ 5,000,000.00	0.875%	1/17/2014	1/17/2017	10/17/2014	Callable quarterly with 5 day notice	\$ 5,000,000	\$ 5,004,600
FHLB	\$ 1,000,000.00	0.500%	3/25/2014	3/25/2019	3/25/2015	Callable once with 5 day notice	\$ 1,000,000	\$ 1,000,638
FHLB	\$ 3,000,000.00	0.350%	5/19/2014	2/19/2016	11/19/2014	Callable quarterly with 5 day notice	\$ 3,000,000	\$ 2,995,410
FHMLC	\$ 5,000,000.00	0.500%	6/24/2014	6/24/2016	12/24/2014	Callable quarterly with 5 day notice	\$ 5,000,000	\$ 4,992,870
FHLB	\$ 1,000,000.00	1.500%	6/26/2014	6/26/2019	9/26/2014	Callable quarterly with 5 day notice step increase in 2016, 2017, 2018	\$ 999,861	\$ 1,000,927
FHMLC	\$ 3,000,000.00	0.600%	7/22/2014	7/22/2016	10/22/2014	Callable quarterly with 5 day notice	\$ 3,000,000	\$ 2,996,778
FHLB	\$ 5,000,000.00	0.875%	8/28/2014	8/28/2017	11/28/2014	Callable quarterly with 5 day notice step increase in 2015 and 2016	\$ 5,000,000	\$ 5,007,065
							<u>\$ 23,995,512</u>	<u>\$ 23,996,202</u>

Abbreviations:

<i>FHMLC</i>	<i>Federal Home Loan Mortgage Corporation</i>
<i>FNMA</i>	<i>Federal National Mortgage Association</i>
<i>FFCB</i>	<i>Federal Farm Credit Bank</i>
<i>FHLB</i>	<i>Federal Home Loan Bank</i>

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% and time and demand deposits collateralized to 102% (with 110% on mortgaged-backed securities). Transactions are required to be executed under a written collateral and/or repurchase agreement. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of August 31, 2014:

- the portfolio contained four insured and collateralized depository 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 Items

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 position. Bond premiums, discounts, and losses on refunding 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 expensed in the period it occurs.

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 \$2,513,288 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.

Deferred Outflows/Inflows of Resources

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category – property taxes. This item, unavailable revenue, is reported only in the District's fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance and Net Position

Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," provides more 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, 2014.

Unassigned is that portion of fund equity that is available for any legal purpose. The general fund is the only fund that will have an unassigned amount. If other governmental funds incur expenditures for specified purposes that exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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 position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Investment in Capital Assets – The component of net position 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 position – The component of net position 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 Investment in Capital Assets and Restricted Net Position.

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 \$2,859,110 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 \$2,104,701 includes incurred but not reported (IBNR) claims for the three-year self-insurance period of which \$978,344 is expected to be due within one year. This liability reported in the fund at August 31, 2014 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, 2014</u>	Year Ended <u>August 31, 2013</u>
Unpaid claims, beginning of year	\$ 1,872,493	\$ 2,048,060
Incurred claims (including IBNR's)	1,274,537	880,835
Claim payments and changes in estimate	<u>(1,042,329)</u>	<u>(1,056,402)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,104,701</u>	<u>\$ 1,872,493</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 2014, 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, 2014, the District had \$4,063,451 of encumbrances in the General Fund that rolled over into the new fiscal year.

Data Control Codes

In accordance with the Financial Accountability System 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 2014 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, 2013 <u>(Original Budget)</u>	Supplemental Appropriations and Revisions	Appropriations as of August 31, 2014 <u>(Amended Budget)</u>
General Fund	\$ 405,806,626	\$ 3,613,990	\$ 409,420,616
Food Service Fund	24,211,250	584,786	24,796,036
Debt Service Fund	<u>107,726,545</u>	<u>2,112,609</u>	<u>109,839,154</u>
Total Budgeted Funds	<u>\$ 537,744,421</u>	<u>\$ 6,311,385</u>	<u>\$ 544,055,806</u>

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

<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>
\$2,066,559 Purchase Orders	\$134,786 Purchase Orders	\$2,112,609 Interest Payment related
858,449 TRS on Behalf	450,000 Cafeteria Equipment	to fall sale
589,540 Rollforward of unused 12-13 budget		
99,442 Pre-K Play ground equipment		

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

Budgeted - Special Revenue Fund - Food Service	\$ 2,824,580
Unbudgeted Funds	<u>6,585,479</u>
All Special Revenue Funds	<u>\$ 9,410,059</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 2013-14 fiscal year was \$24,430,987,196.

The tax rates assessed for the year ended August 31, 2014 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.437 per \$100 valuation, respectively, for a total of \$1.477 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, 2014 were 99.51% 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, 2014, property taxes receivable, net of estimated uncollectible taxes, totaled \$4,895,924 and \$1,832,573 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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit F-1

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, 2014 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	\$ 268,383	\$ -	\$ 881,853	\$ 1,150,236
Special Revenue	-	258,490	2,103,211	2,361,701
Debt Service	42,329	-	-	42,329
Total	<u>\$ 310,712</u>	<u>\$ 258,490</u>	<u>\$ 2,985,064</u>	<u>\$ 3,554,266</u>

Due to state represents payment due to the state for sales tax and overpayment of the foundation allotment. Amount due to other represents taxes collected from the purchase of land and due to the County.

Amounts due to local and state governments as of August 31, 2014 are summarized below.

<u>Fund</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
General	\$ 1,620,722	\$ -	\$ 1,620,722
Special Revenue	2,871	-	2,871
Capital Projects	-	93	93
Total	<u>\$ 1,623,593</u>	<u>\$ 93</u>	<u>\$ 1,623,686</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2014 was as follows:

Governmental activities:

	Balance 09/01/13	Additions	Deletions	Transfers	Balance 08/31/14
Capital assets, not being depreciated:					
Land	\$ 108,831,091	\$ 172,222	\$ 2,906	\$ -	\$ 109,000,407
Construction in Progress	53,616,667	27,627,179	-	(52,130,397)	29,113,449
Total capital assets, not being depreciated	162,447,758	27,799,401	2,906	(52,130,397)	138,113,856
Capital assets, being depreciated:					
Buildings and Improvements	1,136,767,803	68,155,027	1,308,226	55,437,854	1,259,052,458
Vehicles	2,906,151	331,417	298,828	-	2,938,740
Furniture and Equipment	22,724,701	1,721,983	2,130,849	(3,307,457)	19,008,378
Total capital assets being depreciated	1,162,398,655	70,208,427	3,737,903	52,130,397	1,280,999,576
Less accumulated depreciation for:					
Buildings and Improvements	276,302,993	30,718,863	440,189	3,368,390	309,950,057
Vehicles	2,414,449	204,299	298,828	-	2,319,920
Furniture and Equipment	13,195,592	1,465,657	955,881	(3,368,390)	10,336,978
Total accumulated depreciation	291,913,034	32,388,819	1,694,898	-	322,606,955
Total capital assets, being depreciated, net	870,485,621	37,819,608	2,043,005	-	958,392,621
Governmental activities capital assets, net	<u>\$ 1,032,933,379</u>	<u>\$ 65,619,009</u>	<u>\$ 2,045,911</u>	<u>\$ -</u>	<u>\$ 1,096,506,477</u>

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

Governmental activities:

Instruction and Instructional Related Services	\$ 19,866,610
Instructional and School Leadership	646,048
Support Services Student (Pupil)	7,326,888
Administrative Support Services	242,511
Support Services - Nonstudent Based	3,878,291
Ancillary Students	428,471
Total depreciation expense - governmental activities	<u>\$ 32,388,819</u>

Construction in Progress

Construction in progress and remaining commitments under related construction contracts as of August 31, 2014:

	<u>Authorized Contract</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Camey Elementary Rebuild	\$ 22,049,565	\$ 11,638,636	\$ 10,410,929
Griffin Middle School Rebuild	39,843,000	16,796,331	23,046,669
District Wide Cameras	709,783	678,482	31,301
Total	<u>\$ 62,602,348</u>	<u>\$ 29,113,449</u>	<u>\$ 33,488,899</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, 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 2014, 2013, and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4% for fiscal year 2013 and 6.0% for fiscal year 2012. State contributions to TRS made on behalf of the Lewisville Independent School District's employees for the years ended August 31, 2014, 2013, and 2012 were \$14,972,459, \$14,329,107, and \$13,340,128, respectively. The District paid additional state contributions for the years ended August 31, 2014, 2013, and 2012 in the amount of \$5,254,063, \$4,325,504, and \$3,788,132, 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, 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 2014, 2013, and 2012. 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, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$2,864,471, \$1,400,628, and \$2,741,641 respectively, the active member contributions were \$1,933,446, \$1,894,616, \$1,855,570, 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, 2014, 2013 and 2012, these on-behalf payments were \$800,531, \$780,958 and \$746,643, respectively, 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, 2007R and 2013C bond series included outstanding capital appreciation bonds in the principal amount of \$57,291,009. The bonds mature variously through 2029. 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 August 31:	Principal	Interest	Total Requirements
2015	\$ 47,348,841	\$ 66,677,258	\$ 114,026,099
2016	48,266,452	66,038,692	114,305,144
2017	58,133,384	55,645,073	113,778,457
2018	66,380,515	47,299,186	113,679,701
2019	69,010,665	44,668,096	113,678,761
2020-2024	342,906,152	225,482,028	568,388,180
2025-2029	465,235,000	61,617,832	526,852,832
2030	31,220,000	1,326,850	32,546,850
	<u>\$ 1,128,501,009</u>	<u>\$ 568,755,015</u>	<u>\$ 1,697,256,024</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, 2014

Exhibit F-1

The following is a summary of the changes in the District's outstanding debt as of August 31, 2014:

Description	Interest Rate Payable	Amounts Outstanding 9/1/2013	Issued Current Year	Interest Accretion	Retired/Refunded	Amounts Outstanding 8/31/2014	Due within one year
1996 Refunding Bond	4.40 - 6.38%	\$ 22,623,358	\$ -	\$ -	\$ 3,422,420	\$ 19,200,938	\$ 4,789,882
2003 Unlimited Tax/Refunding	2.50 - 5.00%	351,626	-	-	-	351,626	-
2006 Unlimited Tax	3.75 - 5.00%	4,130,681	-	-	2,120,000	2,010,681	2,010,681
2006 Refunding	4.25 - 5.00%	139,570,000	-	-	14,660,000	124,910,000	11,485,000
2007 Unlimited Tax/Refunding	4.00 - 5.00%	105,885,853	-	-	3,275,000	102,610,853	3,395,000
2007 Refunding	4.00 - 5.00%	82,216,911	-	-	1,110,000	81,106,911	1,328,278
2008 Unlimited Tax	3.50 - 5.00%	84,595,000	-	-	1,150,000	83,445,000	1,205,000
2009 Unlimited Tax	3.50 - 5.00%	157,160,000	-	-	3,530,000	153,630,000	3,655,000
2009 Unlimited Tax/Refunding	2.00 - 4.13%	1,055,000	-	-	120,000	935,000	120,000
2010 Qualified Sch Const Bonds	6.88%	29,900,000	-	-	-	29,900,000	-
2010A Unlimited Tax	2.00 - 5.00%	35,255,000	-	-	775,000	34,480,000	795,000
2010B Build America Bonds	5.974 - 6.024%	25,055,000	-	-	-	25,055,000	-
2010 Refunding Bond	2.00 - 5.00%	24,090,000	-	-	3,865,000	20,225,000	280,000
2011 Unlimited Tax	2.25 - 4.75%	47,245,000	-	-	1,725,000	45,520,000	1,775,000
2011 Refunding Bond	2.50 - 5.00%	27,770,000	-	-	6,815,000	20,955,000	3,560,000
2012 Unlimited Tax Bonds	3.00 - 4.00%	27,620,000	-	-	1,190,000	26,430,000	1,245,000
2012A Unlimited Tax/Refunding	3.00 - 5.00%	96,580,000	-	-	2,670,000	93,910,000	2,285,000
2012B Unlimited Refunding	2.00 - 5.00%	22,165,000	-	-	285,000	21,880,000	-
2012C Unlimited Tax Bonds	2.00 - 4.00%	33,715,000	-	-	1,075,000	32,640,000	1,095,000
2013A Unlimited Tax Refunding	3.00 - 5.00%	39,635,000	-	-	-	39,635,000	-
2013B Unlimited Tax Refunding	4.00 - 5.00%	22,865,000	-	-	-	22,865,000	-
2013C Unlimited Tax Refunding	.34 - 2.57%	5,495,000	-	-	115,000	5,380,000	115,000
2013D Unlimited Tax	2.00 - 4.00%	78,560,000	-	-	4,570,000	73,990,000	4,990,000
2013E Unlimited Tax	3.00 - 5.00%	-	67,435,000	-	-	67,435,000	3,220,000
Bonded Indebtedness		1,113,538,429	67,435,000	-	52,472,420	1,128,501,009	47,348,841
Accreted Interest and CAB premium		99,524,854	-	7,993,632	7,593,335	99,925,151	19,379,102
Bond Premium		43,209,597	3,167,402	-	5,624,795	40,752,204	5,314,871
Accrued Compensated Absences		2,464,427	327,672	-	278,811	2,513,288	454,824
Total Obligations		\$ 1,258,737,307	\$ 70,930,074	\$ 7,993,632	\$ 65,969,361	\$ 1,271,691,652	\$ 72,497,638

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, 2014.

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, 2014 are \$103,142,750. During 2014, the District issued \$67,435,000 in Unlimited Tax School Building Bonds with interest rates from 3.00% to 5.00%. 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.

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 Investments* on both the Statement of Net Position (Exhibit A-1) and in the Debt Service fund on the Governmental Funds Balance Sheet (Exhibit C-1). The investments are recorded at fair market value.

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 refunding issues of 2006 and 2007. 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, 2014, the outstanding balance of defeased bonds is \$64,930,000.

NOTE 10. INTERFUND TRANSACTIONS

Receivables and payables:

Interfund balances at August 31, 2014 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 position:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 4,594,422
Special Revenue Funds:		
Federal Funds	-	1,859,644
Local Funds	1,859,644	-
Debt Service Fund	4,594,422	-
Total	<u>\$ 6,454,066</u>	<u>\$ 6,454,066</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, 2014 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, 2014.

NOTE 12. REVENUES FROM LOCAL SOURCES

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit F-1

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 260,806,782	\$ -	\$109,357,236	\$ -	\$ 370,164,018
Food Sales	-	10,831,622	-	-	10,831,622
Investment Income	371,362	-	106,203	45,008	522,573
Penalties, interest and other tax related income	1,384,446	-	476,650	-	1,861,096
Co-curricular student activities	1,157,448	3,263,093	-	-	4,420,541
Tuition and fees	5,033,601	1,112,547	-	-	6,146,148
Rental Income	364,871	-	-	-	364,871
E-Rate	3,479,940	-	-	-	3,479,940
Donations	2,728	1,287,979	-	-	1,290,707
Other	1,070,695	155,928	-	227,248	1,453,871
Total	\$ 273,671,873	\$ 16,651,169	\$109,940,089	\$ 272,256	\$ 400,535,387

NOTE 13. UNEARNED REVENUES

Unearned revenues at August 31, 2014 represents funds received in advance prior to revenue recognition. A summary of unearned revenues at the fund level consist of the following:

	General Fund	Special Revenue Funds	Total
Student Lunches	\$ -	\$ 943,111	\$ 943,111
Campus Support	2,069,824	-	2,069,824
Other	23,358	-	23,358
Grant Advances	-	4,968	4,968
	\$ 2,093,182	\$ 948,079	\$ 3,041,261

NOTE 14. COMPONENT UNIT DISCLOSURESOrganization 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, 2013. 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 2013.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, primarily checking and money market accounts, to be cash equivalents. At December 31, 2013, the carrying amount of cash was \$316,855.

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, 2013 are composed of the following:

	Cost	Fair Value	Unrealized Gain
Certificates of deposit	\$ 103,224	\$ 103,224	\$ -
Corporate bonds	255,943	252,443	\$ (3,500)
U.S. Government secured Obligations	434,575	424,600	\$ (9,975)
Individual stocks	1,208,262	1,534,302	\$ 326,040
Mutual funds	269,084	325,441	\$ 56,357
Fixed income mutual funds	244,506	270,951	\$ 26,445
	<u>\$ 2,515,594</u>	<u>\$ 2,910,961</u>	<u>\$ 395,367</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.

Contributions and Other Receivables

Unconditional promises to give as of December 31, 2013 are as follows:

Receivable in less than one year	\$ 7,760
Receivable in one to five years	<u>29,356</u>
Total Unconditional Promises to Give	37,116
Less allowance for uncollectible amounts	-
Less discounts to net present value	-
Net Unconditional Promises to Give	<u>\$ 37,116</u>

Unrestricted Net Assets

Unrestricted net assets at December 31, 2013 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.



Lewisville

Independent

School

District

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, 2014**

		200-499		
Data Control Codes		Special Revenue Funds		
		Federal Funds	State Funds	Local Funds
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ 2,341,583	\$ 3,486,238
	Receivables:			
1240	Due from Other Governments	2,103,211	-	-
1260	Due from Other Funds	-	-	1,859,644
1290	Other Receivables	-	-	580
1310	Inventories at Cost	-	-	-
1410	Prepaid Items	-	-	1,407
1000	Total Assets	\$ 2,103,211	\$ 2,341,583	\$ 5,347,869
LIABILITIES				
	Current Liabilities:			
2110	Accounts Payable	\$ 238,599	\$ 825,785	\$ 275,317
2170	Due to Other Funds	1,859,644	-	-
2180	Due to Other Governments	-	-	2,871
2300	Unearned Revenues	4,968	-	-
2000	Total Liabilities	2,103,211	825,785	278,188
FUND BALANCE				
	Non-Spendable:			
3410	Inventory	-	-	-
3430	Prepaid Expenditures	-	-	1,407
3450	Restricted	-	1,515,798	363,925
3545	Committed	-	-	4,704,349
3000	Total Fund Balance	-	1,515,798	5,069,681
4000	Total Liabilities and Fund Balance	\$ 2,103,211	\$ 2,341,583	\$ 5,347,869

240	Total Nonmajor Governmental Funds
Food Service Fund	August 31, 2014
\$ 3,926,450	\$ 9,754,271
258,490	2,361,701
-	1,859,644
-	580
500,756	500,756
-	1,407
\$ 4,685,696	\$ 14,478,359
\$ 918,005	\$ 2,257,706
-	1,859,644
-	2,871
943,111	948,079
1,861,116	5,068,300
500,756	500,756
-	1,407
2,323,824	4,203,547
-	4,704,349
2,824,580	9,410,059
\$ 4,685,696	\$ 14,478,359

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2014

		200-499	
Data Control Codes		Special Revenue Funds	
		Federal Funds	State Funds
REVENUES:			
	Local and Intermediate Sources:		
	Other Local and Intermediate Sources	\$ -	\$ -
5700	Total Local and Intermediate Sources	-	-
5800	State Program Revenues	-	7,275,157
5900	Federal Program Revenues	13,588,994	-
5020	Total Revenues	13,588,994	7,275,157
EXPENDITURES:			
	Current:		
0011	Instruction	11,528,697	6,034,493
0012	Instruction Resources & Media Services	-	155
0013	Curriculum & Instructional Staff Development	1,456,749	87,835
0021	Instructional Leadership	32,217	-
0023	School Administration	6,359	-
0031	Guidance and Counseling	361,089	1,020
0033	Health Services	97,589	-
0034	Pupil Transportation	29,817	-
0035	Food Services	-	-
0036	Co-Curricular Activities	14,296	-
0041	General Administration	-	-
0051	Plant Maintenance and Operation	-	-
0052	Security and Monitoring	-	-
0061	Community Services	62,181	-
0081	Facilities Acquisition and Construction	-	-
	Total Expenditures	13,588,994	6,123,503
1200	Net Change in Fund Balances	-	1,151,654
0100	FUND BALANCE - September 1	-	364,144
3000	FUND BALANCE - August 31	\$ -	\$ 1,515,798

Local Funds	240 Food Service Fund	Totals Nonmajor Governmental Funds Year Ended August 31, 2014
\$ 5,819,547	\$ 10,831,622	\$ 16,651,169
5,819,547	10,831,622	16,651,169
600	481,001	7,756,758
-	10,146,454	23,735,448
5,820,147	21,459,077	48,143,375
2,224,239	-	19,787,429
118,383	-	118,538
82,230	-	1,626,814
2,298	-	34,515
419,114	-	425,473
496,383	-	858,492
6,045	-	103,634
-	-	29,817
-	19,824,550	19,824,550
1,373,675	-	1,387,971
15,387	-	15,387
25,040	2,522,652	2,547,692
7,946	-	7,946
2,656	-	64,837
14,384	-	14,384
4,787,780	22,347,202	46,847,479
1,032,367	(888,125)	1,295,896
4,037,314	3,712,705	8,114,163
\$ 5,069,681	\$ 2,824,580	\$ 9,410,059



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, 2014**

Fiscal Year Ended August 31:	(1) Maintenance	(2) Tax Rates Debt Service	(3) Assessed/ Appraised Value for School Tax Purposes	(10) Beginning Balance 9/1/2013
2005 and prior years	1.50000	0.27000	\$ 16,880,106,282	\$ 940,307
2006	1.50000	0.27000	17,730,993,540	191,519
2007	1.33000	0.31000	18,881,927,080	218,132
2008	1.04000	0.33000	21,061,221,028	263,618
2009	1.04000	0.34000	21,911,662,802	549,250
2010	1.04000	0.36870	23,200,406,048	563,836
2011	1.04000	0.38670	22,507,417,241	658,850
2012	1.04000	0.38600	23,095,990,992	762,365
2013	1.04000	0.41300	23,046,548,096	1,389,855
2014 (school year under audit)	1.04000	0.43700	24,430,987,196	-
				<u>\$ 5,537,732</u>

Note: Amounts included on this schedule reflect actual collections and are not adjusted for the 60 day accrual.
Sources of Information: DCTO Year to Date Collections Summary

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 8/31/2014
\$ -	\$ 5,061	\$ 24,199	\$ 29,260	\$	\$(234,601)	\$ 676,446
-	471	2,621	3,092	\$	(11,586)	176,841
-	2,171	9,310	11,481		(10,709)	195,942
-	8,148	25,676	33,824		(9,220)	220,574
-	105,712	323,355	429,067		381,807	501,990
-	136,889	386,125	523,014		1,000,063	1,040,885
-	156,631	421,246	577,877		961,327	1,042,300
-	169,164	455,778	624,942		913,450	1,050,873
-	253,711	638,886	892,597		594,321	1,091,579
360,845,683	107,973,666	256,962,502	364,936,168		5,874,050	1,783,565
\$ 360,845,683	\$ 108,811,624	\$ 259,249,698	\$ 368,061,322	\$	9,458,902	\$ 7,780,995

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - FOOD SERVICE FUND
YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Food Service Fund Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual		
REVENUES:					
	Local and Intermediate Sources:				
	Other Local and Intermediate Sources	\$ 11,440,113	\$ 11,440,113	\$ 10,831,622	\$ (608,491)
5700	Total Local and Intermediate Sources	11,440,113	11,440,113	10,831,622	(608,491)
5800	State Program Revenues	477,358	477,358	481,001	3,643
5900	Federal Program Revenues	10,232,560	10,232,560	10,146,454	(86,106)
5020	Total Revenues	22,150,031	22,150,031	21,459,077	(690,954)
EXPENDITURES:					
	Current:				
0035	Food Services	21,625,511	21,746,995	19,824,550	1,922,445
0051	Plant Maintenance and Operation	2,585,739	2,599,041	2,522,652	76,389
0081	Facilities Acquisition and Construction	-	450,000	-	450,000
	Total Expenditures	24,211,250	24,796,036	22,347,202	2,448,834
1100	Excess of Revenues Over Expenditures	(2,061,219)	(2,646,005)	(888,125)	1,757,880
0100	FUND BALANCE - September 1	3,712,705	3,712,705	3,712,705	-
3000	FUND BALANCE - August 31	\$ 1,651,486	\$ 1,066,700	\$ 2,824,580	\$ 1,757,880

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Debt Service Fund 500-599			Variance with Final Budget - Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
	Local and Intermediate Sources:				
	Investment Income	\$ 40,000	\$ 40,000	\$ 106,203	\$ 66,203
	Other Local and Intermediate Sources	107,201,847	107,201,847	\$ 109,833,886	2,632,039
5700	Total Local and Intermediate Sources	107,241,847	107,241,847	109,940,089	2,698,242
5900	Federal Program Revenues	480,338	480,338	488,229	7,891
5020	Total Revenues	107,722,185	107,722,185	110,428,318	2,706,133
EXPENDITURES:					
	Current:				
0071	Debt Service:				
	Principal	53,472,420	53,472,420	52,472,420	1,000,000
	Interest and Fiscal Charges	54,254,125	56,366,734	56,083,212	283,522
	Total Expenditures	107,726,545	109,839,154	108,555,632	1,283,522
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,360)	(2,116,969)	1,872,686	3,989,655
OTHER FINANCING SOURCES (USES):					
7916	Net premiums or discounts on Issuance of Bonds	-	-	2,676	2,676
7910	Payment for Issuance Cost	-	-	-	-
	Total Other Financing Sources (Uses)	-	-	2,676	2,676
1200	Excess (Deficiency) of revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,360)	(2,116,969)	1,875,362	3,992,331
0100	FUND BALANCE - September 1	24,229,953	24,229,953	24,229,953	-
3000	FUND BALANCE - August 31	\$ 24,225,593	\$ 22,112,984	\$ 26,105,315	\$ 3,992,331

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
YEAR ENDED AUGUST 31, 2014**

	Agency Fund			
	10 Balance September 1, 2013	5020 Additions	6030 Deductions	11 Balance August 31, 2014
ASSETS				
Cash and Temporary Investments	\$ 1,106,442	\$ 2,062,681	\$ 1,999,887	\$ 1,169,236
Total Assets	<u>\$ 1,106,442</u>	<u>\$ 2,062,681</u>	<u>\$ 1,999,887</u>	<u>\$ 1,169,236</u>
LIABILITIES				
Accounts Payable	\$ 48,511	\$ 2,026,761	\$ 2,011,450	\$ 63,822
Due to Outside Entities	67,861	127,337	127,337	67,861
Due to Other Governments	35,044	2,930	3,292	34,682
Due to Student Groups	955,026	2,155,849	2,108,004	1,002,871
Total Liabilities	<u>\$ 1,106,442</u>	<u>\$ 4,312,877</u>	<u>\$ 4,250,083</u>	<u>\$ 1,169,236</u>

**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.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to assist the reader in understanding how the District's financial position has changed over time.	1, 2, 3, & 4
Revenue Capacity 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.	5, 6, 7, 8, & 9
Debt Capacity 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.	10, 11, 12, & 13
Economic and Demographic Information 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.	14, 15, & 16
Operating Information 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.	17, 18, 19, & 20

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

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

Fiscal Year Ended August 31:	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
Instruction	\$ 208,660,486	\$ 222,525,780	\$ 233,395,301	\$ 260,273,302	\$ 275,575,208
Instruction Resources & Media Services	5,444,107	5,744,657	5,904,269	6,409,402	6,617,443
Curriculum & Instructional Staff Development	3,609,781	3,929,105	4,003,597	5,125,262	6,140,070
Instructional Leadership	6,199,303	6,548,039	6,187,863	6,923,768	7,452,181
School Administration	19,060,412	20,669,902	22,041,362	23,742,376	27,239,901
Guidance and Counseling	14,535,970	15,304,315	15,563,635	17,594,388	18,828,242
Social Work Services	45,729	56,099	57,799	63,407	107,506
Health Services	3,158,096	3,339,351	3,506,757	3,874,420	4,271,152
Pupil Transportation	6,916,476	7,310,324	7,836,125	8,584,076	8,755,641
Food Services	15,902,061	16,785,294	17,219,548	18,729,379	19,902,076
Co-Curricular Activities	9,765,689	10,748,037	11,462,276	12,436,255	13,715,486
General Administration	9,108,062	9,482,237	10,228,021	10,818,488	10,083,602
Plant Maintenance and Operation	38,033,030	34,388,751	40,722,312	52,752,452	39,867,541
Security and Monitoring	766,690	787,568	817,228	907,912	939,419
Data Processing Services	3,636,121	4,424,367	5,279,923	6,374,009	7,094,566
Community Services	3,345,325	3,633,360	3,884,237	4,644,760	4,795,969
Interest and Fiscal Charges	33,712,898	40,514,548	35,943,533	42,532,707	47,734,528
Other Facility Costs	8,116,120	4,126,204	9,346,603	12,159,730	12,552,738
Fiscal Agent/Member District of Shared Service Arrangement	137,200	112,253	183,600	216,000	163,800
Alternative Education Program	601,051	718,345	634,391	544,858	329,923
Other Intergovernmental Charges	-	-	-	-	2,688,343
Total governmental expenses	\$ 390,754,607	\$ 411,148,536	\$ 434,218,380	\$ 494,706,951	\$ 514,855,335
Program Revenues					
Governmental activities:					
Charges for Service					
Instruction & Instructional Related Services	\$ 1,828,183	\$ 2,049,978	\$ 3,772,417	\$ 3,343,832	\$ 4,489,515
Food Services	11,623,008	12,330,866	10,846,625	10,495,811	9,870,594
Cocurricular/Extracurricular Activities	2,107,921	2,441,734	2,316,339	2,270,110	1,990,018
Plant Maintenance and Operations	419,513	719,024	572,796	523,627	419,396
Community Services	2,820,891	3,197,971	3,394,650	3,321,551	3,074,598
Other Activities	451,739	485,689	695,079	1,203,183	1,198,937
Operating Grants and Contributions	33,043,826	37,627,818	40,154,971	45,154,720	47,107,497
Total Primary Government Program Revenues	52,295,081	58,853,080	61,752,877	66,312,834	68,150,555
Net (Expense)/Revenue					
Total Primary Government Net Expense	\$ (338,459,526)	\$ (352,295,456)	\$ (372,465,503)	\$ (428,394,117)	\$ (446,704,780)
General Revenues					
Property Taxes, Levied for General Purposes	\$ 257,030,349	\$ 273,940,175	\$ 263,426,055	\$ 227,576,466	\$ 245,065,937
Property Taxes, Levied for Debt Service	46,307,705	49,285,770	61,240,281	71,824,072	79,763,441
Unrestricted State Aid Formula Grants	32,689,819	20,696,322	55,959,321	111,285,977	101,366,379
Medicaid Reimbursement	259,349	2,211,943	519,627	447,727	863,715
Unrestricted Federal Aid	1,527,210	3,064,901	5,286,068	1,967,127	1,179,995
Investment Earnings	5,544,472	9,863,481	16,072,818	12,095,389	4,436,309
Miscellaneous	1,034,958	313,985	1,182,060	2,877,938	1,825,683
Total Primary Government General Revenues	344,393,862	359,376,577	403,686,230	428,074,696	434,501,459
Total governmental revenues	\$ 396,688,943	\$ 418,229,657	\$ 465,439,107	\$ 494,387,530	\$ 502,652,014
Change in Net Position	\$ 5,934,336	\$ 7,081,121	\$ 31,220,727	\$ (319,421)	\$ (12,203,321)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Table - 1

2010	2011	2012	2013	2014
\$ 281,620,908	\$ 288,131,488	\$ 279,955,524	\$ 282,653,927	\$ 289,905,880
6,579,218	6,708,232	6,262,370	6,473,535	6,733,833
6,049,840	6,455,220	6,057,340	4,426,798	4,461,763
6,927,337	7,406,223	6,761,534	6,843,861	7,545,360
25,468,736	25,928,350	24,953,147	26,467,904	27,421,044
18,759,542	19,133,441	17,451,208	17,628,277	18,166,936
107,114	100,608	98,150	100,963	98,600
4,333,720	4,606,909	4,481,729	4,842,853	4,934,261
9,351,970	9,529,155	9,938,802	10,328,260	9,910,427
20,547,788	20,460,244	20,080,887	20,648,885	21,296,674
13,875,563	14,874,422	14,682,758	16,434,607	16,615,878
9,591,098	9,200,921	8,565,384	8,795,533	9,220,556
41,074,887	40,156,334	39,331,624	46,728,086	55,189,668
912,856	938,328	994,727	915,428	1,241,366
5,943,920	6,102,614	6,667,960	8,347,142	11,744,444
5,008,193	4,910,278	4,909,867	4,895,546	5,105,551
47,244,599	50,097,646	48,154,399	51,615,410	52,358,811
17,596,170	11,272,489	9,356,373	30,358,431	12,360,716
238,000	201,500	170,500	170,500	147,600
611,252	153,614	246,797	135,992	104,308
2,768,705	2,768,281	2,739,368	2,725,986	2,731,183
\$ 524,611,416	\$ 529,136,297	\$ 511,860,448	\$ 551,537,924	\$ 557,294,859
\$ 3,337,481	\$ 2,441,643	\$ 3,929,999	\$ 3,098,301	\$ 4,168,959
10,698,511	10,225,992	8,895,203	10,265,965	9,098,179
2,246,881	1,779,880	1,581,926	1,849,881	2,094,253
747,845	974,322	1,998,227	1,310,949	5,029,422
3,008,535	4,119,209	4,447,814	4,595,832	4,799,786
1,163,296	1,193,607	807,675	727,470	639,056
60,913,693	73,348,310	50,608,327	45,320,097	52,005,091
82,116,242	94,082,963	72,269,171	67,168,495	77,834,746
\$ (442,495,174)	\$ (435,053,334)	\$ (439,591,277)	\$ (484,369,429)	\$ (479,460,113)
\$ 243,499,386	\$ 237,128,747	\$ 242,746,951	\$ 247,466,001	\$ 262,361,996
86,144,920	88,157,176	89,872,719	98,391,651	109,933,968
101,862,834	119,824,122	109,838,538	99,178,158	101,845,393
2,422,209	817,643	6,811,600	2,293,021	785,020
1,237,177	2,317,192	3,707,080	7,728,644	4,016,960
1,046,795	596,419	525,344	692,103	526,725
1,000,192	743,362	717,352	924,739	1,021,541
437,213,513	449,584,661	454,219,584	456,674,317	480,491,603
\$ 519,329,755	\$ 543,667,624	\$ 526,488,755	\$ 523,842,812	\$ 558,326,349
\$ (5,281,661)	\$ 14,531,327	\$ 14,628,307	\$ (27,695,112)	\$ 1,031,490

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

Fiscal Year Ended August 31:	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 77,107,432	\$ 75,482,779	\$ 79,230,889	\$ 95,241,278
Restricted				
Food Service	500,169	496,120	625,897	465,126
Grants	-	-	-	-
Debt Service	11,027,137	-	-	-
Unrestricted	(47,280,503)	(27,543,543)	(200,703)	(16,369,742)
Total primary government net position	\$ 41,354,235	\$ 48,435,356	\$ 79,656,083	\$ 79,336,662

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

Table - 2

2009	2010	2011	2012	2013	2014
\$ 96,071,603	\$ 89,609,708	\$ 75,709,046	\$ 94,859,322	\$ 106,986,251	\$ 119,340,474
591,559	553,210	3,010,841	3,706,224	3,712,705	2,824,580
-	-	481,060	299,146	451,522	1,515,798
-	3,802,228	17,546,501	22,069,672	14,676,604	6,205,159
(29,529,821)	(32,113,466)	(20,364,441)	(29,923,050)	(69,152,829)	(72,180,268)
\$ 67,133,341	\$ 61,851,680	\$ 76,383,007	\$ 91,011,314	\$ 56,674,253	\$ 57,705,743

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

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

Fiscal Year Ended August 31:	2005	2006	2007	2008
Revenues				
Local Sources:				
Property Taxes	\$ 304,885,381	\$ 322,152,579	\$ 324,905,827	\$ 300,179,722
Interest	5,443,591	9,698,881	15,870,053	11,952,030
Other	21,348,946	23,072,443	24,062,891	25,823,623
State Sources	48,237,752	38,747,724	76,409,975	134,700,520
Federal Sources	18,223,202	24,076,835	24,221,728	21,711,420
Total Revenue	398,138,872	417,748,462	465,470,474	494,367,315
Expenditures				
Instruction	198,756,530	211,576,146	222,031,041	246,981,627
Instructional Resources & Media Services	4,996,321	5,223,569	5,381,296	5,803,868
Curriculum and Instructional Staff Development	3,593,499	3,917,741	3,990,670	5,115,313
Instructional Leadership	6,183,698	6,515,635	6,142,297	6,880,637
School Administration	18,906,810	20,488,076	21,842,800	23,505,939
Guidance and Counseling	14,436,438	15,205,667	15,451,797	17,468,940
Social Work Services	45,795	56,266	57,914	63,548
Health Services	3,121,114	3,298,462	3,462,796	3,822,972
Pupil Transportation	6,885,749	7,235,254	7,727,669	8,476,551
Food Services	15,144,537	15,983,689	16,520,822	17,807,633
Co - Curricular Activities	8,268,362	9,088,454	9,614,950	9,965,597
General Administration	9,065,762	9,358,604	10,097,201	10,693,760
Plant Maintenance and Operations	38,030,447	34,311,650	40,484,981	52,716,130
Security and Monitoring	719,679	738,633	767,889	858,762
Data Processing Services	3,604,610	4,214,430	5,089,281	6,083,006
Community Services	3,287,525	3,559,324	3,808,679	4,251,803
Debt Service				
Principal	20,755,067	18,525,000	22,700,611	23,595,220
Interest	28,977,766	29,517,158	45,378,860	46,279,548
Other Facility Costs	79,910,310	32,376,842	79,105,696	88,746,927
Intergovernmental Charges	738,251	830,598	817,991	760,858
Total expenditures	465,428,270	432,021,198	520,475,241	579,878,639
Other financing sources (uses)				
Refunding Bonds Issued	17,697,694	252,336,859	155,581,503	-
Transfers In	178,369	-	-	-
Issuance of Debt	45,000,000	54,645,683	102,386,261	87,745,000
Sale of Real & Personal Property	31,482	42,789	52,582	24,864
Premium on Issuance of Bonds	4,206,472	42,334,986	22,253,172	240,000
Transfers Out	(96,741)	-	-	-
Payments to Refunded Bond Escrow Agent	(20,473,901)	(291,602,901)	(173,473,424)	-
Total other financing sources (uses)	46,543,375	57,757,416	106,800,094	88,009,864
Prior Period Adjustment	2,205,419	-	-	-
Net changes in fund balances	\$ (20,746,023)	\$ 43,484,680	\$ 51,795,327	\$ 2,498,540
Debt service as a percentage of noncapital expenditures (1)	12.66%	11.92%	15.12%	13.90%

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

2009	2010	2011	2012	2013	2014
\$ 322,697,841	\$ 331,544,587	\$ 326,407,429	\$ 333,666,938	\$ 345,080,200	\$ 372,025,114
4,367,527	1,027,363	583,103	505,486	680,877	522,573
24,918,353	23,946,287	22,623,729	24,730,619	23,657,390	27,987,700
125,619,482	122,825,368	143,098,832	134,480,516	119,133,244	127,962,753
23,400,527	41,847,993	51,571,002	34,542,294	34,392,821	29,331,524
501,003,730	521,191,598	544,284,095	527,925,853	522,944,532	557,829,664
263,191,773	265,012,438	271,554,272	260,663,523	263,224,433	270,076,377
6,042,544	5,912,652	6,021,719	5,494,896	5,696,271	5,927,045
6,114,311	6,011,497	6,484,525	6,024,558	4,393,504	4,425,938
7,130,744	6,808,006	7,832,930	6,376,792	7,002,442	7,418,580
27,024,895	25,203,341	25,578,743	24,408,361	25,917,503	26,778,497
18,755,490	18,636,783	18,967,277	17,220,848	17,393,047	17,916,846
108,042	107,273	100,546	97,869	100,690	98,206
4,232,494	4,277,112	4,529,805	4,390,500	4,750,918	4,834,968
8,677,229	9,242,192	9,394,593	9,804,239	10,193,698	9,775,804
18,979,584	19,459,341	19,152,354	18,585,539	19,387,635	19,831,230
10,889,869	10,661,335	10,242,158	9,619,403	9,886,996	10,423,856
9,241,283	9,401,022	9,859,951	8,346,364	8,539,387	8,535,860
39,727,069	40,606,834	39,992,155	38,499,516	46,339,019	54,542,532
897,112	889,694	923,348	996,357	901,930	1,227,343
6,830,649	5,394,418	5,640,850	6,264,730	7,778,867	8,217,909
4,392,688	4,600,979	4,571,472	4,509,308	4,495,334	4,664,475
25,900,241	23,584,821	29,823,611	42,420,121	52,584,938	52,472,420
50,627,806	62,484,307	60,642,813	48,916,271	46,508,534	56,679,027
81,619,073	155,001,454	74,166,666	45,731,829	128,529,634	109,475,852
3,182,066	3,617,957	3,123,395	3,156,665	3,032,478	2,983,091
593,564,962	676,913,456	608,603,183	561,527,689	666,657,258	676,305,856
5,350,000	28,440,000	33,659,938	62,686,456	68,060,000	-
-	-	-	-	-	-
167,045,000	91,715,000	48,685,000	88,503,544	112,275,000	67,435,000
45,649	58,641	157,495	278,177	86,156	180,002
4,773,268	3,668,653	2,655,676	20,522,790	15,273,545	3,167,402
-	-	-	-	-	-
(5,450,359)	(29,891,161)	(35,738,783)	(72,222,008)	(79,716,841)	-
171,763,558	93,991,133	49,419,326	99,768,959	115,977,860	70,782,404
-	-	-	-	-	-
\$ 79,202,326	\$ (61,730,725)	\$ (14,899,762)	\$ 66,167,123	\$ (27,734,866)	\$ (47,693,788)
14.61%	15.97%	16.60%	17.43%	17.47%	18.87%

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

Fiscal Year Ended August 31:	2005	2006	2007	2008
General Fund:				
Non-spendable	\$ 7,327,991	\$ 698,635	\$ 608,853	\$ 498,990
Restricted	1,101,848	-	-	-
Committed	-	45,000,000	45,000,000	45,000,000
Unassigned	88,489,591	66,811,540	88,269,369	86,138,856
Total General Fund	\$ 96,919,430	\$ 112,510,175	\$ 133,878,222	\$ 131,637,846
All Other Governmental Funds:				
Non-spendable	\$ 503,223	\$ 499,006	\$ 627,704	\$ 488,250
Restricted	11,346,094	41,456,547	71,830,758	76,497,868
Committed	2,770,065	2,763,183	2,687,554	2,898,814
Total All Other Governmental Funds	\$ 14,619,382	\$ 44,718,736	\$ 75,146,016	\$ 79,884,932
Total Governmental Funds	\$ 111,538,812	\$ 157,228,911	\$ 209,024,238	\$ 211,522,778

Sources of Information: Balance Sheet Governmental Funds

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Table - 4

2009	2010	2011	2012	2013	2014
\$ 538,412	\$ 374,997	\$ 263,970	\$ 435,003	\$ 211,097	\$ 173,544
-	534,852	719,912	-	-	-
45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000
72,156,071	74,761,188	87,335,085	101,532,888	96,179,411	99,372,254
<u>\$ 117,694,483</u>	<u>\$ 120,671,037</u>	<u>\$ 133,318,967</u>	<u>\$ 146,967,891</u>	<u>\$ 141,390,508</u>	<u>\$ 144,545,798</u>
\$ 592,946	\$ 562,316	\$ 509,836	\$ 483,470	\$ 423,110	\$ 506,750
169,326,493	104,625,785	77,187,158	129,588,374	106,983,623	55,076,189
3,111,182	3,135,241	3,078,656	3,222,005	3,729,633	4,704,349
<u>\$ 173,030,621</u>	<u>\$ 108,323,342</u>	<u>\$ 80,775,650</u>	<u>\$ 133,293,849</u>	<u>\$ 111,136,366</u>	<u>\$ 60,287,288</u>
<u>\$ 290,725,104</u>	<u>\$ 228,994,379</u>	<u>\$ 214,094,617</u>	<u>\$ 280,261,740</u>	<u>\$ 252,526,874</u>	<u>\$ 204,833,086</u>

**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
2004	\$ 300,081,153	\$ 297,076,795	99.00%	\$ 2,375,079	\$ 299,442,672	99.79%
2005	319,461,652	316,082,747	98.94%	2,686,306	318,769,053	99.78%
2006	320,747,761	317,503,824	98.99%	2,428,361	319,932,185	99.75%
2007	295,398,819	292,659,331	99.07%	1,920,497	294,579,828	99.72%
2008	319,855,271	316,941,339	99.09%	1,906,708	318,848,047	99.69%
2009	327,214,703	324,566,517	99.19%	1,187,002	325,753,519	99.55%
2010	324,469,662	322,793,734	99.48%	303,325	323,097,059	99.58%
2011	330,122,034	328,956,578	99.65%	(93,587)	328,862,991	99.62%
2012	342,977,539	341,587,684	99.59%	154,612	341,742,296	99.64%
2013	366,719,733	364,936,168	99.51%	-	364,936,168	99.51%

(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
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
2013	1.0400	0.4130	1.4530
2014	1.0400	0.4370	1.4770

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
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
2013	17,741,329,368	615,219,945	6,090,480,644	312,951,363
2014	18,548,727,555	742,518,427	6,590,626,517	329,230,943

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
\$ 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
1,069,775,943	2,783,209,167 *	23,046,548,096	1.453
1,162,690,402	2,942,806,648	24,430,987,196	1.477

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

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

Fiscal Year Ended August 31:	2005	2006	2007	2008	2009
City of Carrollton	\$ 0.59930	\$ 0.63288	\$ 0.63288	\$ 0.61788	\$ 0.61788
City of Coppell	0.64860	0.64860	0.64146	0.64146	0.64146
Town of Copper Canyon	0.16041	0.17027	0.17027	0.19027	0.19027
Denton County	0.25480	0.24648	0.23192	0.23589	0.23577
Denton County FWSD#1-B	1.00000	1.00000	0.95000	0.90000	0.90000
Denton County FWSD#1-D	1.00000	1.00000	0.95000	0.90000	0.90000
Denton County FWSD#1-E	1.00000	1.00000	0.95000	0.90000	0.90000
Denton County FWSD#1-F	-	-	-	-	-
Denton County LID#1	-	-	0.15500	0.15500	0.16500
Denton County RUD#1	0.45000	0.43000	0.42000	0.40000	0.38000
Town of Double Oak	0.22000	0.22000	0.22000	0.22481	0.22481
Town of Flower Mound	0.44970	0.44970	0.44970	0.44970	0.44970
City of Frisco	0.42296	0.44489	0.45000	0.45000	0.45000
City of Highland Village	0.56963	0.56963	0.56963	0.56963	0.56963
City of Lewisville	0.45050	0.45679	0.45679	0.44050	0.44021
City of Plano	0.45350	0.45350	0.47350	0.47350	0.47350
Tarrant County	-	-	-	-	-
Tarrant County College District	-	-	-	-	-
Tarrant County Hosp District	-	-	-	-	-
City of The Colony	0.72000	0.72000	0.71500	0.69750	0.69000
Total	\$ 8.39940	\$ 8.44274	\$ 8.43615	\$ 8.24614	\$ 8.22823

District Direct Rate:

Maintenance & Operations	1.5000	1.5000	1.3300	1.0400	1.0400
Debt Service	0.2700	0.2700	0.3100	0.3300	0.3400
Total District Direct Rates	1.7700	1.7700	1.6400	1.3700	1.3800

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

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

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Table - 8

	2010	2011	2012	2013	2014
\$	0.61788	\$ 0.61788	\$ 0.61788	\$ 0.61788	\$ 0.61788
	0.64146	0.69046	0.69046	0.67046	0.63750
	0.20171	0.30171	0.30171	0.30171	0.29751
	0.24980	0.27390	0.27736	0.28287	0.28491
	0.90000	0.90000	0.88000	0.88000	0.88000
	0.90000	0.90000	0.90000	0.90000	0.90000
	0.90000	0.90000	0.90000	0.90000	0.90000
	-	-	-	1.00000	1.00000
	0.16500	0.16350	0.16350	0.20700	0.18500
	0.35000	0.17000	0.11000	0.01000	N/A
	0.22481	0.22481	0.22481	0.22481	0.22481
	0.44970	0.44970	0.44970	0.44970	0.44970
	0.46500	0.46500	0.46191	0.46191	0.46191
	0.56963	0.56963	0.56963	0.56963	0.56963
	0.44021	0.44021	0.44021	0.44021	0.44021
	0.48860	0.48860	0.48860	0.48860	0.48860
	-	-	-	0.26400	0.26400
	-	-	-	0.14897	0.14950
	-	-	-	-	0.22790
	0.68800	0.68550	0.68300	0.68050	0.67750
\$	8.25180	\$ 8.24090	\$ 8.15877	\$ 9.49825	\$ 9.65655
	1.0400	1.0400	1.0400	1.0400	1.0400
	0.3687	0.3867	0.3860	0.4130	0.4370
	1.4087	1.4267	1.4260	1.4530	1.4770

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

Principal Taxpayers	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Digital Lewisville LLC	\$ 98,400,000	1	0.40%	\$ -	-	-
Sysco Food Services of Dallas LP	87,145,664	2	0.36%	60,751,658	3	-
Verizon Southwest	69,093,700	3	0.28%	80,998,610	1	0.48%
Vista Ridge Joint Venture	65,991,874	4	0.27%	46,233,735	8	0.27%
Oncor Elec Delivery Co	63,283,980	5	0.26%	58,264,609	4	0.35%
BRE Throne Shops at Highland Village LLC	61,813,365	6	0.25%	-	-	-
Frankel, Edward B MD TR	60,410,100	7	0.25%	47,964,159	6	0.28%
Columbia Medical Center Lewisville	58,000,000	8	-	-	-	0.00%
TIC Lago Vista LP Etal	56,179,200	9	0.23%	-	-	-
Frito-Lay Inc	51,255,627	10	-	44,307,131	9	0.26%
Southwest Property LP	-	-	-	72,058,933	2	0.43%
Teachers Ins & Annuity Assn	-	-	-	48,174,156	5	0.29%
Texas-New Mexico Power Co	-	-	-	47,646,714	7	0.28%
Western Rim Inv 1998-4 LP	-	-	-	40,750,004	10	0.24%
Total Ten Principal Taxpayers	\$ 671,573,510		2.30%	\$ 547,149,709		2.88%
Total Taxable Assessed Value	\$24,430,987,196			\$16,880,106,282		

Source of Information: 2013 Certified Top 10 Taxpayers Report from Denton Central Appraisal District

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
August 31, 2014
(Unaudited)

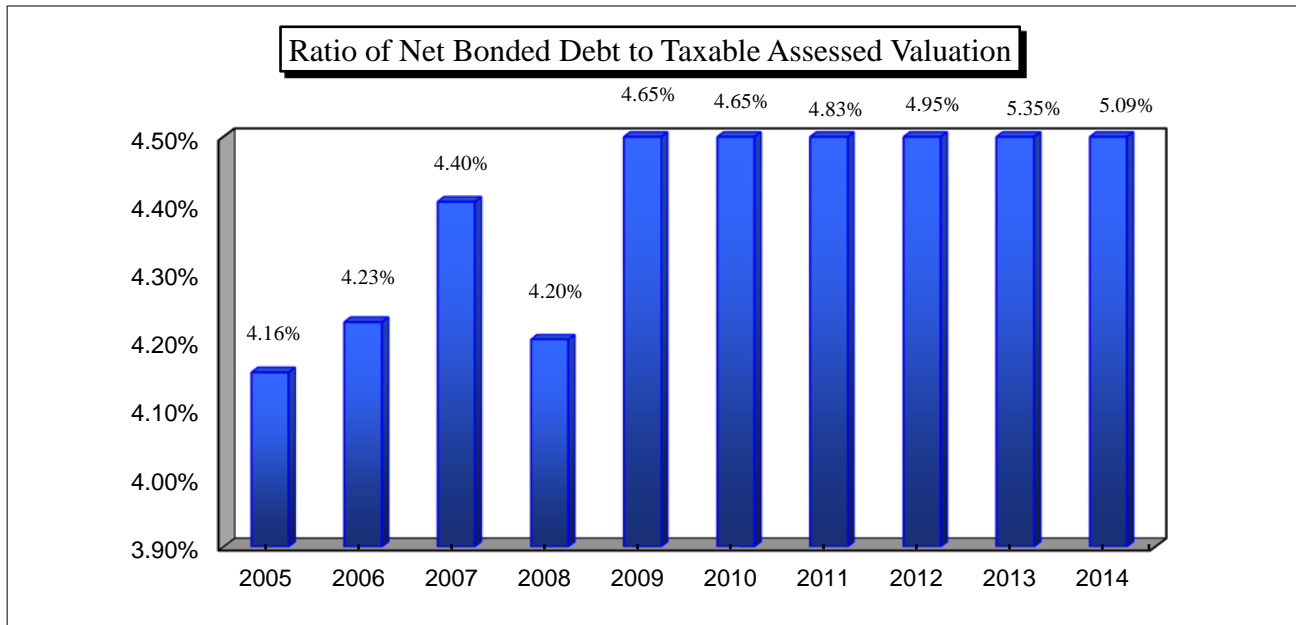
Taxing Jurisdiction	Bonded Debt	Overlapping	
		Percent	Amount
City of Carrollton	\$ 161,780,000	31.66%	\$ 51,219,548
City of Coppell	76,025,000	2.02%	1,535,705
Town of Copper Canyon	1,620,000	76.62%	1,241,244
Denton County	614,975,000	41.10%	252,754,725
Denton County FWSD #1-B	12,525,000	100.00%	12,525,000
Denton County FWSD #1-D	24,530,000	100.00%	24,530,000
Denton County FWSD #1-E	24,040,000	100.00%	24,040,000
Denton County FWSD #1-F	25,893,000	100.00%	25,893,000
Denton County LID #1	9,410,000	68.60%	6,455,260
Town of Flower Mound	129,675,000	83.52%	108,304,560
City of Frisco	326,157,815	5.29%	17,253,748
City of Highland Village	25,520,000	100.00%	25,520,000
City of Lewisville	95,605,000	98.29%	93,970,155
City of Plano	310,336,163	3.65%	11,327,270
Tarrant County	317,820,000	0.08%	254,256
Tarrant County College District	6,406,640	0.08%	5,125
Tarrant County Hosp District	47,440,000	0.08%	37,952
City of The Colony	92,225,000	96.55%	89,043,238
Total Estimated Overlapping Debt			745,910,786
Lewisville ISD			1,269,178,364
Total Direct and Overlapping Debt			\$ 2,015,089,150

Source of Information: Individual Taxing Jurisdictions, Municipal Advisory Council of Texas

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.

**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	Total Bonded Debt Outstanding at Year End	Amounts Available for Retirement of Bonds
2005	\$ 16,880,106,282	100%	\$ 714,345,913	\$ 12,941,530
2006	17,730,993,540	100%	765,445,234	15,574,624
2007	18,881,927,080	100%	844,526,415	12,793,335
2008	21,061,221,028	100%	901,896,855	16,577,078
2009	21,911,662,802	100%	1,041,201,573	21,634,453
2010	23,200,406,048	100%	1,101,234,737	23,529,345
2011	22,507,417,241	100%	1,109,691,388	22,775,495
2012	23,095,990,992	100%	1,167,429,077	23,575,864
2013	23,046,548,096	100%	1,256,272,880	24,227,165
2014	24,430,987,196	100%	1,269,178,364	26,100,728



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

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
\$ 701,404,383	4.16%	270,402	\$ 2,594	\$ 62,426	3.53%
749,870,610	4.23%	271,526	2,762	65,301	3.39%
831,733,080	4.40%	266,237	3,124	70,921	3.46%
885,319,777	4.20%	272,836	3,245	77,194	3.40%
1,019,567,120	4.65%	283,699	3,594	77,236	3.99%
1,077,705,392	4.65%	282,889	3,810	82,012	3.99%
1,086,915,893	4.83%	294,609	3,689	76,398	3.74%
1,143,853,213	4.95%	303,646	3,767	76,062	(A)
1,232,045,715	5.35%	310,590	3,967	74,202	(A)
1,243,077,636	5.09%	318,317	3,905	76,750	(A)

(A) Not available at time of publication.

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

Fiscal Year Ended August 31:	2005	2006	2007	2008
Debt Limit	\$ 1,688,010,628	\$ 1,773,099,354	\$ 1,888,192,708	\$ 2,106,122,103
Total net debt applicable to limit	<u>701,404,383</u>	<u>749,870,610</u>	<u>831,733,080</u>	<u>885,319,777</u>
Legal debt margin	<u>\$ 986,606,245</u>	<u>\$ 1,023,228,744</u>	<u>\$ 1,056,459,628</u>	<u>\$ 1,220,802,326</u>
Total net debt applicable to the limit as a percentage of debt limit	41.55%	42.29%	44.05%	42.04%

Source of Information: Denton Central Appraisal District.

Notes:

- (1) The 2013 tax year appraised value is used for fiscal year 2014 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.

2009	2010	2011	2012	2013	2014
\$ 2,191,166,280	\$ 2,320,040,605	\$ 2,250,741,724	\$ 2,309,599,099	\$ 2,304,654,810	\$ 2,443,098,720
1,019,567,120	1,077,705,392	1,086,915,893	1,143,853,213	1,232,045,715	1,243,077,636
<u>\$ 1,171,599,160</u>	<u>\$ 1,242,335,213</u>	<u>\$ 1,163,825,831</u>	<u>\$ 1,165,745,886</u>	<u>\$ 1,072,609,095</u>	<u>\$ 1,200,021,084</u>
46.53%	46.45%	48.29%	49.53%	53.46%	50.88%

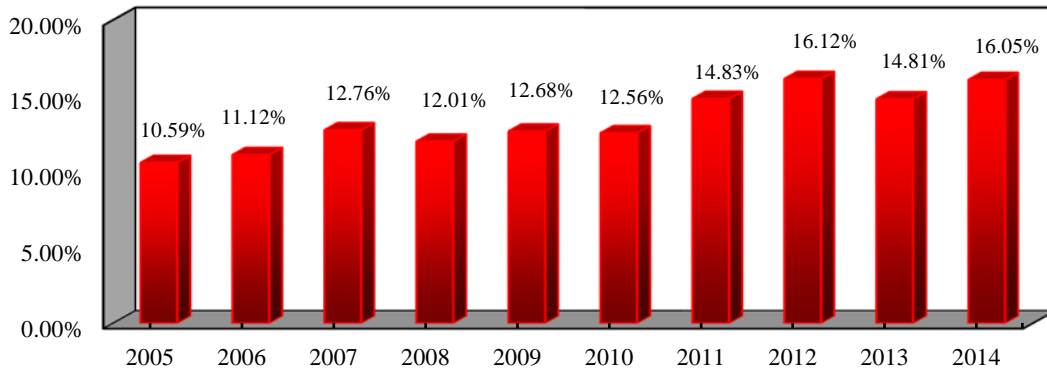
Legal Debt Margin Calculation for Fiscal Year 2014

Total Appraised Valuation (1)	\$ 27,373,793,844
Less - Exemptions and Reductions in Value (2)	2,942,806,648
Total Appraised Valuation for School Tax Purpose	<u>24,430,987,196</u>
Debt Limit Percentage	10%
Legal Debt Limit	<u>2,443,098,720</u>
Total Bonded Debt	1,269,178,364
Less - Reserve for Retirement of Bonded Debt	26,100,728
Net Bonded Debt Applicable to Debt Limit	<u>1,243,077,636</u>
Legal Debt Margin	<u><u>\$ 1,200,021,084</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
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%
2013	52,584,938	46,143,831	98,728,769	666,657,258	14.81%
2014	52,472,420	56,083,212	108,555,632	676,305,856	16.05%

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,		
	2014	2013	2012
Beginning Fund Equity (9/1)	\$ 141,390,508	\$ 146,967,891	\$ 133,318,967
Revenues			
From Ad Valorem Taxes	262,191,228	247,133,955	243,574,570
% of Total Revenue	65.70%	64.92%	62.39%
From State and Federal Funds	125,313,842	125,692,048	137,861,731
% of Total Revenue	31.41%	33.02%	35.31%
From Other Local Sources	11,480,645	7,866,478	8,965,366
% of Total Revenue	2.88%	2.07%	2.30%
Total Revenues	398,985,715	380,692,481	390,401,667
Total Expenditures	396,010,427	386,356,020	376,931,914
Net Transfers and Other Increases (Decreases) to Fund Equity	180,002	86,156	179,171
Ending Fund Equity (8/31)	\$ 144,545,798	\$ 141,390,508	\$ 146,967,891

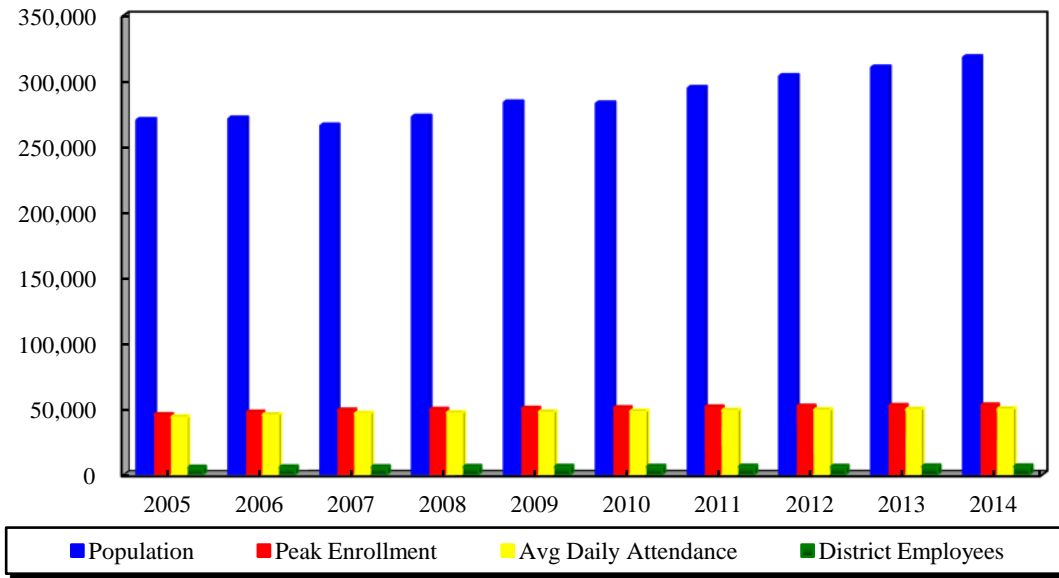
Per Student Calculations:

Assessed Valuation Per Student	\$ 489,623	\$ 464,536	\$ 469,212
Ad Valorem Tax Revenues Per Student	\$ 5,255	\$ 4,981	\$ 4,948
State and Federal Funds Per Student	2,511	2,534	2,801
Other Local Sources Per Student	230	159	182
Total Revenues Per Student	\$ 7,996	\$ 7,674	\$ 7,931
Total Expenditures Per Student	\$ 7,936	\$ 7,788	\$ 7,658
Average Daily Attendance	49,898	49,612	49,223

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
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	5,629
2008	272,836	49,465	46,924	5,796
2009	283,699	50,228	47,582	5,946
2010	282,889	50,657	48,104	5,991
2011	294,609	51,341	48,877	6,112
2012	303,646	51,874	49,223	5,908
2013	310,590	52,406	49,612	6,172
2014	318,317	52,677	49,898	6,212



Note: Fiscal Years 2005 - 2012 District Employees is budgeted positions for general fund and food service only.
District Employees for following years is all budgeted positions.

Source of Information: Lewisville ISD Budget and Student Services Departments, Texas Education Agency, Texas Workforce Commission

Personal Income (000)*	Per Capita Personal Income *	Unemployment Rate *
\$ 19,726,594	\$ 35,629	4.6
22,135,321	37,867	4.2
23,975,815	39,369	3.9
26,010,387	41,280	4.5
25,679,269	39,525	7.1
26,951,348	40,409	7.3
29,666,628	43,271	6.9
31,311,031	44,268	6.0
(A)	(A)	6.7
(A)	(A)	4.9 (B)

* Denton County statistics

(A) Not available at time of publication.

(B) Average thru August 2014

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

Principal Employer	2014			2005		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Lewisville ISD	6,212	1	29.22%	5,262	1	30.66%
J.P. Morgan Chase	4,350	2	20.46%	-	-	-
Frito-Lay Inc	3,000	3	14.11%	2,436	2	14.19%
Nationstar Mortgage	2,300	4	10.82%	1,400	5	8.16%
Wal-Mart SuperCenters/Stores (all District locations)	1,378	5	6.48%	-	-	-
Verizon	912	7	4.29%	-	-	-
Medical Center of Lewisville	800	8	3.76%	800	7	4.66%
Xerox	899	9	4.23%	1,318	6	7.68%
City of Lewisville	690	6	3.25%	-	-	-
Ally Financial Services Group	719	10	3.38%	-	-	-
Vista Ridge Mall	-	-	-	2,288	3	13.33%
Horizon Health Care	-	-	-	1,500	4	8.74%
Sysco Foods	-	-	-	750	8	4.37%
American Building	-	-	-	710	9	4.14%
Household Automotive	-	-	-	700	10	4.08%
Total	21,260			17,164		

Note: Fiscal Year 2005 LISD Employees is budgeted positions for general fund and food service only.
LISD Employees for 2014 is all budgeted positions.

Sources of Information: LISD Budget Department, 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
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%
2013	421,781,594	49,612	8,502	14.0	32.44%
2014	435,173,420	49,898	8,721	14.3	33.62%

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:	2005	2006	2007	2008
Function				
Instruction	3,658.82	3,813.63	4,158.92	4,075.22
Instructional Resources & Media Services	88.50	92.00	90.00	94.00
Curriculum and Instructional Staff Development	29.00	33.00	48.00	40.50
Instructional Leadership	82.86	84.86	84.00	78.00
School Administration	379.99	418.47	452.00	434.97
Guidance and Counseling	231.43	240.43	253.25	250.50
Social Work Services	0.25	0.35	2.00	0.35
Health Services	64.65	67.65	76.50	69.65
Food Services	341.65	317.30	-	334.20
Co - Curricular Activities	13.00	13.33	15.00	14.00
General Administration	80.63	84.13	108.13	86.13
Plant Maintenance and Operations	138.75	133.01	129.76	129.13
Security and Monitoring	1.00	1.00	-	1.00
Data Processing Services	39.50	47.00	77.50	63.00
Community Services	109.50	110.75	133.76	123.76
Facilities Acquisition and Construction	2.00	2.00	-	2.00
Total employees	5,261.53	5,458.91	5,628.82	5,796.41

Note: Fiscal Years 2005 - 2012 Employee Count is budgeted positions for general fund and food service only.
Employee Count for following years is all budgeted positions.

Sources of Information: Lewisville ISD Budget Department

2009	2010	2011	2012	2013	2014
4,142.12	4,175.30	4,249.95	4,137.00	4,362.70	4,350.31
95.00	89.50	92.00	88.50	88.00	101.00
43.00	44.00	44.00	48.13	21.00	26.00
92.50	86.00	87.00	78.37	82.50	93.00
458.00	455.00	471.50	439.00	462.00	473.00
258.50	256.50	259.50	245.00	246.00	251.00
1.50	1.75	1.50	1.50	1.50	1.50
76.00	76.50	79.50	81.50	81.50	82.50
328.38	342.37	359.37	348.32	349.60	349.55
15.00	15.50	15.50	13.50	15.00	16.00
94.63	106.00	106.00	96.50	90.50	92.50
134.76	129.12	132.12	126.13	124.10	127.12
1.00	-	-	-	-	1.00
75.50	76.00	76.00	69.50	111.00	109.00
128.26	137.87	137.87	134.87	132.60	134.12
2.00	-	-	-	4.00	4.00
5,946.15	5,991.41	6,111.81	5,907.82	6,172.00	6,211.60

**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
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
2013	44,115	180	46,992	801	48,867	869	52,134	1,259	62,654	650
2014	46,570	150	49,092	792	49,834	859	52,854	1,289	63,041	615

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
\$ 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
51,717	48,821	64	2,762	912	22
52,786	49,692	57	2,725	903	21

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

School	Campus Size (acres)	Grades	Fiscal Year Ended			
			2005	2006	2007	2008
High Schools:						
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						
Flower Mound 9th Grade Campus (2014)	2.60	9	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Flower Mound High (1999)	59.60	10 - 12	383,280	383,280	383,280	383,280
Square Feet			2,681	2,791	2,863	2,983
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			2,020	2,162	2,336	2,514
Enrollment						
LHS-North (1977) *	15.45	9	96,440	96,440	96,440	96,440
Square Feet			941	n/a	n/a	n/a
Enrollment						
LHS Harmon 9th/10th Grade Campus (2011)	63.82	9 - 10	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
LHS Killough 9th/10th Grade Campus (2005)	18.00	9 - 10	175,658	175,658	175,658	175,658
Square Feet			-	979	987	970
Enrollment						
Lewisville High (1968) / (2012) **	41.00	11 - 12	329,464	329,464	329,464	329,464
Square Feet			2,342	2,470	2,604	2,659
Enrollment						
Lewisville Learning Center (2001)	11.29	6 - 12	49,240	49,240	49,240	49,240
Square Feet			149	143	179	179
Enrollment						
Marcus 9th Grade Campus (2014)	2.50	9	-	-	-	-
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Marcus High (1981)	43.64	10 - 12	438,904	438,904	438,904	438,904
Square Feet			2,664	2,776	2,868	2,912
Enrollment						
The Colony High (1986)	45.98	9 - 12	413,841	413,841	413,841	413,841
Square Feet			1,965	1,935	1,923	1,978
Enrollment						
Middle Schools:						
Arbor Creek Middle (1994)	14.00	6 - 8	118,800	118,800	118,800	118,800
Square Feet			772	823	876	830
Enrollment						

* Delay Middle School as of 2011.

** Some buildings demolished and new buildings built on same acreage.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

Table - 20

2009	2010	Fiscal Year Ended		2013	2014
		2011	2012		
-	-	95,168	95,168	95,168	95,168
-	-	n/a	n/a	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
-	-	-	-	-	115,261
-	-	-	-	-	-
408,080	408,080	408,080	408,080	408,080	517,312
3,046	3,171	3,172	3,240	3,257	3,309
-	179,248	179,248	179,248	179,248	179,248
-	-	824	768	862	886
409,185	409,185	409,185	409,185	409,185	442,827
2,631	2,834	2,106	2,217	2,226	2,346
96,440	96,440	-	-	-	-
n/a	n/a	-	-	-	-
-	-	212,748	212,748	212,748	212,748
-	-	-	531	1,061	1,155
175,658	175,658	175,658	175,658	175,658	175,658
905	908	932	434	936	980
360,822	360,822	360,822	360,822	360,822	416,039
2,648	2,634	2,647	2,682	1,818	1,845
49,240	61,203	61,203	61,203	61,203	61,203
212	280	245	246	209	210
-	-	-	-	-	109,046
-	-	-	-	-	-
474,173	474,173	474,173	474,173	474,173	608,317
3,023	3,086	3,166	3,182	3,224	3,235
427,251	427,251	427,251	427,251	427,251	461,177
1,864	1,892	1,946	1,908	1,955	1,978
121,430	121,430	121,430	121,430	121,430	121,430
778	820	857	923	936	905

(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			
			2005	2006	2007	2008
Briarhill Middle (1995)	12.00	6 - 8				
Square Feet			118,800	118,800	118,800	118,800
Enrollment			897	964	994	1,018
Creek Valley Middle (2001)	19.64	6 - 8				
Square Feet			122,996	122,996	122,996	122,996
Enrollment			900	986	1,043	783
DeLay Middle (1949) *	17.74	6 - 8				
Square Feet			92,456	92,456	92,456	92,456
Enrollment			661	652	665	550
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			585	590	623	610
Durham Middle (2002)	18.89	6 - 8				
Square Feet			122,730	122,730	122,730	122,730
Enrollment			713	790	767	730
Forestwood Middle (1994)	20.84	6 - 8				
Square Feet			135,007	135,007	135,007	135,007
Enrollment			1,134	804	709	661
Griffin Middle (1982) / (2014) **	16.80	6 - 8				
Square Feet			135,212	135,212	135,212	135,212
Enrollment			726	698	716	678
Hedrick Middle (1973)	14.21	6 - 8				
Square Feet			114,212	114,212	114,212	114,212
Enrollment			629	634	633	595
Huffines Middle (1997)	15.00	6 - 8				
Square Feet			119,762	119,762	119,762	119,762
Enrollment			992	991	1,013	945
Killian Middle (2007)	30.60	6 - 8				
Square Feet			-	-	177,267	177,267
Enrollment			-	-	-	481
Lakeview Middle (1989)	28.54	6 - 8				
Square Feet			125,058	125,058	125,058	125,058
Enrollment			863	853	840	797
Lamar Middle (1987)	20.00	6 - 8				
Square Feet			132,716	132,716	132,716	132,716
Enrollment			737	721	813	797
McKamy Middle (1997)	15.00	6 - 8				
Square Feet			121,375	121,375	121,375	121,375
Enrollment			1,031	969	994	1,020
Shadow Ridge Middle (2005)	35.95	6 - 8				
Square Feet			148,350	148,350	148,350	148,350
Enrollment			-	539	700	771
Elementary Schools:						
Bluebonnet Elementary (2000)	12.00	K - 5				
Square Feet			58,605	58,605	58,605	58,605
Enrollment			461	487	537	551

* Purnell Support Center as of FY 2011.

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

2009	2010	Fiscal Year Ended		2013	2014
		2011	2012		
121,173 1,007	121,173 971	121,173 964	121,173 993	121,173 993	121,173 971
125,006 670	125,006 673	125,006 641	125,006 659	125,006 715	125,006 741
92,456 620	92,456 633	92,456 n/a	92,456 n/a	92,456 n/a	92,456 n/a
- -	- -	121,398 756	121,398 804	121,398 845	174,568 903
125,310 667	125,310 670	125,310 716	125,310 701	125,310 677	125,310 658
125,040 693	125,040 729	125,040 782	125,040 829	125,040 813	125,040 770
142,965 655	142,965 652	142,965 633	142,965 640	142,965 637	142,965 659
137,464 680	137,464 673	137,464 682	137,464 692	137,464 696	181,298 747
116,526 618	116,526 634	116,526 609	116,526 619	116,526 622	116,526 665
122,076 909	122,076 937	122,076 896	122,076 910	122,076 902	122,076 867
179,581 581	179,581 671	179,581 746	179,581 844	179,581 864	179,581 921
130,570 837	130,570 820	130,570 791	130,570 774	130,570 834	130,570 795
135,030 797	135,030 772	135,030 802	135,030 832	135,030 845	135,030 789
127,775 1,046	127,775 1,035	127,775 1,078	127,775 1,116	127,775 1,155	127,775 1,130
150,664 781	150,664 772	150,664 782	150,664 794	150,664 804	150,664 774
69,593 563	69,593 567	69,593 541	69,593 536	69,593 474	69,593 481

(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			
			2005	2006	2007	2008
Bridlewood Elementary (1998)	12.82	PPCD, K - 5				
Square Feet			73,100	73,100	73,100	73,100
Enrollment			756	774	795	788
Camey Elementary (1977) / (2014) *	10.31	PPCD, PK - 5				
Square Feet			63,875	63,875	63,875	63,875
Enrollment			607	579	577	551
Castle Hills Elementary (2002)	7.04	K - 5				
Square Feet			73,557	73,557	73,557	73,557
Enrollment			724	446	505	613
Central Elementary (1957)	15.00	PK - 5				
Square Feet			152,952	152,952	152,952	152,952
Enrollment			897	970	1,061	1,122
College Street Elementary (1960)	6.37	PK - 5				
Square Feet			35,601	35,601	35,601	35,601
Enrollment			222	238	248	252
Coyote Ridge Elementary (2005)	16.81	K - 5				
Square Feet			99,939	99,939	99,939	99,939
Enrollment			-	505	638	726
Creekside Elementary (1989)	12.06	K - 5				
Square Feet			60,168	60,168	60,168	60,168
Enrollment			515	532	550	515
Degan Elementary (1973)	15.00	PPCD, PK - 5				
Square Feet			75,764	75,764	75,764	75,764
Enrollment			683	752	749	712
Donald Elementary (1989)	10.00	K - 5				
Square Feet			80,465	80,465	80,465	80,465
Enrollment			621	622	609	566
Ethridge Elementary (1990)	11.42	K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			433	420	444	417
Flower Mound Elementary (1985)	10.05	K - 5				
Square Feet			79,485	79,485	79,485	79,485
Enrollment			537	544	591	631
Forest Vista Elementary (1997)	16.81	PPCD, PK - 5				
Square Feet			85,610	85,610	85,610	85,610
Enrollment			554	538	565	550
Garden Ridge Elementary (1992)	10.00	K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			515	529	499	515
Hebron Valley Elementary (1989)	9.18	PPCD, K - 5				
Square Feet			79,195	79,195	79,195	79,195
Enrollment			667	650	650	638
Hedrick Elementary (1974)	14.21	K - 5				
Square Feet			81,815	81,815	81,815	81,815
Enrollment			652	534	529	582
Heritage Elementary (1993)	13.36	K - 5				
Square Feet			69,620	69,620	80,517	80,517
Enrollment			708	740	750	773
Hicks Elementary (2004)	10.00	PPCD, K - 5				
Square Feet			100,479	100,479	100,479	100,479
Enrollment			253	366	427	515

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

2009	2010	Fiscal Year Ended		2013	2014
		2011	2012		
82,993 777	82,993 754	82,993 732	82,993 645	82,993 576	82,993 532
63,875 577	63,875 542	63,875 545	63,875 537	63,875 513	108,560 510
73,557 689	73,557 722	73,557 771	73,557 768	73,557 784	73,557 791
152,952 907	152,952 934	152,952 897	152,952 920	152,952 905	152,952 960
35,601 274	35,601 263	35,601 253	35,601 264	35,601 363	35,601 355
99,939 649	99,939 594	99,939 691	99,939 622	99,939 613	99,939 608
60,168 528	60,168 553	60,168 463	60,168 491	60,168 453	60,168 449
75,764 650	75,764 642	75,764 646	75,764 631	75,764 675	75,764 632
80,465 540	80,465 517	80,465 492	80,465 462	80,465 478	80,465 503
63,853 422	63,853 426	63,853 424	63,853 431	63,853 522	63,853 518
79,485 600	79,485 592	79,485 582	79,485 565	79,485 527	79,485 505
85,610 539	85,610 529	85,610 502	85,610 474	85,610 461	85,610 549
63,853 537	63,853 527	63,853 500	63,853 474	63,853 479	63,853 458
79,195 675	79,195 661	79,195 621	79,195 644	79,195 627	79,195 600
81,815 588	81,815 636	81,815 682	81,815 668	81,815 565	81,815 578
80,517 775	80,517 748	80,517 719	80,517 710	80,517 688	80,517 671
100,479 641	100,479 670	100,479 759	100,479 660	100,479 666	100,479 633

(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			
			2005	2006	2007	2008
Highland Village Elementary (1981)	6.42	K - 5				
Square Feet			63,823	63,823	63,823	63,823
Enrollment			444	420	428	405
Homestead Elementary (1999)	9.93	K - 5				
Square Feet			74,375	74,375	74,375	74,375
Enrollment			602	604	617	592
Independence Elementary (2008)	14.58	PK - 5				
Square Feet			-	-	-	107,000
Enrollment			-	-	-	-
Indian Creek Elementary (1985)	10.00	PPCD, PK - 5				
Square Feet			76,172	76,172	76,172	76,172
Enrollment			561	577	553	527
Lakeland Elementary (1963) / (2008) *	10.00	K - 5				
Square Feet			81,200	81,200	81,200	81,200
Enrollment			771	764	782	774
Lewisville Elementary (2010)	13.46	K - 5				
Square Feet			-	-	-	-
Enrollment			-	-	-	-
Liberty Elementary (2002)	9.49	K - 5				
Square Feet			73,557	73,557	86,122	86,122
Enrollment			552	688	761	860
McAuliffe Elementary (1987)	11.02	K - 5				
Square Feet			78,776	78,776	78,776	78,776
Enrollment			527	557	555	555
Morningside Elementary (1993)	10.00	K - 5				
Square Feet			63,853	63,853	63,853	63,853
Enrollment			594	608	665	686
Old Settler Elementary (1994)	14.56	K - 5				
Square Feet			83,850	83,850	83,850	83,850
Enrollment			840	790	792	778
Owen Elementary (1987)	30.00	PPCD, PK - 5				
Square Feet			78,776	78,776	78,776	78,776
Enrollment			463	477	440	411
Parkway Elementary (1995)	11.00	K - 5				
Square Feet			75,113	75,113	75,113	75,113
Enrollment			520	500	494	438
Peters Colony Elementary (1980) / (2010) *	10.00	PK - 5				
Square Feet			76,664	76,664	76,664	76,664
Enrollment			613	617	671	653
Polser Elementary (1995)	10.00	PPCD, PK - 5				
Square Feet			73,324	73,324	73,324	73,324
Enrollment			484	459	499	464
Prairie Trail Elementary (1995)	11.65	K - 5				
Square Feet			73,324	73,324	84,221	84,221
Enrollment			723	722	758	739
Rockbrook Elementary (2003)	9.76	K - 5				
Square Feet			73,557	73,557	86,122	86,122
Enrollment			653	682	686	697

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

2009	2010	Fiscal Year Ended		2013	2014
		2011	2012		
63,823 411	63,823 397	63,823 375	63,823 391	63,823 402	63,823 381
74,375 600	74,375 609	74,375 607	74,375 638	74,375 626	74,375 622
107,000 504	107,000 594	107,000 616	107,000 674	107,000 687	107,000 732
76,172 527	76,172 553	76,172 554	76,172 633	76,172 617	76,172 595
107,000 838	107,000 845	107,000 804	107,000 804	107,000 830	107,000 836
- -	99,674 -	99,674 626	101,058 691	101,058 692	101,058 776
86,122 886	86,122 901	86,122 866	86,122 811	86,122 803	86,122 743
78,776 545	78,776 477	78,776 508	78,776 505	78,776 466	78,776 478
63,853 675	63,853 709	63,853 534	63,853 507	63,853 461	63,853 426
83,850 749	83,850 718	83,850 704	83,850 666	83,850 668	83,850 664
78,776 416	78,776 405	78,776 459	78,776 451	78,776 502	78,776 477
75,113 444	75,113 450	75,113 451	75,113 448	75,113 587	75,113 571
76,664 618	76,664 626	107,000 708	107,000 732	107,000 762	107,000 819
73,324 452	73,324 442	73,324 447	73,324 510	73,324 496	73,324 491
84,221 728	84,221 718	84,221 690	84,221 635	84,221 576	84,221 532
86,122 742	86,122 773	86,122 685	86,122 684	86,122 705	86,122 712

(Continued on the following page)

LEWISVILLE INDEPENDENT SCHOOL DISTRICT

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

School	Campus Size (acres)	Grades	2005	Fiscal Year Ended		
				2006	2007	2008
Southridge Elementary (1999)	12.00	K - 5				
Square Feet			74,375	74,375	74,375	74,375
Enrollment			620	631	652	719
Stewarts Creek Elementary (1978)	7.10	PK - 5				
Square Feet			67,020	67,020	67,020	67,020
Enrollment			406	422	448	415
Timber Creek Elementary (1978)	15.91	PPCD, PK - 5				
Square Feet			63,532	63,532	63,532	63,532
Enrollment			535	586	562	562
Valley Ridge Elementary (1996)	14.54	K - 5				
Square Feet			72,947	72,947	83,844	83,844
Enrollment			743	751	770	723
Vickery Elementary (2003)	11.85	K - 5				
Square Feet			74,117	74,117	74,117	74,117
Enrollment			561	568	606	566
Wellington Elementary (1998)	10.05	PPCD, PK - 5				
Square Feet			86,778	86,778	86,778	86,778
Enrollment			865	940	981	1,000
Early Childhood:						
Lillie Jackson Early Childhood Center (2005)	7.66	PPCD, PK	88,290	88,290	88,290	88,290
Square Feet			-	406	403	465
Enrollment						

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.

2009	2010	Fiscal Year Ended		2013	2014
		2011	2012		
74,375 757	74,375 789	74,375 591	74,375 582	74,375 642	74,375 714
67,020 409	67,020 407	67,020 363	67,020 455	67,020 457	67,020 452
63,532 547	63,532 519	63,532 494	63,532 508	63,532 503	63,532 473
83,844 723	83,844 662	83,844 645	83,844 579	83,844 545	83,844 555
74,117 585	74,117 571	74,117 588	74,117 593	74,117 597	74,117 570
86,778 969	86,778 918	86,778 921	86,778 870	86,778 878	86,778 892
88,290 456	88,290 572	88,290 642	88,290 703	88,290 757	88,290 705



Lewisville

Independent

School

District

**FEDERAL AWARDS
SECTION**



REAL INNOVATION
LIMITLESS OPPORTUNITY
LEWISVILLE INDEPENDENT SCHOOL DISTRICT

**INDEPENDENT AUDITOR’S 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, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 8, 2014. Our report includes a reference to other auditors who 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, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
Lewisville Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Houston, Texas
December 8, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lewisville Independent School District complied, in all material respects, with the types of 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, 2014.

To the Board of Trustees
Lewisville Independent School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Houston, Texas
December 8, 2014

LEWISVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2014

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
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:	Unmodified
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:

Name of Federal Program	CFDA Number
US Department of Education	
Special Education Cluster:	
IDEA – Part B, Formula	84.027A
IDEA – Part B, Preschool	84.173A

Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$841,748
--	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

LEWISVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2014

II. Financial Statement Findings

There were no items reported.

III. Federal Award Findings and Questioned Costs

There were no items reported.

IV. Status of Prior Year Findings

Finding #2012-002 – Public Education Information Management System

Corrective Action Taken – Resolved. The District is in compliance with Texas Education Agency reporting requirements.

V. Corrective Action

Not applicable.

LEWISVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of August 31, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF DEFENSE			
Direct Programs			
ROTC	12.000	99-061902	\$ 320,162
Total Direct Programs			<u>320,162</u>
Passed through State Comptroller			
Federal Flood Control Allocation	12.112	17560019550	526,590
Total Passed through State Comptroller			<u>526,590</u>
TOTAL U. S. DEPARTMENT OF DEFENSE			<u>846,752</u>
U. S. DEPARTMENT OF EDUCATION			
Direct Programs			
Impact Aid	84.041	61902	2,454,817
Impact Aid	84.041	61902	442,454
Impact Aid	84.041	61902	372,413
Total Direct Programs			<u>3,269,684</u>
Passed Through State Department of Education			
ESEA Title I Part A - Improving Basic Programs	84.010A	13610101061902	140,978
ESEA Title I Part A - Improving Basic Programs	84.010A	14610101061902	3,278,325
Total ESEA Title I Part A - Improving Basic Programs			<u>3,419,303</u>
IDEA - Part B, Formula **	84.027A	136600010619026600	261,896
IDEA - Part B, Formula **	84.027A	146600010619026600	8,168,240
Total IDEA - Part B, Formula			<u>8,430,136</u>
Vocational Education - Basic Grant	84.048A	14420006061902	321,393
Vocational Education - Basic Grant	84.048A	15420006061902	28,886
			<u>350,279</u>
IDEA - Part B, Preschool **	84.173A	136610010619026610	33,971
IDEA - Part B, Preschool **	84.173A	146610010619026610	170,928
Total IDEA - Part B, Preschool			<u>204,899</u>
Title III, Part A - LEP	84.365A	13671001061902	11,479
Title III, Part A - LEP	84.365A	14671001061902	625,823
Total Title III , Part A - LEP			<u>637,302</u>
Title VI Part A Summer School LEP	84.369A	69551302	32,280

LEWISVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
As of August 31, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ESEA Title II - Teacher Principal Training and Recruiting	84.367A	13694501061902	\$ 2,746
ESEA Title II - Teacher Principal Training and Recruiting	84.367A	14694501061902	654,575
ESEA Title II - Teacher Principal Training and Recruiting	84.367A	15694501061902	5,083
Total ESEA Title II - Teacher Principal Training and Recruiting			<u>662,404</u>
Total Passed Through State Department of Education			<u>13,736,603</u>
Passed Through University of North Texas			
Title III - LEP	84.365A	061902	<u>5,573</u>
Total Passed through University of North Texas			<u>5,573</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>17,011,860</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission			
Medicaid Administrative Claiming Program - MAC	93.778	061902	<u>53,209</u>
Total Passed Texas Department of Human Services			<u>53,209</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>53,209</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture			
<i>Non-cash Assistance (Commodities):</i>			
National School Lunch Program ***	10.555	061902	<u>437,427</u>
Total Passed Through Texas Department of Agriculture			<u>437,427</u>
Passed Through State Department of Education			
<i>Cash Assistance:</i>			
School Breakfast Program ***	10.553	71401401	2,409,312
National School Lunch Program ***	10.555	71301401	<u>7,299,715</u>
Total Passed Through State Department of Education			<u>9,709,027</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>10,146,454</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 28,058,275</u>

** Special Education Cluster (IDEA)

*** 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, 2014. 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)	\$29,331,524
SHARS	(785,020)
Interest subsidy on Build America Bonds	(488,229)
	<u>\$28,058,275</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	\$ 305,867
Impact Aid	3,269,684
Federal Flood Control Allocation	526,590
SHARS	785,020
Indirect Costs -	
ESEA Title I Part A - Improving Basic Programs	55,265
IDEA - Part B, Formula	136,073
IDEA - Part B, Preschool	3,304
Carl D. Perkins Basic Formula	5,055
ESEA Title II, Part A - Teacher Principal Training and Recruiting	10,689
ESEA Title III, Part A - LEP	10,300
	<u>\$ 5,107,847</u>