

CITY OF LEWISVILLE, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

These pages are from the 2011 CAFR

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

11. LONG TERM LIABILITIES

During the year, the City issued General Obligation Refunding Bonds for the purpose of refunding a portion of the City’s outstanding general obligation debt. The City also issued Waterworks and Sewer System Revenue Refunding and Improvement Bonds for the purposes of refunding a portion of the City’s outstanding Waterworks and Sewer System debt and constructing, acquiring, and installing improvements, additions, and extensions to the System.

General Obligation Bonds

General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. Bonds generally are issued as 16-year serial bonds, except for refunding issues, with level debt service requirements each year. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government	0.35% - 5.25%	\$58,235,000

Annual debt service requirements to maturity for General Obligation Bonds, including interest of \$13,221,742 are as follows:

Year Ended September 30	General Obligation Bonds		Total
	<u>Principal</u>	<u>Interest</u>	
2012	6,325,000	2,300,228	8,625,228
2013	6,350,000	2,074,212	8,424,212
2014	5,975,000	1,844,159	7,819,159
2015	5,890,000	1,600,947	7,490,947
2016	5,765,000	1,343,804	7,108,804
2017-2021	21,100,000	3,636,745	24,736,745
2022-2025	6,830,000	421,647	7,251,647
	<u>\$ 58,235,000</u>	<u>\$ 13,221,742</u>	<u>\$ 71,456,742</u>

During 2011 the City issued \$1,605,000 of General Obligation Refunding bonds, plus a cash contribution of \$30,479 to refund a portion of the City’s outstanding debt. The net proceeds of the refunding, plus the contribution, amounted to \$1,610,846 and were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding the City decreased its aggregate debt service payment to maturity by \$57,138 and realized an economic

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gain (difference between the present value of debt service payment on the old debt and the new debt) of \$58,793.

Revenue Bonds

The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service.

Revenue Bonds outstanding, at September 30, 2011, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water supply and waste water treatment	2.00% - 5.00%	\$45,780,000
Less-Current maturities payable from restricted assets		<u>4,430,000</u>
		<u><u>\$41,350,000</u></u>

Revenue bond debt service requirements to maturity, including interest of \$11,575,863 are as follows:

Year Ended <u>September 30</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	4,430,000	1,759,089	6,189,089
2013	4,175,000	1,590,341	5,765,341
2014	3,965,000	1,423,239	5,388,239
2015	3,765,000	1,260,133	5,025,133
2016	3,850,000	1,095,664	4,945,664
2017-2021	15,250,000	3,488,019	18,738,019
2022-2026	9,595,000	944,378	10,539,378
2027	<u>750,000</u>	<u>15,000</u>	<u>765,000</u>
	<u><u>\$ 45,780,000</u></u>	<u><u>\$ 11,575,863</u></u>	<u><u>\$ 57,355,863</u></u>

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2011, the City was in compliance with all limitations and restrictions.

During 2011 the City issued \$13,465,000 of Waterworks and Sewer System Revenue Refunding and Improvement bonds, plus a cash contribution of \$55,729 to refund a portion of the City's outstanding debt. As a result of the refunding the City decreased its aggregate debt service payment to maturity by \$485,256 and realized an economic gain (difference between the present value of debt service payment on the old debt and the new debt) of \$448,615.

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2011 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Bonds payable	\$ 64,810,000	\$ 1,605,000	\$ (8,180,000)	\$ 58,235,000	\$ 6,325,000
Less deferred amount on refunding	(562,174)	(15,000)	67,454	(509,720)	-
Premium	1,014,567	24,898	(104,640)	934,825	-
Compensated absences	6,711,751	4,339,677	(4,124,971)	6,926,457	4,600,224
Net pension obligation	2,942,889	1,554,396	-	4,497,285	-
Governmental activity long-term liabilities	<u>\$ 74,917,033</u>	<u>\$ 7,508,971</u>	<u>\$ (12,342,157)</u>	<u>\$ 70,083,847</u>	<u>\$10,925,224</u>
Business type activities:					
Bonds payable	\$ 40,740,000	\$ 13,465,000	\$ (8,425,000)	45,780,000	\$ 4,430,000
Less deferred amount on refunding	(491,341)	5,157	99,960	(386,224)	-
Premium	429,048	588,219	(86,896)	930,371	-
Discount	(81,094)	-	6,268	(74,826)	-
Compensated absences	784,259	492,085	(496,685)	779,659	437,442
Net pension obligation	368,674	194,299	-	562,973	-
Business type activity long-term liabilities	<u>\$ 41,749,546</u>	<u>\$ 14,744,760</u>	<u>\$ (8,902,353)</u>	<u>\$ 47,591,953</u>	<u>\$ 4,867,442</u>

In general, the General fund has been used in prior years to liquidate other long-term liabilities for the governmental activities of the City.

Component Unit Bonded Indebtedness

On September 14, 2002 voters approved the imposition of an additional sales and use tax of one-quarter of one (0.25%) percent for parks and library purposes. The tax became effective on January 1, 2003 and collections began in March 2003. The sales tax is collected solely for the benefit of the Lewisville Parks and Library Development Corporation (a non-profit corporation) established by the City to administer sales tax collections and projects.

Proceeds of Certificates of Obligation issued in 2004 have been utilized to finance the construction of park facilities and library improvements. Certificates of Obligation issued in 2007 for the Lewisville Parks and Library Development Corporation and the Tax Increment Reinvestment Zone Number 1 (TIRZ, also known as Old Town) component units have been utilized for constructing an athletic complex, an arts activity center, parking lot and related improvements.

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Certificates of Obligation outstanding at September 30, 2011 for the Lewisville Parks and Library Development Corporation component unit are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Park and Library Improvements	3.875% - 5.25%	\$32,310,000

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

<u>Year Ended</u> <u>September 30</u>	<u>Certificates of Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	1,390,000	1,508,496	2,898,496
2013	1,445,000	1,452,359	2,897,359
2014	1,510,000	1,388,359	2,898,359
2015	1,580,000	1,315,134	2,895,134
2016	1,660,000	1,235,509	2,895,509
2017-2021	9,605,000	4,867,896	14,472,896
2022-2026	8,730,000	2,406,378	11,136,378
2027-2031	5,195,000	918,238	6,113,238
2032	1,195,000	26,887	1,221,887
	<u>\$ 32,310,000</u>	<u>\$ 15,119,256</u>	<u>\$ 47,429,256</u>

Certificates of Obligation outstanding at September 30, 2011 for the Tax Increment Reinvestment Zone (Old Town) component unit are comprised of the following individual issue:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Arts Activity Center and Improvements	4.0% - 5.0%	\$7,780,000

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

Year Ended September 30	Certificates of Obligation		Total
	Principal	Interest	
2012	40,000	347,779	387,779
2013	165,000	343,266	508,266
2014	205,000	334,941	539,941
2015	245,000	324,816	569,816
2016	295,000	312,666	607,666
2017-2021	2,170,000	1,324,003	3,494,003
2022-2026	3,680,000	704,217	4,384,217
2027-2028	980,000	24,500	1,004,500
	<u>\$ 7,780,000</u>	<u>\$ 3,716,188</u>	<u>\$ 11,496,188</u>

A summary of changes in discretely presented component unit long-term debt follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
LPLDC activities:					
Bonds payable:					
Tax and Revenue C.O.	\$ 33,645,000	\$ -	\$ (1,335,000)	\$ 32,310,000	\$ 1,390,000
Premium	269,485	-	(15,878)	253,607	-
Compensated absences	39,811	36,456	(51,536)	24,731	16,425
Net pension obligation	19,241	17,662	-	36,903	-
LPLDC activities total:	<u>33,973,537</u>	<u>54,118</u>	<u>(1,402,414)</u>	<u>32,625,241</u>	<u>1,406,425</u>
TIRZ activities:					
Bonds payable:					
Tax and Revenue C.O.	7,800,000	-	(20,000)	7,780,000	40,000
Premium	17,824	-	(1,066)	16,758	-
TIRZ activities total:	<u>7,817,824</u>	<u>-</u>	<u>(21,066)</u>	<u>7,796,758</u>	<u>40,000</u>
Component unit long-term liabilities	<u>\$ 41,791,361</u>	<u>\$ 54,118</u>	<u>\$ (1,423,480)</u>	<u>\$ 40,421,999</u>	<u>\$ 1,446,425</u>