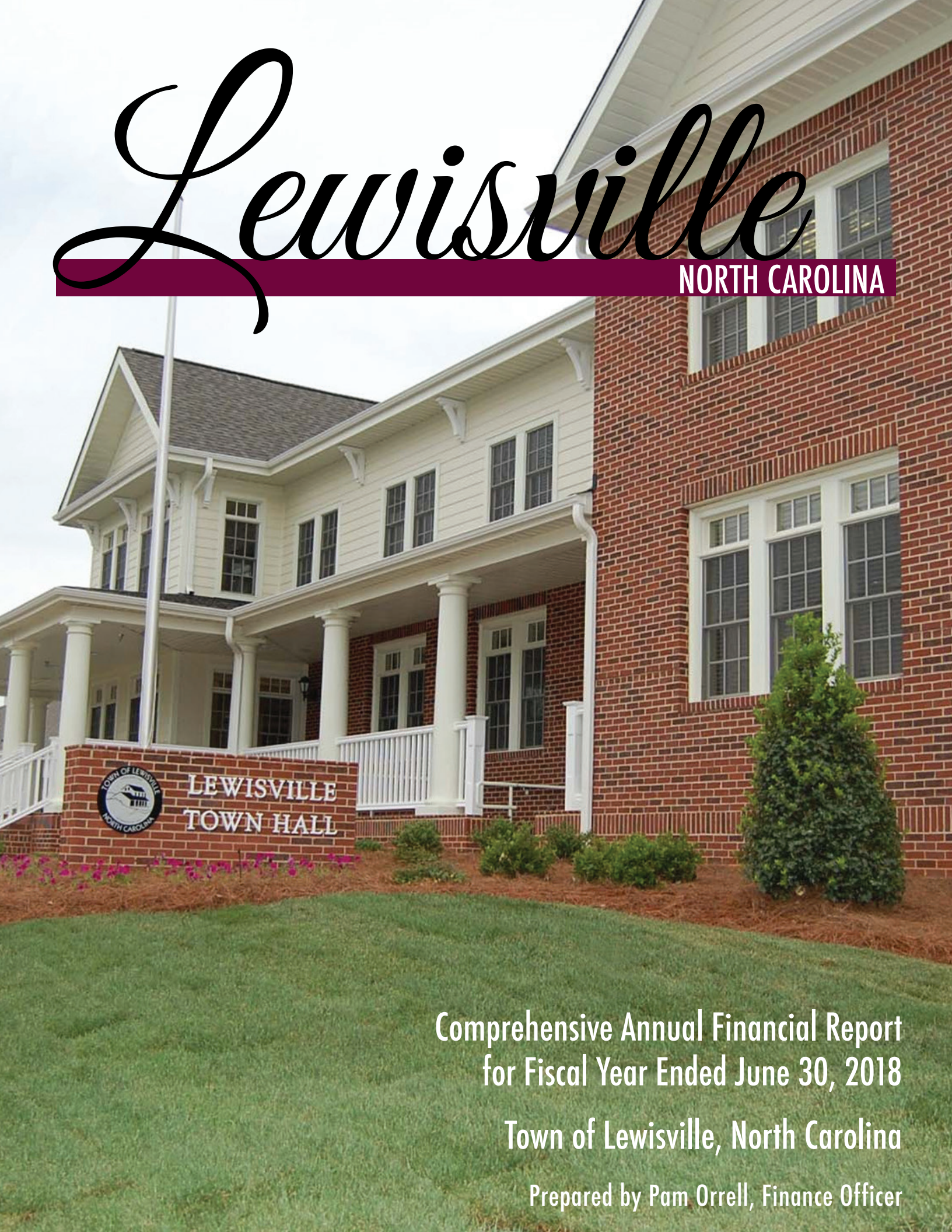


# Lewisville

NORTH CAROLINA



Comprehensive Annual Financial Report  
for Fiscal Year Ended June 30, 2018

Town of Lewisville, North Carolina

Prepared by Pam Orrell, Finance Officer

TOWN OF LEWISVILLE,  
NORTH CAROLINA  
Comprehensive Annual Financial Report  
For the Fiscal Year  
Ended June 30, 2018



Prepared by:  
Pam Orrell  
Finance Officer

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June 30, 2018**

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## **Introductory Section**



# TOWN OF LEWISVILLE

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6510 Shallowford Road • P.O. Box 547 • Lewisville, NC 27023-0547  
Voice 336-945-5558 Fax 336-945-5531  
E-Mail: [townhall@lewisvillenc.net](mailto:townhall@lewisvillenc.net)  
WebSite: [www.lewisvillenc.net](http://www.lewisvillenc.net)

November 13, 2018

The Honorable Mayor, Mike Horn,  
Members of the Town Council  
and Citizens of the Town of Lewisville, North Carolina

## Financial Report

It is our pleasure to present the Comprehensive Annual Financial Report of the Town of Lewisville, North Carolina, for the fiscal year ended June 30, 2018. State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Gibson & Company, P.A., a certified public accounting firm, has issued an unmodified opinion on the Town of Lewisville's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## Description of the Town

The Town of Lewisville, incorporated in 1991, is located in Forsyth County, which is in the northwestern Piedmont section of North Carolina. The County is considered an urban county with nine municipalities. The County is part of the State's Piedmont Triad Region, which is nationally recognized as a major trading area.



The Town has a council-manager form of government. A mayor and six Council members are elected at large in November of the odd numbered years. The mayor is a voting member and the presiding officer of the Council. The Council typically meets on the first Thursday of the month in a briefing session and on the second Thursday of each month for its regular session, with special meetings as necessary to work on the budget or other special projects.

Lewisville citizens enjoy a full range of municipal services including waste collection, recycling, community policing, planning and zoning, street maintenance, storm water management, parks and recreation, and cultural development. Water and sewer is provided directly to the citizens of Lewisville from Winston-Salem/Forsyth County Utilities. Fire protection is provided by the Lewisville Volunteer Fire Department and the Vienna Volunteer Fire Department. These fire departments act separately from the Town as individual fire districts.

The town manager is appointed by the Council and serves at its pleasure. The town manager is responsible for implementing policies and managing daily operations. During the fiscal year 2018, the town manager, with a staff of nine, administered Town functions in accordance with Council policies, ordinances, and the annual budget ordinance. The staff positions were finance officer, town planner, public works director, town clerk, communications specialist, office assistant/parks and recreation events coordinator, accounting clerk, and two maintenance technicians. Town management is committed to providing staff with training opportunities to help each employee work to his/her full potential. The Town staff administers contracts for many of its services.

The financial reporting entity includes all the funds of the Town. The annual budget creates a legal limit for expenditures and, as such, is the basis for financial planning and control. The annual budget is adopted in accordance with North Carolina General Statutes. Activities of the general fund, including Powell Bill funds, the special revenue fund, and the capital reserve funds are included in the annual budget ordinance. A change to the total appropriation for any department requires an amendment to the budget ordinance with approval by Council. Budget to actual comparisons are included in this report.

Management is responsible for developing an internal control system designed to protect the government's assets from loss, theft, or misuse and to maintain reliable records for compilation and presentation of the Town's financial information in conformity with generally accepted accounting principles. The Town has a small staff but employees are cross-trained and checks and balances have been included in financial procedures.

Because the cost of a control should not exceed the benefits to be derived, the system is designed to provide reasonable internal control and reasonable assurance that the financial statements will be free from material misstatement.

### **Economic Condition and Outlook**

The local economy has experienced a shift from the tobacco, textile, and furniture industries that have provided a strong base for the region to health services and related professions, higher education, financial services, and information technology. According to 2010 census data, 50 percent of Lewisville's population works in management, business, science, and arts occupations and 26 percent work in sales and office occupations. Seven percent of the working population works at home. Most workers driving to work average a 24-minute commute. These figures support the fact that Lewisville is a residential community within an urban area.

Residential property in the downtown area is gradually being zoned for business. Vacant properties are being developed in the downtown area and in some cases, the existing houses are remodeled for offices. The Town Council has also recently approved one apartment complex with 60 units and 6 subdivisions with approximately 430 lots in total.

### **Long-Term Financial Planning**

This report reflects the dedication by our elected officials to make sound financial decisions that provide quality services, programs and capital improvements for the citizens of Lewisville. These decisions have resulted in the Town's strong financial position, which is demonstrated by maintaining a healthy available fund balance. The Town's prudent use of debt issuance and productive management of revenue and cash resources allows for funding capital reserve funds that enable future capital projects. The available fund balance allows the Town to work with other organizations on joint projects and apply for grants for future opportunities.

### **Major Initiatives**

**Community Policing.** In order to provide for the safety of Lewisville's citizens and the continued growth of the Town, the Town contracts with the Forsyth County Sheriff's Office to provide for deputies assigned specifically to Lewisville. One deputy is a corporal who supervises the other five deputies. The total cost of this contract was \$557,979 for the fiscal year ended June 30, 2018. The Town reviews the need for more community policing officers each fiscal year during the annual budget process. It is the desire of the Town to

provide citizens with twenty-four hour community policing coverage. The Town has accomplished that goal through this contract.

**Storm Water.** The Council continued its annual transfer from the General Fund to the Storm Water Capital Reserve Fund during the fiscal year 2018 and continued to fund the storm water departmental operations budget. The Storm Water Capital Reserve Fund was started in order to meet mandates made by State and federal regulations and fund unforeseen storm water projects as needed. Total accumulation in this fund, including earnings as of June 30, 2018 was \$328,986.

In order to keep up with development in the downtown area, the Town decided to move forward with suggestions made in the 2006 Storm Water Study. Council authorized the Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund. The project authorized is the purchase of land and/or easements, design and engineering, and construction of a BMP (Best Management Practice) wet pond for storm water treatment in the downtown area of the Town of Lewisville. The pond will be located just southwest of the intersection of Shallowford Road and Heritage Drive.

**Parks and Recreation.** The Town continues its dedication of providing entertainment and recreation to the community. The Town houses two parks, Jack Warren Park and Shallowford Square, both of which boast a children's playground area. The Town also hosts an array of entertainment opportunities in Shallowford Square that includes musical concerts, starlight movie nights, an outdoor play, and the annual Fourth of July Concert and Fireworks Celebration.

**Street Paving.** The Town continues a paving program to maintain streets within its boundaries. The amount spent on street paving and patching during fiscal year 2018 was \$400,440. Overall, paving and maintenance of Town streets continues to be a priority of the Town in future budgets.

**Planning.** In the recent months, the Planning Board working with staff and the Town Council has completed a planning process that has resulted in the presentation and acceptance by the Town Council of the Northeast Area Plan. This plan has been years in the development ahead of a new public middle school in the vicinity of the intersection of Lewisville-Vienna and Robinhood Road. This new school is anticipated to have a significant impact on the growth and development of the northeast area of the Town. This plan will serve as a template or guide to help plan for and guide future developmental and transportation activities in this area.

## **Continuing Initiatives**

**Great Wagon Road.** The Town of Lewisville restated its commitment to the Great Wagon Road in the 2015 Lewisville Comprehensive Plan and the 2014 Downtown Guidelines Study. Funding of a capital reserve fund, with transfers to the capital projects fund allowed expenditures for planning and engineering fees as well as purchase of right-of-way for the construction of the road. During fiscal year 2018, the Town Council learned that the North Carolina Department of Transportation plans to assume financial responsibility for the remaining work to be done on the Great Wagon Road to include design, right-of-way acquisition, and construction. As construction of the Great Wagon Road progresses, we anticipate that the Town of Lewisville will participate financially with the North Carolina Department of Transportation on enhancements such as sidewalks, trees, and streetlights. The Town shall continue funding the capital reserve fund and move funds as needed to the GWR ROW/Construction Capital Projects Fund. Total accumulation, including earnings, in the capital reserve as of June 30, 2018 was \$675,831. Total fund balance in the capital projects fund as of June 30, 2018 was \$709,999.

**Interlocal Agreement with City-County Utility Commission.** The Town of Lewisville has entered into an agreement with the City-County Utility Commission of the City of Winston-Salem and Forsyth County (CCUC) whereby the CCUC will continue the operation of the water and sewer systems within the Town of Lewisville. This agreement establishes a capital reserve account to be funded primarily by a multiplier of water and sewer rates and a portion of assessment revenues. The capital reserve account is held by CCUC and expenditures from the capital reserve account are to be used to pay the cost of constructing water lines and sewer system facilities and the cost of future capacity purchases as they may become necessary.

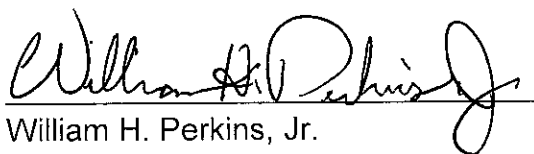
**Gateway Project.** The Town began design work on the Gateway Project in fiscal year 2018. Right-of-way and construction work is planned in future years. The project is a roadway project to make improvements from the Highway 421 Interchange on Williams Road with improvements continuing on Williams Road between the interchange and the newly constructed roundabout at Shallowford Road and Williams Road. This is a project utilizing federal STP-DA funds. This project has an estimated cost of \$1.5 million. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Town of Lewisville for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This is the thirteenth year the Town of Lewisville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

This report was prepared by Finance Officer, Pam Orrell, with the assistance of Town Manager, William H. Perkins, Jr. Credit must also be given to the mayor and the governing council for their continued support for maintaining the highest standards of professionalism in the management of the Town of Lewisville's finances. Special thanks is also given to Mr. R. Harold Gibson and Mr. Monty Pendry of Gibson & Company, P.A. for their assistance in this presentation.



William H. Perkins, Jr.  
Town Manager



Pam Orrell  
Finance Officer

# TOWN OF LEWISVILLE, NORTH CAROLINA

## Members of Council

Mike Horn  
Mayor

Sandra Mock  
Mayor Pro Tem/Council

Robert Greene  
Council

Ed Smith  
Council

Jeff Zenger  
Council

Fred Franklin  
Council

Marci Gallman  
Council

# TOWN COUNCIL



**Mike Horn, Mayor**



**Sandra Mock, Mayor Pro Tem**



**Fred Franklin**



**Marci Gallman**



**Robert Greene**

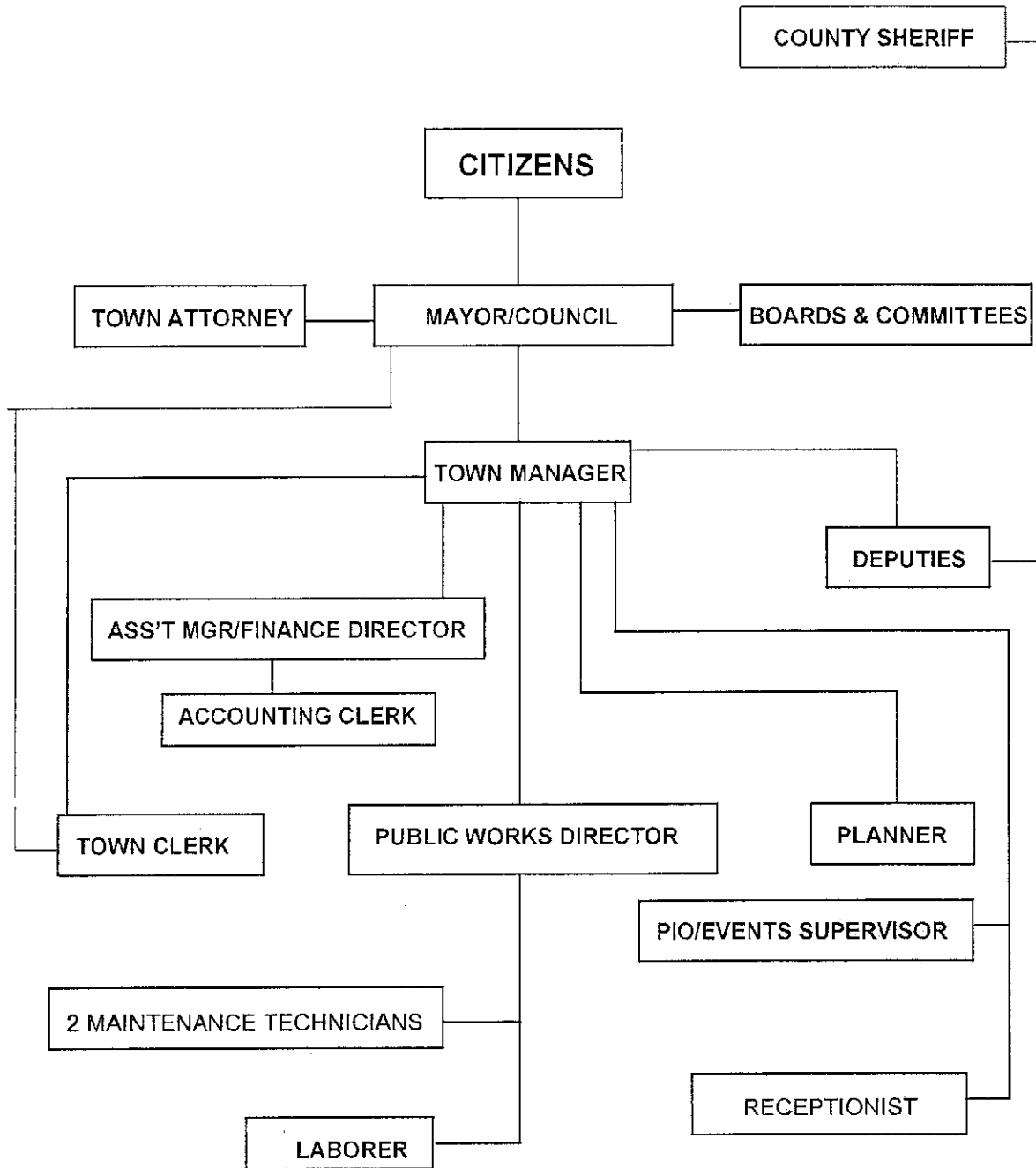


**Ed Smith**



**Jeff Zenger**

# Town of Lewisville Organizational Chart







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Lewisville  
North Carolina**

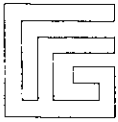
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morvill*

Executive Director/CEO

## **Financial Section**



Independent Auditor's Report

To the Honorable Mayor  
and Members of the Town Council  
Town of Lewisville, North Carolina

**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 the Town of Lewisville, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town'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 controls 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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.

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, 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 the Town of Lewisville, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund 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 4 through 13 and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 44 and 45, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Lewisville, North Carolina. The introductory information, combining and

individual fund statements, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate 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. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the 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 assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of Town of Lewisville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Town of Lewisville's internal control over financial reporting and compliance.



Winston-Salem, North Carolina  
November 13, 2018

## Management's Discussion and Analysis

## Town of Lewisville Management's Discussion and Analysis

As management of the Town of Lewisville, we offer readers of the Town of Lewisville's financial statements this narrative overview and analysis of the financial activities of the Town of Lewisville for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

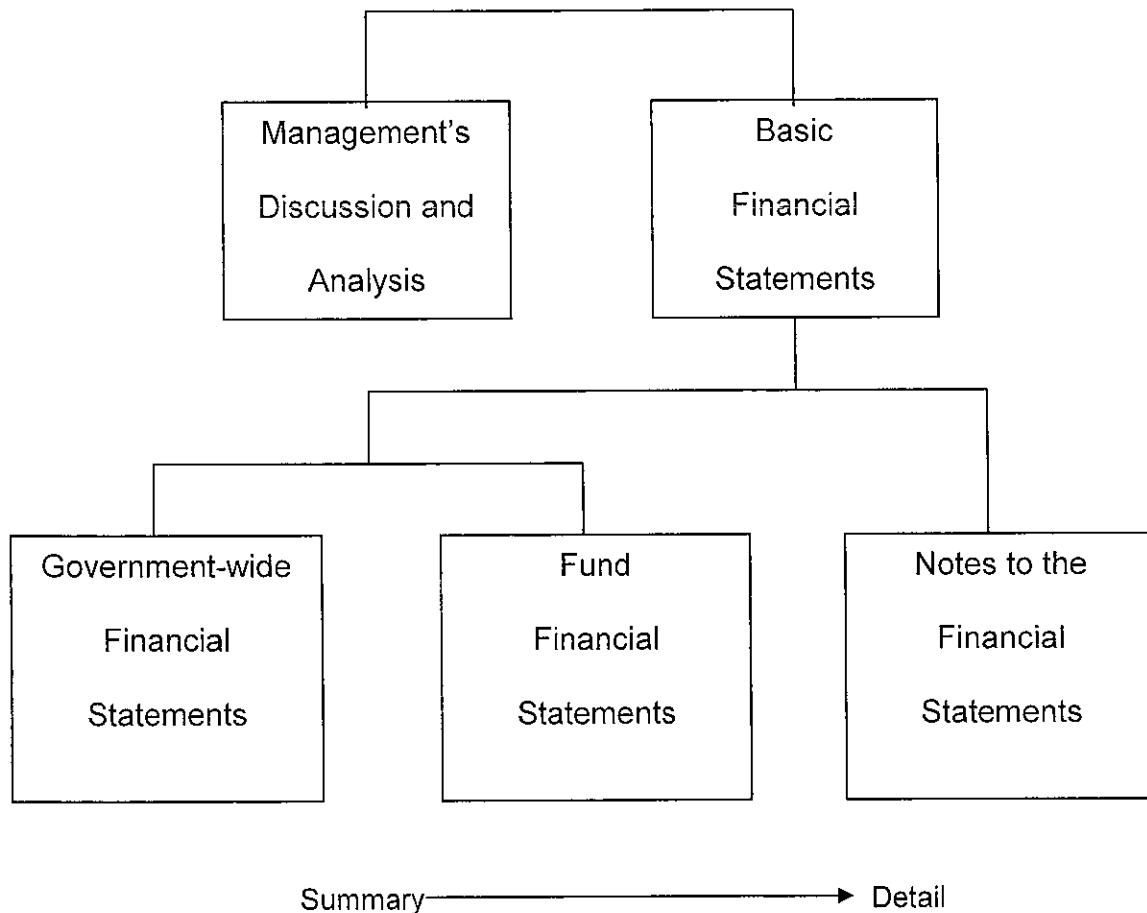
### Financial Highlights

- The assets and deferred outflows of resources of the Town of Lewisville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$16,759,404 (*net position*).
- The government's total net position increased by \$880,478 primarily due to increases in the governmental-type activities net position.
- As of the close of the current fiscal year, the Town of Lewisville's governmental funds reported combined ending fund balances of \$9,653,466 a net increase of \$981,155 in fund balance. Approximately 10.29 percent of this total amount, or \$992,877 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,405,088 or 131.57 percent of total general fund expenditures for the fiscal year.
- The Town of Lewisville's total debt decreased by \$237,976 (19.30%) during the current fiscal year. The key factor in this decrease was the debt principal payments made on the loan for the Town Hall.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Lewisville's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Lewisville.

**Required Components of Annual Financial Report**  
**Figure 1**



### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.



## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are summarized into one category 1) governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. 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 Town of Lewisville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Lewisville can be summarized into one category: governmental funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Lewisville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final

Management Discussion and Analysis  
Town of Lewisville

budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the 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. The notes to the financial statements begin on page 21 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Lewisville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 44 of this report.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions taken by foreign governments and other holders of publicly held U.S. Treasury Securities.

Management Discussion and Analysis  
Town of Lewisville

**Government-Wide Financial Analysis**  
**Town of Lewisville's Net Position**  
**Figure 2**

	Governmental Activities	
	2018	2017
Current and other assets	\$ 9,945,655	\$ 8,994,630
Capital assets	7,965,651	8,250,396
Total assets	<u>17,911,306</u>	<u>17,245,026</u>
Total Deferred outflows of resources	<u>110,027</u>	<u>165,042</u>
Long-term liabilities outstanding	771,358	1,013,137
Other liabilities	486,013	509,287
Total liabilities	<u>1,257,371</u>	<u>1,522,424</u>
Total Deferred inflows of resources	<u>4,558</u>	<u>8,718</u>
Net position:		
Net investment in capital assets	7,125,647	7,223,726
Restricted	992,877	973,381
Unrestricted	8,640,880	7,681,819
Total net position	<u>\$ 16,759,404</u>	<u>\$ 15,878,926</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Lewisville exceeded liabilities and deferred inflows by \$16,759,404 as of June 30, 2018. The Town's net position increased by \$880,478 for the fiscal year ended June 30, 2018. However, a significant portion (42.52%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Lewisville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Lewisville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Lewisville's net position, \$992,877 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,640,880 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.62%.

**Town of Lewisville's Change in Net Position**  
**Figure 3**

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 15,355	\$ 10,921
Operating grants and contributions	360,642	361,733
Capital grants and contributions	24,597	67,094
General revenues:		
Property taxes	2,424,805	2,264,797
Other taxes	78,152	73,056
Unrestricted intergovernmental revenues	1,618,089	1,599,106
Other	148,445	55,342
Total revenues	4,670,085	4,432,049
Expenses:		
General government	1,081,813	1,025,807
Public works	1,678,658	1,667,179
Planning	159,518	149,045
Parks and recreation	261,365	245,620
Public safety	583,362	546,202
Interest on long-term debt	24,891	29,727
Total expenses	3,789,607	3,663,580
Increase in net position before transfers	880,478	768,469
Transfers	-	-
Increase in net position	880,478	768,469
Net position, July 1	15,878,926	15,110,457
Net position, June 30	\$ 16,759,404	\$ 15,878,926

**Governmental activities.** Governmental activities increased the Town’s net position by \$880,478, thereby accounting for 100% of the total growth in the net position of the Town of Lewisville.

By constant due diligence of expenditures, the Town’s revenues exceeded expenditures.

### Financial Analysis of the Town's Funds

As noted earlier, the Town of Lewisville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town of Lewisville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Lewisville's financing requirements.

The general fund is the chief operating fund of the Town of Lewisville. At the end of the current fiscal year, Town of Lewisville's fund balance available in the General Fund was \$5,405,088, while total fund balance reached \$6,826,018. The Town currently has an available fund balance of 131.57% of general fund expenditures, and total fund balance represents 166.15% of the same amount.

At June 30, 2018, the governmental funds of the Town of Lewisville reported a combined fund balance of \$9,653,466, with a net increase of \$981,155 in fund balance.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Actual revenues exceeded budgeted revenue estimates in the following categories: Ad valorem, cable franchise tax, ABC Board revenues, occupancy taxes, sales tax on piped natural gas, sales tax on telecommunication services, Powell Bill allocation, recreation facility fees, planning and developer fees, and investment income.

The following significant amendments were made to adjust original budgetary expenditures:

- The budget was amended by \$6,061 to replace a compressor and display on the chiller in the Town Hall.
- The budget was amended by \$2,359 to purchase two benches for Shallowford Square.
- The budget was amended by \$2,388 for a one-year subscription for web streaming services from Leightronix to stream the Town Council meetings.
- The budget was amended by \$3,746 to fund repairs to Town Hall due to water damage.
- The budget was amended by \$7,500 to contract for design services related to the Northeast Area Development Plan.
- The budget was amended by \$5,000 for a traffic impact analysis study for the new school site.
- The budget was amended by \$3,750 to repair the catch basin and ruts caused by a school bus on Eaglewood Drive.
- The budget was amended by \$12,165 for repairs to the Town Hall's air conditioning system due to a lightning strike.

## Management Discussion and Analysis Town of Lewisville

- The budget was amended by \$3,975 to fund the Essentials of Municipal Government class for five council members and three members of staff.
- The Shallowford Road Roundabout Grant Capital Projects Fund was amended to transfer the balance remaining in the fund of \$626,712 to the General Fund.
- The budget was amended by \$4,620 for the annual maintenance agreement for the heating and air conditioning units in the Town Hall, Town Hall Annex, and the Community Center.
- The budget was amended by \$36,000 for snow and ice removal.
- The budget was amended by \$2,932 for a 4-month contract for garden maintenance at Jack Warren Park.
- The budget was amended by \$9,000 to increase the advertising budget for future notice requirements regarding annexations, rezoning, UDO amendments, etc.
- The budget was amended by \$3,000 to fund technology improvements for the communications specialist.
- The budget was amended by \$25,000 to fund the contract for "The Little Mermaid" play.
- The budget was amended by \$6,000 for the contribution to the Meals-on-Wheels program.
- The Storm Water Capital Reserve Fund was amended to transfer \$33,600 to the newly created Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund.
- The budget was amended to remove \$3,210 in funding from administration-contingency to administration-equipment non-capital for technology upgrades.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Lewisville's investment in capital assets for its governmental type activities as of June 30, 2018, totals \$7,965,651 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- The Town spent \$16,035 to install sunshades on the playground equipment at Jack Warren Park.
- The Town spent \$9,830 to purchase a portable traffic analyzer.

Management Discussion and Analysis  
Town of Lewisville

**Town of Lewisville's Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities	
	2018	2017
Land	\$ 1,258,327	\$ 1,258,327
Water rights	600,000	600,000
Construction in progress	1,100,859	1,070,112
Buildings and systems	1,735,921	1,881,287
Machinery and equipment	64,773	71,961
Infrastructure	1,906,556	2,029,313
Park	1,299,215	1,339,396
Vehicles and motorized equipment	-	-
<b>Total</b>	<b>\$ 7,965,651</b>	<b>\$ 8,250,396</b>

Additional information on the Town's capital assets can be found in Note II.A.3 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2018, the Town of Lewisville had long-term debt consisting of a financing agreement for the construction of the town hall building, net pension liability, and compensated absences.

**Town of Lewisville's Outstanding Liabilities  
Figure 5**

	Governmental Activities	
	2018	2017
Financing agreement	\$ 840,004	\$ 1,026,670
Net pension liability	108,316	163,208
Compensated absences	46,839	43,257
<b>Total</b>	<b>\$ 995,159</b>	<b>\$ 1,233,135</b>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Lewisville is \$107,194,120.

## Management Discussion and Analysis Town of Lewisville

Additional information regarding the Town of Lewisville's long-term debt can be found in note II.B.5 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Town.

- There has been steady growth in the residential property tax base.
- The Town established the Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund during the fiscal year ended June 30, 2018. The project allows for the purchase of land and/or easements, design and engineering, and construction of a BMP (Best Management Practice) wet pond for storm water treatment in the downtown area. The pond will be located just southwest of the intersection of Shallowford Road and Heritage Drive.
- In recent months, the Town Planning Board, working with staff and the Town Council, has completed a planning process that has resulted in the presentation and acceptance by the Town Council of the Northeast Area Plan. This plan has been years in the development ahead of a new public middle school in the vicinity of the intersection of Lewisville-Vienna and Robinhood Roads. This new school is anticipated to have a significant impact on the growth and development of the northeast area of Town.

### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

#### **Governmental Activities:**

- The property tax rate for 2018-2019 remains at 17.7 cents per \$100 valuation.
- The Town will continue design work on the "Gateway Project" in the coming fiscal year with right-of-way and construction work planned for future years. The project is a roadway project to make improvements from the Highway 421 Interchange on Williams Road with improvements continuing on Williams Road between the interchange and the newly constructed roundabout at Shallowford Road and Williams Road. This is a project utilizing federal STP-DA funds. This project has an estimated cost of approximately \$1.5 million. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Lewisville P.O. Box 547 Lewisville, NC 27023.



## Basic Financial Statements

**Town of Lewisville, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,920,596	\$ 8,920,596
Taxes receivables (net)	32,182	32,182
Due from other governments	357,199	357,199
Other receivables (net)	77	77
Restricted cash and cash equivalents	635,601	635,601
Total current assets	<u>9,945,655</u>	<u>9,945,655</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	2,959,186	2,959,186
Other capital assets, net of depreciation	5,006,465	5,006,465
Total capital assets	<u>7,965,651</u>	<u>7,965,651</u>
Total assets	<u>17,911,306</u>	<u>17,911,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	110,027	110,027
Total deferred outflows of resources	<u>110,027</u>	<u>110,027</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	260,007	260,007
Accrued interest payable	2,205	2,205
Current portion of long-term liabilities	223,801	223,801
Total current liabilities	<u>486,013</u>	<u>486,013</u>
Long-term liabilities:		
Net pension liability	108,316	108,316
Due in more than one year	663,042	663,042
Total long-term liabilities	<u>771,358</u>	<u>771,358</u>
Total liabilities	<u>1,257,371</u>	<u>1,257,371</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	4,558	4,558
Total deferred inflows of resources	<u>4,558</u>	<u>4,558</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,125,647	7,125,647
Restricted for:		
Stabilization by State Statute	357,276	357,276
Streets	635,601	635,601
Unrestricted	8,640,880	8,640,880
Total net position	<u>\$ 16,759,404</u>	<u>\$ 16,759,404</u>

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

Town of Lewisville, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 1,081,813	\$ -	\$ -	\$ -	\$ (1,081,813)	\$ (1,081,813)
Public works	1,678,658	-	360,642	24,597	(1,293,419)	(1,293,419)
Planning	159,518	7,375	-	-	(152,143)	(152,143)
Parks and recreation	261,365	7,980	-	-	(253,385)	(253,385)
Public safety	583,362	-	-	-	(583,362)	(583,362)
Interest on long-term debt	24,891	-	-	-	(24,891)	(24,891)
Total governmental activities	<u>3,789,607</u>	<u>15,355</u>	<u>360,642</u>	<u>24,597</u>	<u>(3,389,013)</u>	<u>(3,389,013)</u>
Total primary government	<u>\$ 3,789,607</u>	<u>\$ 15,355</u>	<u>\$ 360,642</u>	<u>\$ 24,597</u>	<u>\$ (3,389,013)</u>	<u>\$ (3,389,013)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					2,424,805	2,424,805
Cable franchise tax					35,893	35,893
Local occupancy tax					42,259	42,259
Unrestricted intergovernmental revenues					1,618,089	1,618,089
Unrestricted investment earnings					92,135	92,135
Miscellaneous					56,310	56,310
Total general revenues not including transfers					<u>4,269,491</u>	<u>4,269,491</u>
Transfers					-	-
Total general revenues and transfers					<u>4,269,491</u>	<u>4,269,491</u>
Change in net position					880,478	880,478
Net position, beginning					15,878,926	15,878,926
Net position, ending					<u>\$ 16,759,404</u>	<u>\$ 16,759,404</u>

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

**Town of Lewisville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	Major Fund		
	General	Total Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,092,760	\$ 2,827,836	\$ 8,920,596
Restricted cash	635,601	-	635,601
Receivables, net:			
Taxes	31,246	936	32,182
Other	77	-	77
Due from other governments	356,893	306	357,199
Total assets	<u>7,116,577</u>	<u>2,829,078</u>	<u>9,945,655</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	259,313	694	260,007
Total liabilities	<u>259,313</u>	<u>694</u>	<u>260,007</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	31,246	936	32,182
Total deferred inflows of resources	<u>31,246</u>	<u>936</u>	<u>32,182</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	356,970	306	357,276
Streets	635,601	-	635,601
Committed			
Storm Water Capital Reserve Fund	328,986	-	328,986
Special revenue fund	-	162,948	162,948
Capital projects funds	-	2,664,194	2,664,194
Assigned			
Subsequent year's expenditures	99,373	-	99,373
Unassigned	5,405,088	-	5,405,088
Total fund balances	<u>6,826,018</u>	<u>2,827,448</u>	<u>9,653,466</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,116,577</u>	<u>\$ 2,829,078</u>	

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

**Town of Lewisville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance, governmental funds		\$ 9,653,466
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 11,694,062	
Accumulated depreciation	<u>(3,728,411)</u>	7,965,651
Deferred outflows of resources related to pensions are not reported in the funds.		110,027
Earned revenues considered deferred inflows of resources in fund statements.		32,182
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Compensated absences		(46,839)
Financing agreement		(840,004)
Accrued interest payable		(2,205)
Net pension liability		(108,316)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(4,558)</u>
Net position of governmental activities		<u><u>\$ 16,759,404</u></u>

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

**Town of Lewisville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Major Funds</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Total Non-Major Funds</b>	
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,398,584	\$ 29,765	\$ 2,428,349
Other taxes and licenses	35,893	-	35,893
Unrestricted intergovernmental	1,618,089	-	1,618,089
Restricted intergovernmental	402,901	24,597	427,498
Investment earnings	56,920	35,215	92,135
Miscellaneous	71,664	-	71,664
Total revenues	<u>4,584,051</u>	<u>89,577</u>	<u>4,673,628</u>
<b>EXPENDITURES</b>			
Current:			
General government	930,331	-	930,331
Public works	1,599,802	32,821	1,632,623
Planning	157,195	-	157,195
Parks and recreation	176,914	-	176,914
Public safety	583,362	-	583,362
Debt service:			
Principal	186,666	-	186,666
Interest and other charges	25,382	-	25,382
Total expenditures	<u>3,659,652</u>	<u>32,821</u>	<u>3,692,473</u>
Excess (deficiency) of revenues over expenditures	<u>924,399</u>	<u>56,756</u>	<u>981,155</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	721,712	353,600	1,075,312
Transfers to other funds	(448,600)	(626,712)	(1,075,312)
Total other financing sources (uses)	<u>273,112</u>	<u>(273,112)</u>	<u>-</u>
Net change in fund balance	1,197,511	(216,356)	981,155
Fund balances, beginning	5,628,507	3,043,804	8,672,311
Fund balances, ending	<u>\$ 6,826,018</u>	<u>\$ 2,827,448</u>	<u>\$ 9,653,466</u>

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

**Town of Lewisville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 981,155
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 56,612	
Depreciation expense for governmental activities	<u>(341,357)</u>	(284,745)
<p>Contributions to the pension plan in the current fiscal year are not included on the statement of activities.</p>		
		45,777
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(3,544)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	186,666	
Decrease in accrued interest payable	<u>491</u>	187,157
<p>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.</p>		
Compensated absences		(3,582)
Pension expense		<u>(41,740)</u>
Total changes in net position of governmental activities		<u>\$ 880,478</u>

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

Town of Lewisville, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2018

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,306,300	\$ 2,306,300	\$ 2,398,584	\$ 92,284
Other taxes and licenses	30,540	30,540	35,893	5,353
Unrestricted intergovernmental	1,636,600	1,636,600	1,618,089	(18,511)
Restricted intergovernmental	356,350	356,350	402,901	46,551
Investment earnings	3,000	3,000	52,835	49,835
Miscellaneous	28,700	28,700	71,664	42,964
Total revenues	<u>4,361,490</u>	<u>4,361,490</u>	<u>4,579,966</u>	<u>218,476</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,032,588	1,092,584	930,331	162,253
Public works	1,729,897	1,770,042	1,599,802	170,240
Planning	179,962	194,957	157,195	37,762
Parks and recreation	232,600	261,176	176,914	84,262
Public safety	617,659	619,428	583,362	36,066
<b>Debt service:</b>				
Principal retirement	186,666	186,666	186,666	-
Interest and other charges	25,534	25,534	25,382	152
Total expenditures	<u>4,004,906</u>	<u>4,150,387</u>	<u>3,659,652</u>	<u>490,735</u>
Revenues over (under) expenditures	<u>356,584</u>	<u>211,103</u>	<u>920,314</u>	<u>709,211</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	626,712	626,712
Transfers to other funds	(415,000)	(415,000)	(415,000)	-
Total other financing sources (uses)	<u>(415,000)</u>	<u>(415,000)</u>	<u>211,712</u>	<u>626,712</u>
Fund balance appropriated	58,416	203,897	-	(203,897)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,132,026</u>	<u>\$ 1,132,026</u>
Fund balances, beginning			<u>5,365,006</u>	
Fund balances, ending			<u>6,497,032</u>	
A legally budgeted Storm Water Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings - Storm Water Capital Reserve Fund			4,085	
Storm Water Capital Reserve Fund - Transfers from other funds			95,000	
Storm Water Capital Reserve Fund - Transfers to other funds			(33,600)	
Fund balance, beginning - Storm Water Capital Reserve Fund			263,501	
Fund balance, ending			<u>\$ 6,826,018</u>	

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



## Notes to the Financial Statements

**Town of Lewisville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Lewisville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town of Lewisville is a municipal corporation that is governed by an elected mayor included in a seven-member council.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Statements for the governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted

for in another fund. The primary revenue sources are ad valorem taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for administration, public works, street maintenance and construction, and sanitation services. Additionally, the Town has legally adopted a Storm Water Capital Reserve Fund. Under GASB 54 guidance this fund is consolidated in the General Fund. The budgetary comparison for this fund has been included in the supplemental information.

The Town reports the following non-major governmental funds:

**MSD Special Revenue Fund.** This fund is used to account for the operation and activities of the Municipal Service District, a special tax district of the Town.

**GWR ROW/Construction Capital Reserve Fund.** This fund is used to account for funds to be used in the Great Wagon Road project.

**Sidewalks, Bike Paths and Greenways Capital Reserve Fund.** This fund is used to account for funds to be used in the sidewalks and bike paths project and future greenways projects.

**Municipal Buildings/Land Capital Reserve Fund.** This fund is used to account for funds to be used in the construction of a Town Hall and future buildings and land purchases.

**GWR ROW/Construction Capital Projects Fund.** This fund is used to account for funds used in the purchase of right-of-way for and the construction of the Great Wagon Road.

**Shallowford Road Roundabout Grant Capital Projects Fund.** This fund is used to account for funds to be used in the construction of a roundabout on Shallowford Road.

**Jack Warren Park Maintenance Facility/Playground Expansion Capital Projects Fund.** This fund is used to account for funds to be used in construction of a maintenance building and a playground at Jack Warren Park.

**Gateway Project Capital Projects Fund.** This fund is used to account for the funds used in the roadway project to make improvements along Williams Road between the Highway 421 Interchange and the roundabout at Shallowford Road.

**Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund.** This fund is used to account for funds to be used in the construction of a BMP (Best Management Practice) wet pond for storm water treatment in the downtown area.

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax Towns. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Lewisville because the tax is levied by Forsyth County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Storm Water Capital Reserve Fund, the MSD Special Revenue Fund, the Municipal Buildings/Land Capital Reserve Fund, the Sidewalks, Bike Paths and Greenways Capital Reserve Fund, and the GWR ROW/Construction Capital Reserve Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the GWR ROW/Construction Capital Projects Fund, the Shallowford Road Roundabout Grant Capital Projects Fund, the Jack Warren Park Maintenance Facility/Playground Expansion Capital Projects Fund, the Gateway Project Capital Projects Fund, and the Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

##### 1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North

Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purpose outlined in G.S. 136-41.1 through 136-41.4.

<u>Town of Lewisville Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	<u>\$ 635,601</u>
Total Governmental Activities	<u>635,601</u>
Total Restricted Cash	<u><u>\$ 635,601</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2017.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

## 6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, infrastructure, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Park and infrastructure	30
Buildings	20
Vehicles	5
Furniture and equipment	5-10
Computer equipment	3

## 7. Deferred Outflows/Inflows of Resources

In addition to assets, 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 and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2018 fiscal year. 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 and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category, property taxes receivable and pension deferrals.

## 8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

## 9. Compensated Absences

The vacation policy of the Town provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## 10. Net Position/Fund Balances

### Net position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

### Fund balances

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Restricted Fund Balance – The classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – North Carolina G.S.159-8(a) prohibits units of government from budgeting or spending a portion of their fund balance. This statute was enacted by the North Carolina legislature to improve and maintain the fiscal health of local government units. This amount, know as “stabilization by State Statute” is calculated at the end of each fiscal year for all funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is known as “restricted for stabilization by State Statute.” The formula is as follows: Appropriated fund balance in any fund shall not exceed the sum of



cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Lewisville’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Storm Water Capital Reserve Fund – This fund is used to account for funds to be used in the storm water project.

Committed for MSD Special Revenue Fund – This fund is used to account for the revenue collected by and expenditures paid out of the MSD Special Revenue Fund.

Committed for Capital Projects Funds – These funds are used to account for the revenue and expenditures of the various capital projects funds of the Town.

Assigned Fund Balance – portion of fund balance that the Town of Lewisville intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing board approves the appropriation.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Lewisville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town of Lewisville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 65% of budgeted expenditures.

#### 11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Lewisville's employer contributions are recognized when due and the Town of Lewisville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

### II. Detail Notes on All Funds

#### A. Assets

##### 1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Town's deposits had a carrying amount of \$1,051,973 and a bank balance of \$1,070,428. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$200.

## 2. Investments

At June 30, 2018, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/18	Maturity	Rating
N.C. Capital Management Trust - Government Portfolio	Amortized Cost	\$ 7,501,428	N/A	AAAm
N.C. Capital Management Trust - Term Portfolio	Fair Value Level 1	\$ 1,002,596	.09 years	Unrated
Total:		\$ 8,504,024		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmarked quoted prices.

*Interest Rate Risk:* The Town has no formal investment policy regarding interest rate risk.

*Credit risk.* The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

### 3. Capital Assets

#### Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,258,327	\$ -	\$ -	\$ 1,258,327
Sewer rights	600,000	-	-	600,000
Construction in progress	1,070,112	30,747	-	1,100,859
Total capital assets not being depreciated	<u>2,928,439</u>	<u>30,747</u>	<u>-</u>	<u>2,959,186</u>
<b>Capital assets being depreciated:</b>				
Buildings	3,421,722	-	-	3,421,722
Furniture and equipment	262,445	9,830	-	272,275
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	53,191	-	-	53,191
Infrastructure	2,470,852	-	-	2,470,852
Park	2,463,214	16,035	-	2,479,249
Total capital assets being depreciated	<u>8,709,011</u>	<u>25,865</u>	<u>-</u>	<u>8,734,876</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,540,435	145,366	-	1,685,801
Furniture and equipment	222,295	9,976	-	232,271
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	21,380	7,042	-	28,422
Infrastructure	441,539	122,757	-	564,296
Park	1,123,818	56,216	-	1,180,034
Total accumulated depreciation	<u>3,387,054</u>	<u>341,357</u>	<u>-</u>	<u>3,728,411</u>
Total capital assets being depreciated, net	<u>5,321,957</u>			<u>5,006,465</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 8,250,396</u>			<u>\$ 7,965,651</u>

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

General government	\$ 153,745
Public works	87,126
Planning	-
Parks and recreation	100,486
Total depreciation expense	<u>\$ 341,357</u>

## B. Liabilities

### 1. Pension Plan Obligations

#### a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Lewisville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable

service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Lewisville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Lewisville's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Lewisville were \$45,777 for the year ended June 30, 2018.

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2018, the Town reported a liability of \$108,316 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was .00709%, which was a decrease of .00060% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$41,740. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,240	\$ 3,066
Changes of assumptions	15,469	-
Net difference between projected and actual earnings on pension plan investments	26,299	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	16,242	1,492
Town contributions subsequent to the measurement date	<u>45,777</u>	<u>-</u>
Total	<u>\$ 110,027</u>	<u>\$ 4,558</u>

\$45,777 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 10,959
2020	37,445
2021	18,521
2022	(7,232)

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.



*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 325,166	\$ 108,316	\$ (72,686)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	Total
Pension Expense	\$ 41,740	\$ 41,740
Pension Liability	108,316	108,316
Proportionate share of the net pension liability	0.00709%	
Deferred of Outflows of Resources		
Differences between expected and actual experience	6,240	6,240
Changes of assumptions	15,469	15,469
Net difference between projected and actual earnings on plan investments	26,299	26,299
Changes in proportion and differences between contributions and proportionate share of contributions	16,242	16,242
Benefit payments and administrative costs paid subsequent to the measurement date	45,777	45,777
Deferred of Inflows of Resources		
Differences between expected and actual experience	3,066	3,066
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,492	1,492

**b. 457 Retirement Plan**

All permanent full time employees of the Town are eligible to participate in the Town's 457 Retirement Plan, a cost-sharing multiple-employer defined contribution plan administered by International City Management Association Retirement Corporation (ICMA). Participation begins at the time of employment. Under the provisions of the plan, employees may contribute up to 100% of compensation, subject to a maximum established by the Internal Revenue Code, and the Town contributes up to 1.2% of the employees' compensation. Total contributions for the year ended June 30, 2018 amounted to \$6,853, which consisted of \$2,280 from employees and \$4,573 from the Town. Information regarding the plan may be obtained by writing to ICMA Retirement Corporation, 777 N. Capital Street NE, Washington, D.C. 20002-4240.

c. Supplemental Retirement Income Plan

All permanent full-time employees of the Town are eligible to participate in the Supplemental Retirement Income Plan (Plan) (401(k) Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Under the provisions of the plan, employees may contribute up to 100% of compensation, subject to the maximum established by the Internal Revenue Code. Total contributions for the year ended June 30, 2018 amounted to \$9,919 from employees and \$2,758 from the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Deferred Outflows and Inflows of Resources

The Town has several deferred outflow of resources. Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 45,777
Differences between expected and actual experience	6,240
Changes of assumptions	15,469
Net difference between projected and actual earnings on pension plan investments	26,299
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>16,242</u>
Total	<u>\$ 110,027</u>

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 31,246
Taxes receivable (Special Revenue Fund)	-	936
Differences between expected and actual experience	3,066	-
Changes in proportion and differences between employer contributions and proportionate share contributions	1,492	-
Total	<u>\$ 4,558</u>	<u>\$ 32,182</u>

### 3. Risk Management

The Town 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. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town is a participant in the National Flood Insurance Program. Residents of the Town are eligible to purchase flood insurance up to the limits under the Regular Phase of the program.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for various amounts.

#### 4. Commitments

The Town has entered into a contract for solid waste collection expiring in June 2024 for approximately \$778,480 per year.

#### 5. Long-Term Obligations

##### a. Financing Agreement

On November 24, 2008, the Town entered into a financing agreement with a bank for a loan of \$2,800,000 to be used to construct a new Town Hall Building. Principal payments of \$93,333 plus interest at 3.91% are due each May 24 and November 24 through May 24, 2023. On May 24, 2013 the financing agreement was modified to an interest rate of 2.59%. The loan is secured by a Deed of Trust on the Town Hall Building. A summary of the annual requirements of the financing agreement follows:

Year Ending June 30	Principal	Interest
2019	\$ 186,666	\$ 20,547
2020	186,666	15,713
2021	186,666	10,878
2022	186,666	6,043
2023	93,340	1,209
	<u>\$ 840,004</u>	<u>\$ 54,390</u>

##### b. Changes in Long-Term Liabilities

Compensated absences for governmental activities typically have been liquidated in the general fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Financing agreement	\$ 1,026,670	\$ -	\$ 186,666	\$ 840,004	\$ 186,666
Compensated absences	43,257	36,550	32,968	46,839	37,135
Net pension liability (LGERS)	163,208	-	54,892	108,316	-
Governmental activity long-term liabilities	<u>\$ 1,233,135</u>	<u>\$ 36,550</u>	<u>\$ 274,526</u>	<u>\$ 995,159</u>	<u>\$ 223,801</u>

At June 30, 2018, the Town of Lewisville had a legal debt margin of \$107,194,120.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2018, consist of the following:

Transfers from General Fund to Non-Major Funds

From the General Fund to the GWR ROW/Construction Capital Reserve Fund for future projects	\$ 125,000
From the General Fund to the Sidewalks, Bike Paths and Greenways Capital Reserve Fund for future projects	25,000
From the General Fund to the Municipal Buildings/Land Capital Reserve Fund for future projects	170,000
From the Shallowford Road Roundabout Capital Projects Fund to the General Fund to close the fund	<u>(626,712)</u>
	<u>\$ (306,712)</u>

Transfers Between the Non-Major Funds

From the Storm Water Capital Reserve Fund to the Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund for future projects	<u>\$ 33,600</u>
	<u>\$ 33,600</u>

Other Transfers

From the General Fund to the Storm Water Capital Reserve Fund to fund future projects	<u>\$ 95,000</u>
	<u>\$ 95,000</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

D. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 7,965,651
Less: long-term debt	<u>840,004</u>
Net investment in capital assets	<u>\$ 7,125,647</u>

E. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 6,826,018
Less:	
Restricted for Stabilization by State Statute	356,970
Restricted for Streets	635,601
Committed to Storm Water Capital Reserve Fund	328,986
Appropriated fund balance in 2018/2019 budget	99,373
Remaining fund balance	5,405,088

III. Jointly Governed Organizations

The Town, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$2,740 to the Council during the fiscal year ended June 30, 2018.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

## **V. Other Matters**

Effective July 14, 2014, the Town of Lewisville has entered into an agreement with the City County Utilities Commission of the City of Winston-Salem and Forsyth County (CCUC) and the City of Winston-Salem whereby the CCUC will continue the operation of the water and sewer systems within the Town of Lewisville's Area of Influence. This agreement establishes a Capital Reserve Account to be funded primarily by a multiplier of water and sewer rates and a portion of assessment revenues. Expenditures from the Capital Reserve Account are to be used only to pay the cost of constructing water lines and sewer system facilities and the cost of future capacity purchases as they may become necessary.

Also, the Town of Lewisville has paid the CCUC \$600,000 for sewer capacity provided by the Harper Road Lift Station.

## **VI. Subsequent Events**

Subsequent events have been evaluated through November 13, 2018, which is the date the financial statements were available to be issued.



## Required Supplemental Financial Data

Town of Lewisville, North Carolina  
Town of Lewisville's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Five Fiscal Years\*

Local Governmental Employees' Retirement System

	2018	2017	2016	2015	2014
Lewisville's proportion of the net pension liability (asset) (%)	0.00709%	0.00769%	0.00767%	0.00727%	0.00900%
Lewisville's proportion of the net pension liability (asset) (\$)	\$ 108,316	\$ 163,208	\$ 34,422	\$ (42,874)	\$ 108,485
Lewisville's covered payroll	\$ 577,000	\$ 629,911	\$ 645,697	\$ 594,539	\$ 612,200
Lewisville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.77%	25.91%	5.33%	-7.21%	17.72%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

This pension schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Lewisville, North Carolina  
Town of Lewisville's Contributions  
Required Supplementary Information  
Last Five Fiscal Years

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 45,777	\$ 41,833	\$ 42,015	\$ 45,651	\$ 42,034
Contributions in relation to the contractually required contribution	<u>45,777</u>	<u>41,833</u>	<u>42,015</u>	<u>45,651</u>	<u>42,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lewisville's covered payroll	\$ 610,359	\$ 577,000	\$ 629,911	\$ 645,697	\$ 594,539
Contributions as a percentage of covered payroll	7.50%	7.25%	6.67%	7.07%	7.07%

This pension schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## Individual Fund Schedules

Town of Lewisville, North Carolina  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 2,393,372	\$
Penalties and interest		5,212	
Total	<u>2,306,300</u>	<u>2,398,584</u>	<u>92,284</u>
Other taxes and licenses:			
Cable franchise tax		35,893	
Total	<u>30,540</u>	<u>35,893</u>	<u>5,353</u>
Unrestricted intergovernmental:			
Local option sales taxes		770,309	
Telecommunications sales tax		40,862	
Electricity sales tax		428,493	
Piped natural gas sales tax		19,667	
Video programming sales tax		146,565	
Beer and wine tax		56,826	
Motor fuels tax refund		294	
ABC profit distribution		155,073	
Total	<u>1,636,600</u>	<u>1,618,089</u>	<u>(18,511)</u>
Restricted intergovernmental:			
Powell Bill allocation		351,926	
Local occupancy tax		42,259	
Solid waste disposal tax		8,716	
Total	<u>356,350</u>	<u>402,901</u>	<u>46,551</u>
Investment earnings	<u>3,000</u>	<u>52,835</u>	<u>49,835</u>
Miscellaneous	<u>28,700</u>	<u>71,664</u>	<u>42,964</u>
Total revenues	<u>4,361,490</u>	<u>4,579,966</u>	<u>218,476</u>
<b>Expenditures:</b>			
General government:			
Salaries and employee benefits		519,281	
Professional services		52,994	
Membership dues		16,973	
Support contracts		109,640	
Other operating expenditures		231,443	
Total	<u>1,092,584</u>	<u>930,331</u>	<u>162,253</u>
			cont.

Town of Lewisville, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Public works:			
Salaries and employee benefits		225,653	
Support contracts		856,414	
Road paving, repairs and maintenance		400,440	
Capital outlay		9,830	
Other operating expenditures		107,465	
Total	<u>1,770,042</u>	<u>1,599,802</u>	<u>170,240</u>
Planning:			
Salaries and employee benefits		98,188	
Support contracts		17,649	
Other operating expenditures		41,358	
Total	<u>194,957</u>	<u>157,195</u>	<u>37,762</u>
Parks and recreation:			
Event expenses		82,582	
Support contracts		420	
Capital outlay		16,035	
Other operating expenditures		77,877	
Total	<u>261,176</u>	<u>176,914</u>	<u>84,262</u>
Public safety:			
Support contracts		566,607	
Other operating expenditures		16,755	
Total	<u>619,428</u>	<u>583,362</u>	<u>36,066</u>
Debt service:			
Principal retirement		186,666	
Interest and other charges		25,382	
Total	<u>212,200</u>	<u>212,048</u>	<u>152</u>
Total expenditures	<u>4,150,387</u>	<u>3,659,652</u>	<u>490,735</u>
Revenues over (under) expenditures	<u>211,103</u>	<u>920,314</u>	<u>709,211</u>
Other financing sources (uses):			
Transfers from other funds	-	626,712	626,712
Transfers to other funds	(415,000)	(415,000)	-
Total other financing sources (uses)	<u>(415,000)</u>	<u>211,712</u>	<u>626,712</u>
Fund balance appropriated	203,897	-	(203,897)
Net change in fund balance	<u>\$ -</u>	1,132,026	<u>\$ 1,132,026</u>
Fund balances, beginning		5,365,006	
Fund balances, ending		<u>\$ 6,497,032</u>	

**Town of Lewisville, North Carolina**  
**Storm Water Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 4,085	\$ 4,085
Total revenues	-	4,085	4,085
Expenditures	95,000	-	95,000
Revenues over (under) expenditures	(95,000)	4,085	99,085
Other financing sources (uses):			
Transfers from other funds:			
General Fund	95,000	95,000	-
Transfers to other funds:			
Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	(33,600)	(33,600)	-
Total other financing sources (uses)	61,400	61,400	-
Fund balance appropriated	33,600	-	(33,600)
Net change in fund balance	\$ -	65,485	\$ 65,485
Fund balance, beginning		263,501	
Fund balance, ending		\$ 328,986	

**Town of Lewisville, North Carolina  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2018**

	MSD Special Revenue Fund	GWR ROW/ Construction Capital Reserve Fund	Sidewalks, Bike Paths and Greenways Capital Reserve Fund	Municipal Buildings/Land Capital Reserve Fund	GWR ROW/ Construction Capital Projects Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 163,642	\$ 675,831	\$ 45,497	\$ 876,595	\$ 709,999
Taxes receivable, net	936	-	-	-	-
Due from other governments	306	-	-	-	-
<b>Total assets</b>	<b>164,884</b>	<b>675,831</b>	<b>45,497</b>	<b>876,595</b>	<b>709,999</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	694	-	-	-	-
<b>Total liabilities</b>	<b>694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Property taxes receivable	936	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Restricted by stabilization by state statute	306	-	-	-	-
Committed	162,948	675,831	45,497	876,595	709,999
<b>Total fund balances</b>	<b>163,254</b>	<b>675,831</b>	<b>45,497</b>	<b>876,595</b>	<b>709,999</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 164,884</b>	<b>\$ 675,831</b>	<b>\$ 45,497</b>	<b>\$ 876,595</b>	<b>\$ 709,999</b>

continued



**Town of Lewisville, North Carolina  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2018**

	Shallowford Road Roundabout Grant Capital Projects Fund	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Gateway Project Capital Projects Fund	Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 19,932	\$ 302,661	\$ 33,679	\$ 2,827,836
Taxes receivable, net	-	-	-	-	936
Due from other governments	-	-	-	-	306
<b>Total assets</b>	<b>-</b>	<b>19,932</b>	<b>302,661</b>	<b>33,679</b>	<b>2,829,078</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	-	-	-	-	694
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>694</b>
<b>Deferred inflows of Resources</b>					
Property taxes receivable	-	-	-	-	936
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>936</b>
<b>Fund Balances</b>					
Restricted by stabilization by state statute	-	-	-	-	306
Committed	-	19,932	302,661	33,679	2,827,142
<b>Total fund balances</b>	<b>-</b>	<b>19,932</b>	<b>302,661</b>	<b>33,679</b>	<b>2,827,448</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ 19,932</b>	<b>\$ 302,661</b>	<b>\$ 33,679</b>	<b>\$ 2,829,078</b>

Town of Lewisville, North Carolina  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	MSD Special Revenue Fund	GWR ROW/ Construction Capital Reserve Fund	Sidewalks, Bike Paths and Greenways Capital Reserve Fund	Municipal Buildings/Land Capital Reserve Fund	GWR ROW/ Construction Capital Projects Fund
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 24,597
Ad valorem taxes	29,765	-	-	-	-
Investment earnings	1,595	7,809	510	10,122	8,564
<b>Total revenues</b>	<b>31,360</b>	<b>7,809</b>	<b>510</b>	<b>10,122</b>	<b>33,161</b>
Expenditures:					
Public works	2,074	-	-	-	30,747
<b>Total expenditures</b>	<b>2,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,747</b>
Revenues over (under) expenditures	29,286	7,809	510	10,122	2,414
Other financing sources (uses):					
Transfers from other funds	-	125,000	25,000	170,000	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	125,000	25,000	170,000	-
Net change in fund balance	29,286	132,809	25,510	180,122	2,414
Fund balance, beginning	133,968	543,022	19,987	696,473	707,585
Fund balance, ending	<b>\$ 163,254</b>	<b>\$ 675,831</b>	<b>\$ 45,497</b>	<b>\$ 876,595</b>	<b>\$ 709,999</b>

continued

Town of Lewisville, North Carolina  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Non-major Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	Shallowford Road Roundabout Grant Capital Projects Fund	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Gateway Project Capital Projects Fund	Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 24,597
Ad valorem taxes	-	-	-	-	29,765
Investment earnings	2,752	234	3,550	79	35,215
<b>Total revenues</b>	<b>2,752</b>	<b>234</b>	<b>3,550</b>	<b>79</b>	<b>89,577</b>
Expenditures:					
Public works	-	-	-	-	32,821
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,821</b>
Revenues over (under) expenditures	2,752	234	3,550	79	56,756
Other financing sources (uses):					
Transfers from other funds	-	-	-	33,600	353,600
Transfers to other funds	(626,712)	-	-	-	(626,712)
Total other financing sources (uses)	(626,712)	-	-	33,600	(273,112)
Net change in fund balance	(623,960)	234	3,550	33,679	(216,356)
Fund balance, beginning	623,960	19,698	299,111	-	3,043,804
Fund balance, ending	\$ -	\$ 19,932	\$ 302,661	\$ 33,679	\$ 2,827,448

**Town of Lewisville, North Carolina**  
**Special Revenue Fund - MSD Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 28,460	\$ 29,765	\$ 1,305
Investment earnings	-	1,595	1,595
Total revenues	28,460	31,360	2,900
Expenditures:			
Public works	28,460	2,074	26,386
Revenues over (under) expenditures	-	29,286	29,286
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	29,286	\$ 29,286
Fund balance, beginning		133,968	
Fund balance, ending		\$ 163,254	

**Town of Lewisville, North Carolina**  
**GWR ROW/Construction Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 7,809	\$ 7,809
Total revenues	-	7,809	7,809
Expenditures	125,000	-	125,000
Revenues over (under) expenditures	(125,000)	7,809	132,809
Other financing sources (uses):			
Transfer from other funds:			
General Fund	125,000	125,000	-
Total other financing sources (uses)	125,000	125,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	132,809	\$ 132,809
Fund balance, beginning		543,022	
Fund balance, ending		\$ 675,831	

**Town of Lewisville, North Carolina**  
**Sidewalks, Bike Paths and Greenways Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 510	\$ 510
Total revenues	-	510	510
Expenditures	25,000	-	25,000
Revenues over expenditures	(25,000)	510	25,510
Other financing sources (uses):			
Transfer from other funds:			
General Fund	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	25,510	<u>\$ 25,510</u>
Fund balance, beginning		19,987	
Fund balance, ending		<u>\$ 45,497</u>	

**Town of Lewisville, North Carolina**  
**Municipal Buildings/Land Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 10,122	\$ 10,122
Total revenues	-	10,122	10,122
Expenditures	170,000	-	170,000
Revenues over expenditures	(170,000)	10,122	180,122
Other financing sources (uses):			
Transfer from other funds:			
General Fund	170,000	170,000	-
Total other financing sources (uses)	170,000	170,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>180,122</u>	<u>\$ 180,122</u>
Fund balance, beginning		<u>696,473</u>	
Fund balance, ending		<u>\$ 876,595</u>	

Town of Lewisville, North Carolina  
 Capital Projects Fund - GWR ROW/Construction  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2018

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ 197,087	\$ 24,597	\$ 221,684	\$ 221,684
Investment earnings	-	10,111	8,564	18,675	18,675
Total revenues	-	207,198	33,161	240,359	240,359
<b>Expenditures:</b>					
Capital outlay	1,563,800	1,062,613	30,747	1,093,360	470,440
Total expenditures	1,563,800	1,062,613	30,747	1,093,360	470,440
Revenues over (under) expenditures	(1,563,800)	(855,415)	2,414	(853,001)	710,799
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	596,000	596,000	-	596,000	-
GWR ROW/Construction Capital Reserve Fund	967,000	967,000	-	967,000	-
Total other financing sources	1,563,000	1,563,000	-	1,563,000	-
Fund balance appropriated	800	-	-	-	(800)
Net change in fund balance	\$ -	\$ 707,585	2,414	\$ 709,999	\$ 709,999
Fund balance, beginning			707,585		
Fund balance, ending			\$ 709,999		



Town of Lewisville, North Carolina  
 Capital Projects Fund - Shallowford Road Roundabout Grant  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2018

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grant	\$ -	\$ 690,000	\$ -	\$ 690,000	\$ 690,000
Investment earnings	-	4,019	2,752	6,771	6,771
Total revenues	-	694,019	2,752	696,771	696,771
<b>Expenditures:</b>					
Capital outlay	1,135,639	1,105,546	-	1,105,546	30,093
Total expenditures	1,135,639	1,105,546	-	1,105,546	30,093
Revenues over (under) expenditures	(1,135,639)	(411,527)	2,752	(408,775)	726,864
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	1,039,229	939,077	-	939,077	(100,152)
Grainland Drive Capital Projects Fund	96,410	96,410	-	96,410	-
Transfers to other funds:					
General Fund	(626,712)	-	(626,712)	(626,712)	-
Total other financing sources	508,927	1,035,487	(626,712)	408,775	(100,152)
Fund balance appropriated	626,712	-	-	-	(626,712)
Net change in fund balance	\$ -	\$ 623,960	(623,960)	\$ -	\$ -
Fund balance, beginning			623,960		
Fund balance, ending			\$ -		

**Town of Lewisville, North Carolina**  
**Capital Projects Fund - Jack Warren Park Maintenance Facility/Playground Expansion**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 179	\$ 234	\$ 413	\$ 413
Total revenues	<u>-</u>	<u>179</u>	<u>234</u>	<u>413</u>	<u>413</u>
<b>Expenditures:</b>					
Capital outlay	55,000	35,481	-	35,481	19,519
Total expenditures	<u>55,000</u>	<u>35,481</u>	<u>-</u>	<u>35,481</u>	<u>19,519</u>
Revenues over (under) expenditures	<u>(55,000)</u>	<u>(35,302)</u>	<u>234</u>	<u>(35,068)</u>	<u>19,932</u>
<b>Other financing sources</b>					
Transfers from other funds:					
Municipal Buildings/Land Capital Projects Fund	55,000	55,000	-	55,000	-
Total other financing sources	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,698</u>	<u>234</u>	<u>\$ 19,932</u>	<u>\$ 19,932</u>
Fund balance, beginning			19,698		
Fund balance, ending			<u>\$ 19,932</u>		

Town of Lewisville, North Carolina  
 Capital Projects Fund - Gateway Project  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 From Inception and For the Fiscal Year Ended June 30, 2018

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 175	\$ 3,550	\$ 3,725	\$ 3,725
Total revenues	<u>-</u>	<u>175</u>	<u>3,550</u>	<u>3,725</u>	<u>3,725</u>
Expenditures:					
Capital outlay	1,494,680	-	-	-	1,494,680
Total expenditures	<u>1,494,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,680</u>
Revenues over (under) expenditures	<u>(1,494,680)</u>	<u>175</u>	<u>3,550</u>	<u>3,725</u>	<u>1,498,405</u>
Other financing sources					
Transfers from other funds:					
General Fund Lewisville-Vienna Road Sidewalk Extension Grant	1,195,744	-	-	-	1,195,744
Capital Projects Fund Sidewalks, Bike Paths and Greenways Capital Reserve Fund	172,145	172,145	-	172,145	-
Harper Road Lift Station Capital Projects Fund	125,547	125,547	-	125,547	-
	1,244	1,244	-	1,244	-
Total other financing sources	<u>1,494,680</u>	<u>298,936</u>	<u>-</u>	<u>298,936</u>	<u>(1,195,744)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 299,111</u>	<u>3,550</u>	<u>\$ 302,661</u>	<u>\$ 302,661</u>
Fund balance, beginning			<u>299,111</u>		
Fund balance, ending			<u>\$ 302,661</u>		

**Town of Lewisville, North Carolina**  
**Capital Projects Fund - Heritage Drive Regional Storm Water Pond #1**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2018**

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 79	\$ 79	\$ 79
Total revenues	-	-	79	79	79
<b>Expenditures:</b>					
Capital outlay	33,600	-	-	-	33,600
Total expenditures	33,600	-	-	-	33,600
Revenues over (under) expenditures	(33,600)	-	79	79	33,679
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	-	-	-	-	-
Storm Water Capital Reserve Fund	33,600	-	33,600	33,600	-
Total other financing sources	33,600	-	33,600	33,600	-
Net change in fund balance	\$ -	\$ -	33,679	\$ 33,679	\$ 33,679
Fund balance, beginning			-		
Fund balance, ending			\$ 33,679		

## Other Schedules

Town of Lewisville, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 2,390,255	\$ 2,381,218	\$ 9,037
2016-2017	9,253	-	4,929	4,324
2015-2016	4,891	-	1,594	3,297
2014-2015	2,301	-	1,094	1,207
2013-2014	6,542	-	4,083	2,459
2012-2013	1,196	-	128	1,068
2011-2012	2,699	-	49	2,650
2010-2011	3,825	-	42	3,783
2009-2010	3,308	-	307	3,001
2008-2009	439	-	19	420
2007-2008	373	-	373	-
	<u>\$ 34,827</u>	<u>\$ 2,390,255</u>	<u>\$ 2,393,836</u>	<u>\$ 31,246</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 31,246</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,398,584
Reconciling items:				
Interest collected				(5,212)
Adjustments				91
Taxes written off				373
Subtotal				<u>(4,748)</u>
Total collections and credits				<u>\$ 2,393,836</u>

Town of Lewisville, North Carolina  
 Analysis of Current Tax Levy  
 Town - Wide Levy  
 June 30, 2018

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,330,846,328	0.177	\$ 2,355,598	\$ 2,106,359	\$ 249,239
Discoveries - Current and prior year taxes	22,429,379	0.177	39,700	39,700	-
Releases	(2,849,153)	0.177	(5,043)	(5,043)	-
Total property valuation	<u>\$ 1,350,426,554</u>				
Net levy			2,390,255	2,141,016	249,239
Unpaid (by taxpayer) at June 30, 2018			<u>(9,037)</u>	<u>(9,037)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,381,218</u>	<u>\$ 2,131,979</u>	<u>\$ 249,239</u>
Current levy collection percentage			<u>99.62%</u>	<u>99.58%</u>	<u>100.00%</u>

## **Statistical Section**



## Statistical Section

This part of the Town of Lewisville's 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 Town's overall financial health.

### Contents

**Financial Trends** – These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

**Revenue Capacity** – These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

**Debt Capacity** – These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules help the reader understand the environment within which the Town's financial activities take place.

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

**Town of Lewisville  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

Schedule 1

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	\$ 7,125,647	\$ 7,223,726	\$ 7,199,929	\$ 5,895,932	\$ 5,215,523
Restricted	992,877	973,381	989,343	1,634,281	892,288
Unrestricted	8,640,880	7,681,819	6,921,185	6,467,630	6,955,023
Total governmental activities net position	<u>\$ 16,759,404</u>	<u>\$ 15,878,926</u>	<u>\$ 15,110,457</u>	<u>\$ 13,997,843</u>	<u>\$ 13,062,834</u>

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Net investment in capital assets	\$ 5,235,180	\$ 5,075,036	\$ 4,506,171	\$ 4,006,504	\$ 3,685,961
Restricted	936,457	870,989	1,087,541	545,039	468,074
Unrestricted	6,390,568	5,750,890	5,554,467	6,134,352	5,852,914
Total governmental activities net position	<u>\$ 12,562,205</u>	<u>\$ 11,696,915</u>	<u>\$ 11,148,179</u>	<u>\$ 10,685,895</u>	<u>\$ 10,006,949</u>

**Town of Lewisville**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Schedule 2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 1,081,813	\$ 1,025,807	\$ 1,005,308	\$ 1,079,253	\$ 1,046,683	\$ 1,053,173	\$ 1,012,936	\$ 974,603	\$ 777,620	\$ 709,775
Public works	1,678,658	1,667,179	1,802,150	1,766,003	1,699,946	1,432,703	1,817,363	1,973,582	1,842,630	1,511,191
Planning	159,518	149,045	154,287	139,310	126,574	117,030	117,361	117,609	115,883	107,015
Parks and recreation	261,365	245,620	239,360	224,378	215,543	202,023	203,504	288,870	167,490	156,916
Public safety	583,362	546,202	510,417	495,350	454,942	451,896	405,408	410,063	335,550	319,225
Interest on long-term debt	24,891	29,727	35,522	42,777	49,065	78,747	88,669	95,967	103,266	65,468
Total expenses	3,789,607	3,663,580	3,747,044	3,747,071	3,592,753	3,335,572	3,645,241	3,858,994	3,342,439	2,869,590
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Planning	7,375	7,645	3,715	1,840	3,780	2,660	5,190	4,256	5,890	2,000
Parks and recreation	7,980	6,924	7,206	7,272	16,516	11,593	11,897	12,348	13,245	13,197
Operating grants and contributions	360,642	361,733	367,956	366,144	363,371	351,383	342,001	359,190	350,507	402,371
Capital grants and contributions	24,597	67,094	524,914	550,893	-	-	58,407	228,608	42,363	432,795
Total program revenues	400,594	443,396	903,791	926,149	383,667	365,636	417,495	604,402	412,005	850,363
<b>Net (Expense)/Revenue</b>	(3,389,013)	(3,220,184)	(2,843,253)	(2,820,922)	(3,209,086)	(2,969,936)	(3,227,746)	(3,254,292)	(2,930,434)	(2,019,227)
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property taxes	2,424,805	2,264,797	2,227,096	2,188,558	2,235,387	2,358,788	2,337,360	2,321,072	2,309,330	2,050,723
Local option sales taxes	770,309	757,868	749,667	718,672	670,731	681,564	668,670	613,458	565,945	605,831
Other taxes	770,859	769,550	771,482	776,175	694,183	674,260	658,839	692,902	637,671	714,911
Other	303,518	196,438	207,622	138,977	109,414	120,614	111,613	89,144	96,434	110,094
Total general revenues	4,269,491	3,988,653	3,955,867	3,822,382	3,709,715	3,835,226	3,776,482	3,716,576	3,609,380	3,481,569
<b>Change in Net Position</b>	\$ 880,478	\$ 768,469	\$ 1,112,614	\$ 1,001,460	\$ 500,629	\$ 865,290	\$ 548,736	\$ 462,284	\$ 678,946	\$ 1,462,332

**Town of Lewisville**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Schedule 3

	Fiscal Year							
	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund</b>								
Restricted	\$ 992,571	\$ 944,521	\$ 904,600	\$ 1,077,518	\$ 892,042	\$ 934,579	\$ 870,370	\$ 1,086,487
Committed	328,986	263,501	237,395	211,875	441,726	511,004	485,773	506,034
Assigned	99,373	58,416	56,870	49,840	51,410	-	-	-
Unassigned	5,405,088	4,362,069	3,887,471	3,468,250	4,537,398	4,069,346	3,384,764	3,405,786
<b>Total general fund</b>	<u>6,826,018</u>	<u>5,628,507</u>	<u>5,086,336</u>	<u>4,807,483</u>	<u>5,922,576</u>	<u>5,514,929</u>	<u>4,740,907</u>	<u>4,998,307</u>
<b>All Other Governmental Funds</b>								
Restricted	306	28,860	84,743	556,763	246	1,878	619	1,054
Committed	2,827,142	3,014,944	2,745,741	2,777,191	1,935,082	1,807,729	1,851,117	1,612,155
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>2,827,448</u>	<u>3,043,804</u>	<u>2,830,484</u>	<u>3,333,954</u>	<u>1,935,328</u>	<u>1,809,607</u>	<u>1,851,736</u>	<u>1,613,209</u>
<b>Total</b>	<u>\$9,653,466</u>	<u>\$8,672,311</u>	<u>\$7,916,820</u>	<u>\$8,141,437</u>	<u>\$7,857,904</u>	<u>\$7,324,536</u>	<u>\$6,592,643</u>	<u>\$6,611,516</u>

	Fiscal Year	
	2010	2009
<b>General Fund</b>		
Reserved	\$ 573,263	\$ 505,683
Unreserved	3,751,231	3,800,234
<b>Total general fund</b>	<u>4,324,494</u>	<u>4,305,917</u>
<b>All Other Governmental Funds</b>		
Reserved	94,038	25,431
Unreserved, reported in:		
Special revenue funds	975,272	781,507
Capital projects funds	1,256,956	2,918,486
<b>Total all other governmental funds</b>	<u>2,326,266</u>	<u>3,725,424</u>
<b>Total</b>	<u>\$6,650,760</u>	<u>\$8,031,341</u>

**GASB Statement No. 54 was implemented starting fiscal year 2011.**

**Town of Lewisville**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Schedule 4

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Ad valorem taxes	\$2,428,349	\$2,270,001	\$2,229,238	\$2,191,391	\$2,240,351	\$2,388,321	\$2,345,514	\$2,313,950	\$2,306,956	\$2,042,935
Other taxes and licenses	35,893	33,579	28,021	28,920	26,593	28,263	26,916	26,687	23,793	24,443
Unrestricted intergovernmental	1,618,089	1,599,106	1,597,024	1,530,936	1,390,374	1,379,067	1,340,581	1,310,847	1,643,582	2,131,465
Restricted intergovernmental	427,498	468,304	830,917	950,782	394,406	387,378	436,494	621,387	-	-
Investment earnings	92,135	23,265	13,243	1,321	705	2,823	3,966	8,320	12,314	99,729
Miscellaneous	71,664	43,001	63,944	48,013	45,918	44,544	48,659	37,355	32,710	27,349
<b>Total revenues</b>	<b>4,673,628</b>	<b>4,437,256</b>	<b>4,762,387</b>	<b>4,751,363</b>	<b>4,098,347</b>	<b>4,200,396</b>	<b>4,202,130</b>	<b>4,318,546</b>	<b>4,019,355</b>	<b>4,325,921</b>
<b>Expenditures</b>										
General government	930,331	861,327	880,782	935,378	865,310	834,916	823,649	787,798	718,472	737,221
Public works	1,592,046	1,581,719	1,743,648	1,738,772	1,650,734	1,396,541	1,855,617	2,245,179	1,819,274	1,510,947
Planning	157,195	156,282	156,609	144,156	156,163	116,144	116,547	116,380	112,368	105,638
Parks and recreation	160,879	145,601	140,093	126,026	117,562	106,027	115,936	233,868	126,548	115,974
Public safety	583,362	546,202	510,417	495,350	454,942	451,897	405,408	410,063	335,550	319,225
Debt service										
Interest and other charges	25,382	30,217	36,260	43,512	49,555	62,110	89,409	96,707	104,006	54,740
Principal	186,666	186,666	279,999	279,999	186,666	186,667	186,667	186,667	186,667	93,333
Capital outlay	56,612	173,751	1,239,196	704,637	84,047	294,201	627,770	281,128	1,997,051	1,935,817
<b>Total expenditures</b>	<b>3,692,473</b>	<b>3,681,765</b>	<b>4,987,004</b>	<b>4,467,830</b>	<b>3,564,979</b>	<b>3,468,503</b>	<b>4,221,003</b>	<b>4,357,790</b>	<b>5,399,936</b>	<b>4,872,895</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>981,155</b>	<b>755,491</b>	<b>(224,617)</b>	<b>283,533</b>	<b>533,368</b>	<b>731,893</b>	<b>(18,873)</b>	<b>(39,244)</b>	<b>(1,380,581)</b>	<b>(546,974)</b>
<b>Other financing sources (uses)</b>										
Transfers from other funds	1,075,312	597,618	400,634	1,941,578	210,000	240,337	1,417,720	191,818	542,319	1,313,656
Transfers to other funds	(1,075,312)	(597,618)	(400,634)	(1,941,578)	(210,000)	(240,337)	(1,417,720)	(191,818)	(542,319)	(1,313,656)
Monies loaned under long-term receivable	-	-	-	-	-	-	-	-	-	(50,500)
Monies received under long-term receivable	-	-	-	-	-	-	-	-	-	25,250
Proceeds from construction loan	-	-	-	-	-	-	-	-	-	2,800,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,774,750</b>
<b>Net change in fund balances</b>	<b>\$ 981,155</b>	<b>\$ 755,491</b>	<b>\$ (224,617)</b>	<b>\$ 283,533</b>	<b>\$ 533,368</b>	<b>\$ 731,893</b>	<b>\$ (18,873)</b>	<b>\$ (39,244)</b>	<b>\$ (1,380,581)</b>	<b>\$ 2,227,776</b>
Debt service as a percentage of noncapital expenditures	5.83%	6.18%	8.44%	8.60%	6.79%	8.50%	7.84%	6.95%	8.50%	5.04%

**Town of Lewisville  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

Schedule 5

Fiscal Year Ended June 30	Tax Year Ended December 31	Real Property	Personal Property	Public Service Companies	Total Assessed Value	Property Tax Rate (Per \$100 Assessed Value)	Ratio of Assessed Value to Estimated Actual Value
2018	2017	\$ 1,175,454,913	\$15,614,925	\$ 16,732,981	\$ 1,207,802,819	\$ 0.177	100%
2017	2016	1,089,190,989	15,256,435	16,114,682	1,120,562,106	0.177	100%
2016	2015	1,074,660,918	15,219,220	12,013,277	1,101,893,415	0.177	100%
2015	2014	1,061,634,550	16,304,750	12,013,277	1,089,952,577	0.177	100%
2014	2013	1,055,272,908	129,358,791	12,386,287	1,197,017,986	0.177	100%
2013	2012	1,162,525,518	134,753,619	12,068,961	1,309,348,098	0.177	100%
2012	2011	1,156,635,029	128,007,613	11,933,530	1,296,576,172	0.177	100%
2011	2010	1,150,779,348	123,816,565	11,978,288	1,286,574,201	0.177	100%
2010	2009	1,143,138,522	129,018,748	12,790,127	1,284,947,397	0.177	100%
2009	2008	996,332,782	135,472,035	13,089,730	1,144,894,547	0.177	100%

*Source: TR-1 reports compiled by the Forsyth County Tax Department on a calendar year basis to meet reporting requirements of the Tax Research Division of the North Carolina Department of Revenue.*

*Assessed value is established by the Forsyth County Tax Department at 100% of estimated market value.*

**Town of Lewisville  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

**Schedule 6**

Fiscal Year Ended June 30	(1) Town of Lewisville General Fund	(2) Forsyth County	(3) Lewisville Fire District	Combined Tax Rate	(4) Municipal Service District
2018	\$ 0.1770	\$ 0.7235	\$ 0.0800	\$ 0.9805	\$ 0.0450
2017	0.1770	0.7310	0.0800	0.9880	0.0450
2016	0.1770	0.7310	0.0800	0.9880	0.0450
2015	0.1770	0.7168	0.0780	0.9718	0.0500
2014	0.1770	0.7168	0.0780	0.9718	0.0500
2013	0.1770	0.7168	0.0740	0.9678	0.0500
2012	0.1770	0.6740	0.0600	0.9110	0.0500
2011	0.1770	0.6740	0.0600	0.9110	0.0500
2010	0.1770	0.6740	0.0600	0.9110	0.0500
2009	0.1770	0.6960	0.0600	0.9330	0.0500

All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

(1) Town of Lewisville tax rate for general fund only. Municipalities set their own direct rate. This rate, combined with the county rate and any applicable fire tax district rate is the total overlapping tax rate.

(2) Forsyth County has a unified tax rate.

(3) The Forsyth County Board of Commissioners sets each fire tax district.

(4) Lewisville Municipal Service District is a separate fund. The tax rate is set by Municipal Council but only applies to those in that special district.

Town of Lewisville  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Schedule 7

Taxpayer	2018			2009		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Kaplan Partners	\$ 20,653,503	1	1.71%	\$ 24,575,380	1	2.17%
Duke Energy Corp	11,419,124	2	0.95%	5,967,080	5	0.53%
US Bank National Association	6,738,898	3	0.56%	-	-	-
Yopp Properties, LLC	6,176,000	4	0.51%	6,428,200	4	0.57%
Kent Corporation	4,816,599	5	0.40%	5,174,500	7	0.46%
WLM Stone Point, LLC	4,698,486	6	0.39%	5,390,190	6	0.48%
Vienna Villiage, Inc.	3,406,000	7	0.28%	-	-	-
Millgent Properties, LLC	3,308,000	8	0.27%	-	-	-
FFCN Inc	3,252,102	9	0.27%	3,897,300	8	0.34%
Mark A. Lyerly	3,094,610	10	0.26%	3,748,200	10	0.33%
Gemini Lewisville Commons LLC				11,174,400	2	0.99%
Windstream North Carolina Inc				6,444,850	3	0.57%
John Kavanagh Company				3,752,500	9	0.33%
	<u>\$ 67,563,322</u>		<u>5.60%</u>	<u>\$ 76,552,600</u>		<u>6.77%</u>

Source: Annual Tax Scroll from Forsyth County Tax Department and TR-1 Reports



**Town of Lewisville  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Schedule 8

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collection on Prior Years' Levies	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2018	\$ 2,390,255	\$ 2,381,218	99.62%	\$ -	\$ 2,381,218	99.62%
2017	2,232,149	2,222,896	99.59%	4,928	2,227,824	99.81%
2016	2,193,078	2,180,617	99.43%	9,164	2,189,781	99.85%
2015	2,157,381	2,143,231	99.34%	12,943	2,156,174	99.94%
2014	2,197,203	2,173,364	98.92%	21,379	2,194,743	99.89%
2013	2,321,461	2,292,530	98.75%	27,864	2,320,394	99.95%
2012	2,298,287	2,269,669	98.75%	25,968	2,295,637	99.88%
2011	2,282,452	2,250,367	98.59%	28,302	2,278,669	99.83%
2010	2,269,709	2,236,942	98.56%	29,764	2,266,706	99.87%
2009	2,021,339	1,989,500	98.42%	31,422	2,020,922	99.98%

*A revaluation of all property is required every eight (8) years by State statute. Real property was revalued on January 1, 2005, 2009, 2013 and 2017.*

*Source: Forsyth County Tax Department*

**Town of Lewisville  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Schedule 9**

<b>Fiscal Year</b>	<b>Installment Purchase</b>	<b>Percentage of Personal Income</b>	<b>Population</b>	<b>Debt per Capita</b>
2018	\$ 840,004	0.17%	13,232	63.48
2017	1,026,670	0.21%	13,120	78.25
2016	1,213,336	0.26%	13,046	93.00
2015	1,493,335	0.32%	13,015	114.74
2014	1,773,334	0.42%	12,910	137.36
2013	1,960,000	0.49%	12,810	153.01
2012	2,146,667	0.53%	12,774	168.05
2011	2,333,333	0.56%	12,681	184.00
2010	2,520,000	0.51%	13,993	180.09
2009	2,706,667	0.58%	13,604	198.96

*Details regarding the Town's outstanding debt can be found in the notes to the financial statements.*

*Percentage of personal income based on Schedule 12 Demographic and Economic Statistics.*

**Town of Lewisville  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018**

**Schedule 10**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
<i>Debt repaid with property taxes</i>			
Forsyth County	\$ 552,243,524	3.38%	<u>\$ 18,665,831</u>
Subtotal, overlapping debt			18,665,831
Town of Lewisville direct debt			<u>840,004</u>
Total direct and overlapping debt			<u><u>\$ 19,505,835</u></u>

*Source: Forsyth County Finance Department and Town of Lewisville Finance Department*

*Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt by those overlapping governments that is borne by the property taxpayers of the Town of Lewisville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.*

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the Town's taxable assessed value which is within Forsyth County's boundaries and dividing it by the County's total taxable assessed value.*

**Town of Lewisville  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Schedule 11

**Legal Debt Margin Calculation for Fical Year 2018**

Assessed value	<u>\$ 1,350,426,554</u>
Debt limit (8% of assessed value)	108,034,124
Debt applicable to limit:	
Financing agreement	840,004
Legal debt margin	<u>\$ 107,194,120</u>

	Fiscal Year				
	2018	2017	2016	2015	2014
Debt limit	\$ 108,034,124	\$ 100,888,090	\$ 99,122,170	\$ 97,508,746	\$ 99,129,356
Total debt applicable to limit	840,004	1,026,670	1,213,336	1,493,335	1,773,334
Legal debt margin	<u>\$ 107,194,120</u>	<u>\$ 99,861,420</u>	<u>\$ 97,908,834</u>	<u>\$ 96,015,411</u>	<u>\$ 97,356,022</u>
Total debt applicable to the limit as a percentage of debt limit	0.78%	1.02%	1.22%	1.53%	1.79%

	Fiscal Year				
	2013	2012	2011	2010	2009
Debt limit	\$ 104,687,412	\$ 103,648,000	\$ 102,938,305	\$ 102,356,249	\$ 91,152,226
Total debt applicable to limit	1,960,000	2,146,667	2,333,333	2,520,000	35,756
Legal debt margin	<u>\$ 102,727,412</u>	<u>\$ 101,501,333</u>	<u>\$ 100,604,972</u>	<u>\$ 99,836,249</u>	<u>\$ 91,116,470</u>
Total debt applicable to the limit as a percentage of debt limit	1.87%	2.07%	2.27%	2.46%	0.04%

Source: Assessed values from Forsyth County tax office

**Town of Lewisville  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Schedule 12

Fiscal Year	(1) Town of Lewisville Population	(2) Town of Lewisville Personal Income	(2) Town of Lewisville Per Capita Personal Income	(3) Forsyth County Unemployment Rate
2018	13,232	\$ 490,166,208 *	\$ 37,044 *	4.20%
2017	13,120	496,001,600 *	37,805 *	4.20%
2016	13,046	466,277,086 *	35,741 *	5.10%
2015	13,015	465,169,115 *	35,741 *	6.00%
2014	12,910	423,228,530 *	32,783 *	6.30%
2013	12,810	402,374,910 *	31,411 *	8.80%
2012	12,774	402,764,220 *	31,530 *	9.00%
2011	12,681	417,331,710	32,910	10.00%
2010	13,993	489,838,958	35,006	10.10%
2009	13,604	468,100,036	34,409	9.60%

Sources: (1) State of North Carolina Office of State Budget and Management  
(2) Piedmont Triad Regional Council Regional Data Center and U.S. Census Bureau  
(3) North Carolina Department of Commerce

\* Personal income based on 2010 Census

Town of Lewisville  
Principal Employers  
Current Year and Nine Years Ago

Schedule 13

Employer	2018			2009		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Kaplan	283	1	n/a	216	2	n/a
Forsyth Country Day School	219	2	n/a	298	1	n/a
Lowe's Foods	112	3	n/a	100	3	n/a
Food Lion	75	4	n/a	61	5	n/a
Lewisville Elementary School	63	5	n/a	80	4	n/a
	<u>752</u>			<u>755</u>		

Source: Town of Lewisville Planning Department

Town of Lewisville  
 Full-Time Equivalent Employees by Function  
 Last Ten Fiscal Years

Schedule 14

Function	Full-Time Equivalent Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Management services	1	1	1	1	1	1	1	1	1	1
Finance	2	2	2	2	2	2	2	2	1	1
Planning	1	1	1	1	1	1	1	1	1	1
Public works	3	3	3	4	4	4	4	4	4	4
Other	2	2	2	3	3	3	3	3	3	3
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>

Source: Town of Lewisville Finance Department

**Town of Lewisville  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

**Schedule 15**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Public Works										
Street resurfacing (miles)	1.2152	1.8	2.533	2.682	2.92	1.75	3.85	3.52	2.86	2.12
Planning										
Developer fees paid	\$7,375	\$7,645	\$3,715	\$1,840	\$3,780	\$2,660	\$5,190	\$4,256	\$5,890	\$2,000
Community Policing										
Parking violations	1	2	11	7	23	70	25	52	77	35
Parks and Recreation										
Facility rentals	111	104	104	83	87	68	85	68	50	57

*Source: Town of Lewisville Finance Department and Town of Lewisville Public Works Department*



**Town of Lewisville  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

**Schedule 16**

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police *	6	6	6	6	6	6	5	5	5	4
Streets										
Streets (miles) total	105.74	105.74	105.74	105.61	106.64	106.64	106.20	106.20	106.20	106.20
Streets (miles) town maintained	56.43	56.43	56.43	56.34	55.48	56.34	55.40	55.40	55.40	55.40
Streetlights	155	155	155	155	123	123	123	123	123	121
Parks and recreation										
Playgrounds	2	2	2	2	2	2	2	2	2	1
Community centers	1	1	1	1	1	1	1	1	1	1
Public works										
Vehicles	2	2	2	2	2	2	2	2	2	2

\* Police are contracted services from Forsyth County.

Sources: Various departments in the Town of Lewisville

## **Compliance Section**



**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor  
and Members of the Town Council  
Town of Lewisville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lewisville, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Lewisville's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lewisville'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 Town of Lewisville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lewisville'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 instances 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.

*Jehson + Company, P.A.*

Winston-Salem, North Carolina  
November 13, 2018