

TOWN OF LEWISVILLE,  
NORTH CAROLINA  
Comprehensive Annual Financial Report  
For the Fiscal Year  
Ended June 30, 2016



Prepared by:  
Pam Orrell  
Finance Officer

**Town of Lewisville, North Carolina  
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June 30, 2016**

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## **Introductory Section**



# TOWN OF LEWISVILLE

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E-Mail: [townhall@lewisvillenc.net](mailto:townhall@lewisvillenc.net)  
WebSite: [www.lewisvillenc.net](http://www.lewisvillenc.net)

November 11, 2016

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

We are proud to announce that the Town of Lewisville celebrated its 25<sup>th</sup> Anniversary of incorporation on August 13, 2016. The Town of Lewisville is one of the fastest growing communities in Forsyth County and home to approximately 13,000 residents with a deep sense of community and commitment to remaining a small town while working towards a bright future.

## **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, 2016. 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, 2016. 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. Elected officials are limited by Town charter to four consecutive two-year terms. 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 2016, the town manager, with a staff of 8, administered Town functions in accordance with Council policies, ordinances, and the annual budget ordinance. The staff positions were finance officer, town clerk, accounting clerk, town planner, office assistant/parks and recreation events coordinator, public works director, 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, as awarded by Council, 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 budget ordinance. The budget is prepared by department. 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, 76 percent of Lewisville's population works in management, business, science, and arts occupations along with sales and office occupations. Eight percent of the working population works at home, with most workers driving to work for an average 23.5 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.

### **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 unassigned 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 availability of unassigned 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 enhance 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 \$493,522 for the fiscal year ended June 30, 2016. 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 its contract.

*Storm Water.* The Council continued its annual transfer from the General Fund to the Storm Water Capital Reserve Fund during the fiscal year 2016 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, 2016 was \$213,793.

*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 which 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 2016 was \$409,881. Overall, paving and maintenance of Town streets continues to be a priority of the Town in future budgets.

*Intersection Improvements.* The Town completed construction and put into service a roundabout at Shallowford Road and Williams Road. This project was part of an agreement with the Metropolitan Planning Organization (MPO). Surface Transportation Program-Direct Attributable Funds (STP-DA) in the amount of \$690,000 were awarded to the Town of Lewisville to fund the roundabout's construction.

*Sidewalk Improvements.* The Town also completed sidewalk improvements along Lewisville-Vienna Road during fiscal year 2016. This project was also part of an agreement with the Metropolitan Planning Organization (MPO). Surface Transportation Program-Direct Attributable Funds (STP-DA) in the amount of \$156,400 were awarded to the Town of Lewisville to fund the sidewalk extension.

### **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. The Town shall continue funding the capital reserve fund and move funds as needed to the GWR ROW/Construction Capital Projects Fund. The Town has also secured funds in the amount

of \$596,000 from the Department of Federal Highway Administration for survey, design, and environmental documentation work.

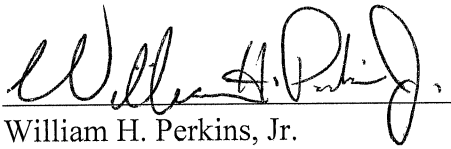
*Interlocal Agreement with City-County Utility Commission.* The Town of Lewisville has entered into an agreement with the City-County Utility Commission of the City of Winston-Salem and Forsyth County (CCUC) whereby the CCUC will continue the operation of the water and sewer systems within the Town of 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. 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. During the fiscal year 2016, the Town acquired 750,000 gallons per day in sewer capacity in the newly constructed Harper Road Lift Station at a purchase price of \$600,000.

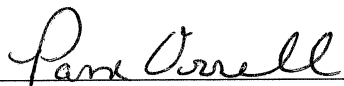
### **Awards and Acknowledgements**

Due to budgetary constraints, an application for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association was not requested for the fiscal years ending June 30, 2015 and 2011. The Town of Lewisville has been awarded this prestigious award for nine years. 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

Ken Sadler  
Council

Jeff Zenger  
Council

Fred Franklin  
Council

# Town Council



Mike Horn



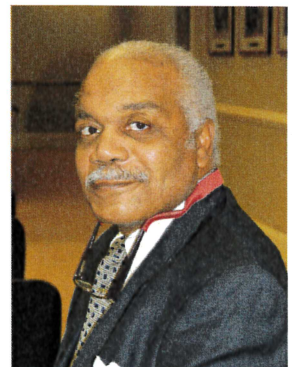
Fred Franklin



Robert Greene



Sandra Mock



Ken Sadler

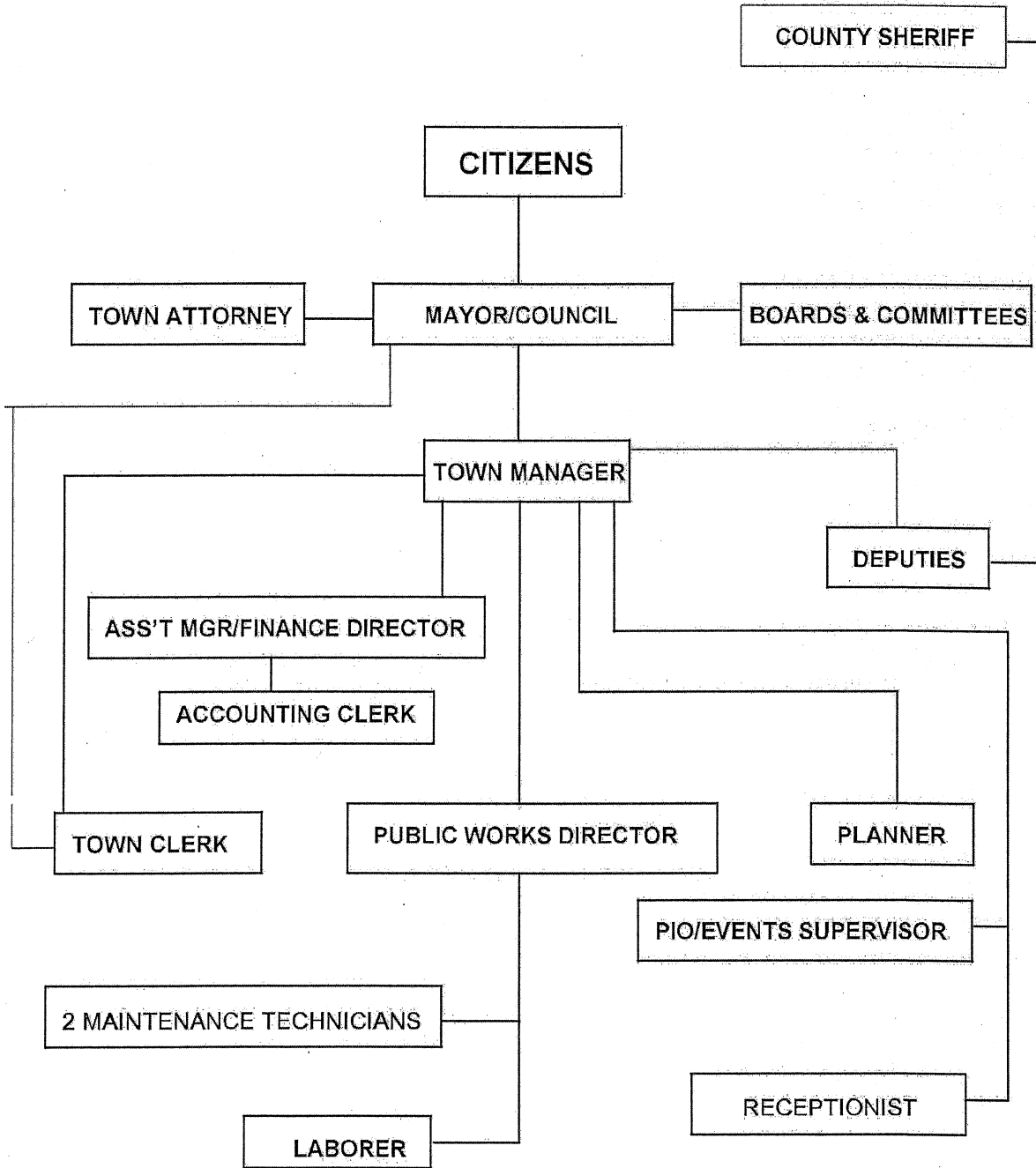


Ed Smith

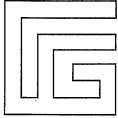


Jeff Zenger

# Town of Lewisville Organizational Chart



## **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, 2016, 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, 2016, 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 12 and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 41 and 42, 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, statistical section, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, 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, other schedules and the schedule of expenditures of federal and state awards 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, other schedules and the schedule of expenditures of federal and state awards 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 11, 2016 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 11, 2016

## 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, 2016. 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

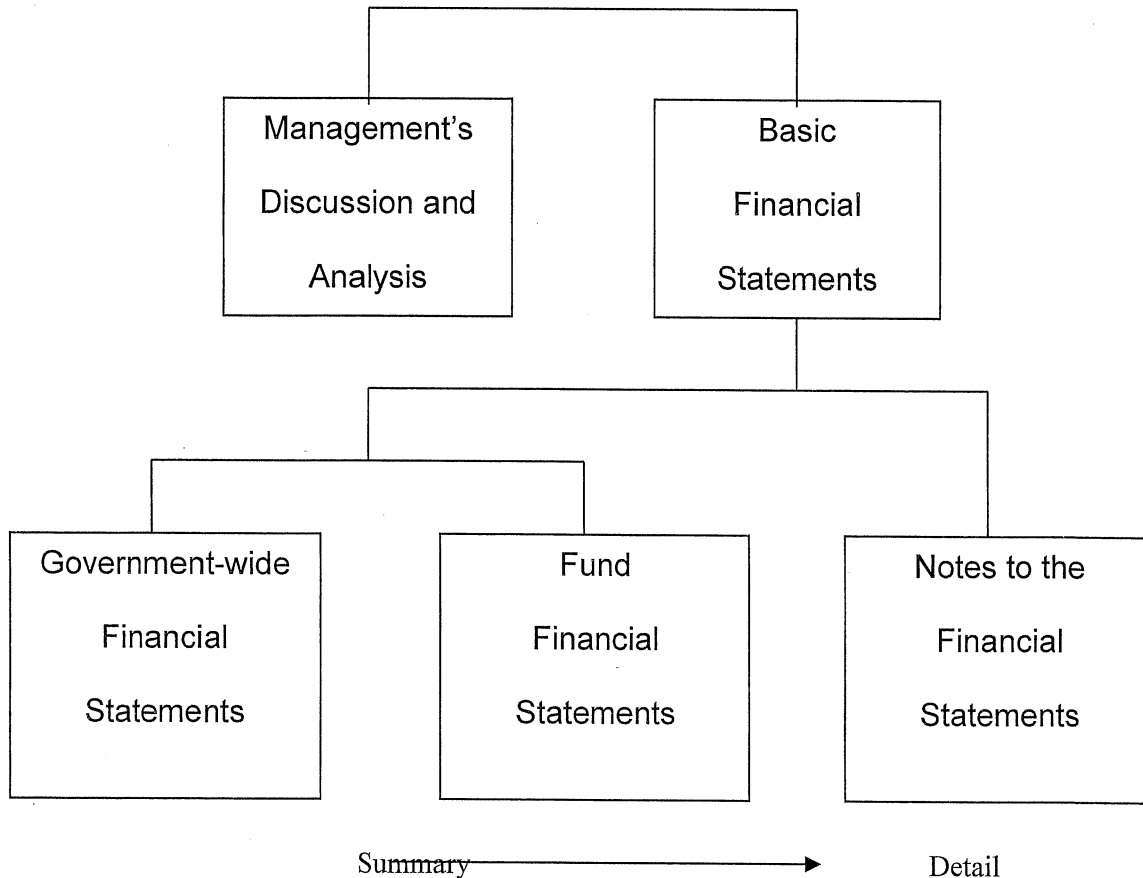
- The assets and deferred outflows of resources of the Town of Lewisville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,110,457 (*net position*).
- The government's total net position increased by \$1,112,614 primarily due to increases in the governmental-type 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 \$7,916,820 a decrease of \$224,617 in comparison with the prior year. Approximately 12.50 percent of this total amount, or \$989,343 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,887,471 or 96.04 percent of total general fund expenditures for the fiscal year.
- The Town of Lewisville's total debt decreased by \$258,920 (16.70%) 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 federal and State 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 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 20 of this report.

Management Discussion and Analysis  
Town of Lewisville

**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 41 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.

**Government-Wide Financial Analysis**

**Town of Lewisville's Net Position**  
**Figure 2**

	Governmental Activities	
	2016	2015
Current and other assets	\$ 8,529,512	\$ 9,033,998
Capital assets	8,413,265	7,389,267
Deferred outflows of resources	56,132	45,651
Total assets and deferred outflows of resources	16,998,909	16,468,916
Long-term liabilities outstanding	1,094,423	1,345,066
Other liabilities	771,633	1,015,501
Deferred inflows of resources	22,396	110,506
Total liabilities and deferred inflows of resources	1,888,452	2,471,073
Net position:		
Net investment in capital assets	7,199,929	5,895,932
Restricted	989,343	1,634,281
Unrestricted	6,921,185	6,467,630
Total net position	\$ 15,110,457	\$ 13,997,843

Management Discussion and Analysis  
Town of Lewisville

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 \$15,110,457 as of June 30, 2016. The Town's net position increased by \$1,112,614 for the fiscal year ended June 30, 2016. However, a significant portion (47.65%) 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, \$989,343 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,921,185 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 99.43%.



Management Discussion and Analysis  
Town of Lewisville

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

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 10,921	\$ 9,112
Operating grants and contributions	367,956	366,144
Capital grants and contributions	524,914	550,893
General revenues:		
Property taxes	2,227,096	2,188,558
Other taxes	65,482	62,666
Unrestricted intergovernmental revenues	1,597,024	1,530,936
Other	66,265	40,222
Total revenues	<u>4,859,658</u>	<u>4,748,531</u>
Expenses:		
General government	1,005,308	1,079,253
Public works	1,802,150	1,766,003
Planning	154,287	139,310
Parks and recreation	239,360	224,378
Public safety	510,417	495,350
Interest on long-term debt	35,522	42,777
Total expenses	<u>3,747,044</u>	<u>3,747,071</u>
Increase in net position before transfers	1,112,614	1,001,460
Transfers	<u>-</u>	<u>-</u>
Increase in net position	1,112,614	1,001,460
Net position, July 1	13,997,843	12,996,383
Net position, June 30	<u>\$ 15,110,457</u>	<u>\$ 13,997,843</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$1,112,614, 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 \$3,887,471, while total fund balance reached \$5,086,336. The Town currently has an available fund balance of 96.04% of general fund expenditures, while total fund balance represents 125.66% of the same amount.

At June 30, 2016, the governmental funds of the Town of Lewisville reported a combined fund balance of \$7,916,820, with a net decrease of \$224,617 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, sales taxes, CATV taxes, Powell Bill distribution, magistrate facility fees, ABC revenues, and occupancy taxes.

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

- The budget was amended to transfer the balance in the Greenways Capital Projects Fund in the amount of \$100,127 to the Sidewalks, Bike Paths, and Greenways Capital Projects Fund.
- The budget was amended by \$39,500 to fund a sewer feasibility study.
- The budget was amended by \$21,744 to contract with NCDOT to provide landscape plantings at the Shallowford Road Roundabout.
- The budget was amended in the amount of \$100,152 to provide for additional transfers from the General Fund to the Shallowford Road Roundabout Grant Capital Projects Fund.
- The budget was amended by \$35,000 for snow and iced removal.
- The budget was amended in the amount of \$28,000 for legal fees in the planning department.
- The budget was amended in the amount of \$25,000 to fund the 25<sup>th</sup> Anniversary Celebration of the Town's founding.

Management Discussion and Analysis  
Town of Lewisville

**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, 2016, totals \$8,413,265 (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 \$300,941 in construction costs for the Shallowford Road Roundabout project.
- The Town spent \$157,699 in construction costs for the Lewisville-Vienna Road Sidewalk Extension project.
- The Town spent \$162,492 in contracted design services related to the GWR ROW/Construction capital project.
- The Town spent \$600,000 to acquire 750,000 gallons per day in sewer capacity in the newly constructed Harper Road Lift Station.
- The Town received a donation of house and land valued at \$99,414.
- The Town invested \$8,200 in a security system at Jack Warren Park.
- The Town purchased and installed four light poles on a bridge for \$9,864.

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

	Governmental Activities	
	2016	2015
Land	\$ 1,258,327	\$ 1,216,857
Water rights	600,000	-
Construction in progress	986,245	1,702,094
Buildings and systems	2,026,654	2,112,387
Machinery and equipment	51,169	52,366
Infrastructure	2,095,726	863,623
Park	1,395,144	1,441,940
Vehicles and motorized equipment	-	-
<b>Total</b>	<b>\$ 8,413,265</b>	<b>\$ 7,389,267</b>

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

Management Discussion and Analysis  
Town of Lewisville

**Long-term Debt.** As of June 30, 2016, the Town of Lewisville had long-term debt consisting of compensated absences and a financing agreement for the construction of the town hall building.

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

	Governmental Activities	
	2016	2015
Financing agreement	\$ 1,213,336	\$ 1,493,335
Net pension liability	34,422	-
Compensated absences	43,350	56,693
Total	<u>\$ 1,291,108</u>	<u>\$ 1,550,028</u>

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 \$97,908,834.

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.

- Steady growth in the residential property tax base.
- Investment in a sewer feasibility study during the year along with the acquisition of 750,000 gallons per day of sewer capacity in the newly constructed Harper Road Lift Station.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:**

The Town will continue the process of construction, design, and surveying for the next phase of the Great Wagon Road.

The Town plans to invest in a new website for the Town during the next fiscal year.

The Town plans to invest in new equipment for the PEG (Public, Educational, and Governmental) Channel.

**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, 2016**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,499,239	\$ 7,499,239
Taxes receivables (net)	40,930	40,930
Grants receivable	74,532	74,532
Due from other governments	345,419	345,419
Other receivables (net)	173	173
Restricted cash and cash equivalents	569,219	569,219
Total current assets	8,529,512	8,529,512
Non-current assets:		
Net pension asset	-	-
Capital assets:		
Land, non-depreciable improvements, and construction in progress	2,844,572	2,844,572
Other capital assets, net of depreciation	5,568,693	5,568,693
Total capital assets	8,413,265	8,413,265
Total assets	16,942,777	16,942,777
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	56,132	56,132
Total deferred outflows of resources	56,132	56,132
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	571,762	571,762
Accrued interest payable	3,186	3,186
Current portion of long-term liabilities	196,685	196,685
Total current liabilities	771,633	771,633
Long-term liabilities:		
Net pension liability	34,422	34,422
Due in more than one year	1,060,001	1,060,001
Total liabilities	1,866,056	1,866,056
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	22,396	22,396
Total deferred inflows of resources	22,396	22,396
<b>NET POSITION</b>		
Net investment in capital assets	7,199,929	7,199,929
Restricted for:		
Stabilization by State Statute	420,124	420,124
Streets	569,219	569,219
Unrestricted	6,921,185	6,921,185
Total net position	\$ 15,110,457	\$ 15,110,457

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, 2016

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	\$ 1,005,308	\$ -	\$ -	\$ 99,414	\$ (905,894)	\$ (905,894)
Public works	1,802,150	-	367,956	425,500	(1,008,694)	(1,008,694)
Planning	154,287	3,715	-	-	(150,572)	(150,572)
Parks and recreation	239,360	7,206	-	-	(232,154)	(232,154)
Public safety	510,417	-	-	-	(510,417)	(510,417)
Interest on long-term debt	35,522	-	-	-	(35,522)	(35,522)
Total governmental activities	3,747,044	10,921	367,956	524,914	(2,843,253)	(2,843,253)
Total primary government	\$ 3,747,044	\$ 10,921	\$ 367,956	\$ 524,914	\$ (2,843,253)	\$ (2,843,253)

## General revenues:

## Taxes:

Property taxes, levied for general purpose	2,227,096	2,227,096
Cable franchise tax	28,021	28,021
Local occupancy tax	37,461	37,461
Unrestricted intergovernmental revenues	1,597,024	1,597,024
Unrestricted investment earnings	13,243	13,243
Miscellaneous	53,022	53,022
Total general revenues not including transfers	3,955,867	3,955,867
Transfers	-	-
Total general revenues and transfers	3,955,867	3,955,867
Change in net position	1,112,614	1,112,614
Net position, beginning	13,997,843	13,997,843
Net position, ending	\$ 15,110,457	\$ 15,110,457

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

Town of Lewisville, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2016

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	GWR ROW/Construction Capital Projects Fund	Harper Road Lift Station Capital Projects Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,672,383	\$ 737,358	\$ 1,241	\$ 2,088,257	\$ 7,499,239
Restricted cash	569,219	-	-	-	569,219
Grants receivable	-	64,532	-	10,000	74,532
Receivables, net:					
Taxes	39,994	-	-	936	40,930
Other	173	-	-	-	173
Due from other governments	335,208	-	-	10,211	345,419
Total assets	<u>5,616,977</u>	<u>801,890</u>	<u>1,241</u>	<u>2,109,404</u>	<u>8,529,512</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	490,647	80,665	-	450	571,762
Total liabilities	<u>490,647</u>	<u>80,665</u>	<u>-</u>	<u>450</u>	<u>571,762</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes receivable	39,994	-	-	936	40,930
Total deferred inflows of resources	<u>39,994</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>40,930</u>
<b>FUND BALANCES</b>					
Restricted					
Stabilization by State Statute	335,381	64,532	-	20,211	420,124
Streets	569,219	-	-	-	569,219
Committed					
Stormwater Capital Reserve Fund	213,792	-	-	-	213,792
Stormwater Repairs Fund	23,603	-	-	-	23,603
Special revenue fund	-	-	-	110,727	110,727
Capital projects funds	-	656,693	1,241	1,977,080	2,635,014
Assigned					
Subsequent year's expenditures	56,870	-	-	-	56,870
Unassigned	3,887,471	-	-	-	3,887,471
Total fund balances	<u>5,086,336</u>	<u>721,225</u>	<u>1,241</u>	<u>2,108,018</u>	<u>7,916,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,616,977</u>	<u>\$ 801,890</u>	<u>\$ 1,241</u>	<u>\$ 2,109,404</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, 2016**

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

Total fund balance, governmental funds		\$	7,916,820
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost		\$	11,463,699
Accumulated depreciation			<u>(3,050,434)</u>
			8,413,265
Deferred outflows of resources related to pensions are not reported in the funds			
			56,132
Earned revenues considered deferred inflows of resources in fund statements			
			40,930
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.			
Compensated absences			(43,350)
Financing agreement			(1,213,336)
Accrued interest payable			(3,186)
Net pension liability			(34,422)
Deferred inflows of resources related to pensions are not reported in the funds			
			<u>(22,396)</u>
Net position of governmental activities		\$	<u><u>15,110,457</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, 2016**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	GWR ROW/Construction Capital Projects Fund	Harper Road Lift Station Capital Projects Fund		
<b>REVENUES</b>					
Ad valorem taxes	\$ 2,201,019	\$ -	\$ -	\$ 28,219	\$ 2,229,238
Other taxes and licenses	28,021	-	-	-	28,021
Unrestricted intergovernmental	1,597,024	-	-	-	1,597,024
Restricted intergovernmental	405,417	129,993	-	295,507	830,917
Investment earnings	6,236	1,652	1,188	4,167	13,243
Miscellaneous	63,944	-	-	-	63,944
Total revenues	<u>4,301,661</u>	<u>131,645</u>	<u>1,188</u>	<u>327,893</u>	<u>4,762,387</u>
<b>EXPENDITURES</b>					
Current:					
General government	880,782	-	-	-	880,782
Public works	1,741,321	162,492	600,000	470,831	2,974,644
Planning	156,609	-	-	-	156,609
Parks and recreation	148,293	-	-	-	148,293
Public safety	510,417	-	-	-	510,417
Debt service:					
Principal	279,999	-	-	-	279,999
Interest and other charges	36,260	-	-	-	36,260
Capital outlay	-	-	-	-	-
Total expenditures	<u>3,753,681</u>	<u>162,492</u>	<u>600,000</u>	<u>470,831</u>	<u>4,987,004</u>
Excess (deficiency) of revenues over expenditures	<u>547,980</u>	<u>(30,847)</u>	<u>(598,812)</u>	<u>(142,938)</u>	<u>(224,617)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	25,000	-	-	375,634	400,634
Transfers to other funds	(294,127)	-	-	(106,507)	(400,634)
Total other financing sources (uses)	<u>(269,127)</u>	<u>-</u>	<u>-</u>	<u>269,127</u>	<u>-</u>
Net change in fund balance	278,853	(30,847)	(598,812)	126,189	(224,617)
Fund balances, beginning	4,807,483	752,072	600,053	1,981,829	8,141,437
Fund balances, ending	<u>\$ 5,086,336</u>	<u>\$ 721,225</u>	<u>\$ 1,241</u>	<u>\$ 2,108,018</u>	<u>\$ 7,916,820</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, 2016**

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

Net changes in fund balances - total governmental funds		\$ (224,617)
<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 capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 1,239,195	
Depreciation expense for governmental activities	<u>(314,610)</u>	924,585
<p>Contributions to the pension plan in the current fiscal year are not included on the statement of activities.</p>		
		42,015
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Amount of donated assets		99,414
Change in unavailable revenue for tax revenues		<u>(2,142)</u>
<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	279,999	
Decrease in accrued interest payable	<u>737</u>	280,736
<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		13,343
Pension expense		<u>(20,720)</u>
Total changes in net position of governmental activities		<u><u>\$ 1,112,614</u></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, 2016**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,085,530	\$ 2,085,530	\$ 2,201,019	\$ 115,489
Other taxes and licenses	27,000	27,000	28,021	1,021
Unrestricted intergovernmental	1,515,850	1,515,850	1,597,024	81,174
Restricted intergovernmental	361,230	361,230	405,417	44,187
Investment earnings	370	370	5,716	5,346
Miscellaneous	29,100	29,100	63,944	34,844
Total revenues	<u>4,019,080</u>	<u>4,019,080</u>	<u>4,301,141</u>	<u>282,061</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	942,990	994,892	880,782	114,110
Public works	1,708,590	1,888,224	1,741,321	146,903
Planning	147,380	175,380	156,609	18,771
Parks and recreation	143,840	168,603	148,293	20,310
Public safety	533,650	538,550	510,417	28,133
<b>Debt service:</b>				
Principal retirement	279,999	279,999	279,999	-
Interest and other charges	37,471	37,471	36,260	1,211
Total expenditures	<u>3,793,920</u>	<u>4,083,119</u>	<u>3,753,681</u>	<u>329,438</u>
Revenues over (under) expenditures	<u>225,160</u>	<u>(64,039)</u>	<u>547,460</u>	<u>611,499</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(275,000)	(394,279)	(294,127)	100,152
Total other financing sources (uses)	<u>(275,000)</u>	<u>(394,279)</u>	<u>(294,127)</u>	<u>100,152</u>
Fund balance appropriated	49,840	458,318	-	(458,318)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>253,333</u>	<u>\$ 253,333</u>
Fund balances, beginning			4,595,608	
Fund balances, ending			<u>\$ 4,848,941</u>	
A legally budgeted Stormwater Capital Reserve Fund, and a legally budgeted Stormwater Repairs Fund are consolidated into the General Fund for reporting purposes:				
Investment earnings - Stormwater Capital Reserve Fund			468	
Investment earnings - Stormwater Repairs Fund			52	
Expenditures - Stormwater Repairs Fund			-	
Stormwater Capital Reserve Fund - Transfers from other funds			25,000	
Stormwater Capital Reserve Fund - Transfers to other funds			-	
Stormwater Repairs Fund - Transfers from other funds			-	
Fund balance, beginning - Stormwater Capital Reserve Fund			188,324	
Fund balance, beginning - Stormwater Repairs Fund			23,551	
Fund balance, ending			<u>\$ 5,086,336</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 Year Ended June 30, 2016**

**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 Stormwater Capital Reserve Fund and a Stormwater Repairs Fund. Under GASB 54 guidance

these funds are consolidated in the General Fund. The budgetary comparison for these funds has been included in the supplemental information.

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

**Harper Road Lift Station Capital Projects Fund.** This fund is used to account for the funds needed to purchase sewer capacity from the newly constructed Harper Road Lift Station.

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.

**Municipal Buildings/Land Capital Projects 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.

**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.

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

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

**Greenways Capital Projects Fund.** This fund was used to account for funds to be used in future greenways projects. It was consolidated into the Sidewalks, Bike Paths and Greenways Capital Projects Fund during the year ended June 30, 2016.

**Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund.** This fund is used to account for funds to be used in the construction of additional sidewalks along Lewisville-Vienna 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.

### 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 districts. 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 assets 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 Stormwater Capital Reserve Fund, the Stormwater Repairs Fund, the MSD Special Revenue Fund, the Municipal Buildings/Land Capital Projects Fund, the Sidewalks, Bike Paths and Greenways Capital Projects Fund, the GWR ROW/Construction Reserve Capital Projects Fund, and the Greenways Capital Projects 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 Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund, the Jack Warren Park Maintenance Facility/Playground Expansion Capital Projects Fund, and the Harper Road Lift Station 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).

## 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.

### Town of Lewisville Restricted Cash

#### Governmental Activities

##### General Fund

##### Streets

\$ 569,219

#### Total Governmental Activities

569,219

#### Total Restricted Cash

\$ 569,219

## 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, 2015.

## 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, contributions made to the pension plan in the 2016 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

## 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 – portion of fund balance that is restricted by State Statute [G.S.159-8(a)].

    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 Stormwater Capital Reserve Fund – This fund is used to account for funds to be used in the stormwater project.

Committed for Stormwater Repairs Fund – This fund is used to account for the funds to be used in various repair projects.

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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

## 11. Pensions

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, 2016, the Town's deposits had a carrying amount of \$2,798,179 and a bank balance of \$2,818,854. 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, 2016, the Town's petty cash fund totaled \$200.

#### **2. Investments**

At June 30, 2016, the Town of Lewisville had \$5,270,079 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk.

### 3. Capital Assets

#### Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,216,857	\$ 41,470	\$ -	\$ 1,258,327
Sewer rights	-	600,000	-	600,000
Construction in progress	1,702,094	621,130	1,336,979	986,245
Total capital assets not being depreciated	2,918,951	1,262,600	1,336,979	2,844,572
<b>Capital assets being depreciated:</b>				
Buildings	3,363,778	57,944	-	3,421,722
Furniture and equipment	252,581	9,864	-	262,445
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	17,980	-	-	17,980
Infrastructure	1,079,200	1,336,979	-	2,416,179
Park	2,455,014	8,200	-	2,463,214
Total capital assets being depreciated	7,206,140	1,412,987	-	8,619,127
<b>Less accumulated depreciation for:</b>				
Buildings	1,251,391	143,677	-	1,395,068
Furniture and equipment	200,215	11,061	-	211,276
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	17,980	-	-	17,980
Infrastructure	215,577	104,876	-	320,453
Park	1,013,074	54,996	-	1,068,070
Total accumulated depreciation	2,735,824	314,610	-	3,050,434
Total capital assets being depreciated, net	4,470,316			5,568,693
<b>Governmental activity capital assets, net</b>	<b>\$ 7,389,267</b>			<b>\$ 8,413,265</b>

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

General government	\$ 148,887
Public works	66,456
Planning	-
Parks and recreation	99,267
Total depreciation expense	<u>\$ 314,610</u>

## Construction commitments

The government has active construction projects as of June 30, 2016. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Great Wagon Road	\$ 162,492	\$ 580,752

## 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, 2016, was 7.41% of compensation for law enforcement officers and 6.67% 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 \$42,015 for the year ended June 30, 2016.

*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, 2016, the Town reported a liability of \$34,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Town's proportion was .00767%, which was an increase of .00040% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$20,720. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,091
Net difference between projected and actual earnings on pension plan investments	-	9,800
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,117	4,505
Town contributions subsequent to the measurement date	42,015	-
Total	\$ 56,132	\$ 22,396

\$42,015 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2017	\$ (9,230)
2018	(9,230)
2019	(9,202)
2020	19,382

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2015 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%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 7.25%. 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 asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 240,029	\$ 34,422	\$ (138,798)

*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.

#### 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, 2016 amounted to \$28,431, which consisted of \$20,865 from employees and \$7,566 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, 2016 amounted to \$2,167 from employees. 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	\$ 42,015
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,117
Total	<u>\$ 56,132</u>

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

Taxes receivable, less penalties (General Fund)	\$ 39,994
Taxes receivable (Special Revenue Fund)	936
Differences between expected and actual experience	8,091
Net difference between projected and actual earnings on pension plan investments	9,800
Changes in proportion and differences between employer contributions and proportionate share contributions	4,505
Total	<u>\$ 63,326</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. 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 2017 for approximately \$745,840 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
2017	\$ 186,666	\$ 30,217
2018	186,666	25,382
2019	186,666	20,547
2020	186,666	15,713
2021	186,666	10,878
2022-2023	280,006	7,252
	\$ 1,213,336	\$ 109,989

### 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	\$ 1,493,335	\$ -	\$ 279,999	\$ 1,213,336	\$ 186,666
Compensated absences	56,693	-	13,343	43,350	10,019
Net pension liability (LGERS)	-	34,422	-	34,422	-
Governmental activity long-term liabilities	\$ 1,550,028	\$ 34,422	\$ 293,342	\$ 1,291,108	\$ 196,685

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

At June 30, 2016, the Town of Lewisville had a legal debt margin of \$97,908,834.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2016, consist of the following:

Transfers from General Fund to Non-Major Funds

From the General Fund to the GWR ROW/Construction Reserve Capital Projects Fund for future projects	\$ 125,000
From the General Fund to the Sidewalks, Bike Paths and Greenways Capital Projects Fund for future projects	25,000
From the General Fund to the Municipal Building/Land Capital Projects Fund to fund future projects	100,000
From the General Fund to the Shallowford Road Roundabout Grant Capital Projects Fund for construction costs	<u>19,127</u>
	<u>\$ 269,127</u>

Transfers Between the Non-Major Funds

From the Greenways Capital Projects Fund to the Sidewalks, Bike Paths and Greenways Capital Projects Fund	\$ 100,127
From the Sidewalks, Bike Paths and Greenways Capital Projects Fund to the Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund	<u>6,380</u>
	<u>\$ 106,507</u>

Other Transfers

From the General Fund to the Stormwater Capital Reserve Fund to fund future projects	<u>\$ 25,000</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	\$ 8,413,265
Less: long-term debt	<u>1,213,336</u>
Net investment in capital assets	<u>\$ 7,199,929</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	\$ 5,086,336
Less:	
Restricted for Stabilization by State Statute	335,381
Restricted for Streets	569,219
Committed to Stormwater Capital Reserve Fund	213,792
Committed to Stormwater Repairs Fund	23,603
Appropriated fund balance in 2016/2017 budget	56,870
Remaining fund balance	3,887,471

**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 \$2,711 to the Council during the fiscal year ended June 30, 2016.

**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. Related Party**

The Town has entered into an agreement for landscaping services with a relative of one of the members of the Town Council. The total amount paid for these services for the year was \$23,126.

## **VII. Subsequent Events**

Subsequent events have been evaluated through November 11, 2016, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

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

Local Governmental Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Lewisville's proportion of the net pension liability (asset) (%)	0.00767%	0.00727%	0.00900%
Lewisville's proportion of the net pension liability (asset) (\$)	\$ 34,422	\$ (42,874)	\$ 108,485
Lewisville's covered-employee payroll	\$ 645,697	\$ 594,539	\$ 612,200
Lewisville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.33%	-7.21%	17.72%
Plan fiduciary net position as a percentage of the total pension liability**	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.

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

Local Governmental Employees' Retirement System

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

## 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, 2016**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 2,195,664	\$
Penalties and interest		5,355	
Total	<u>2,085,530</u>	<u>2,201,019</u>	<u>115,489</u>
Other taxes and licenses:			
Cable franchise tax		28,021	
Total	<u>27,000</u>	<u>28,021</u>	<u>1,021</u>
Unrestricted intergovernmental:			
Local option sales taxes		749,667	
Telecommunications sales tax		45,455	
Utility franchise tax		435,609	
Piped natural gas tax		15,640	
Video franchise fee		151,743	
Beer and wine tax		57,252	
Motor fuels tax refund		301	
ABC profit distribution		141,357	
Total	<u>1,515,850</u>	<u>1,597,024</u>	<u>81,174</u>
Restricted intergovernmental:			
Powell Bill allocation		357,609	
Local occupancy tax		37,461	
Solid waste disposal tax		10,347	
Total	<u>361,230</u>	<u>405,417</u>	<u>44,187</u>
Investment earnings	370	5,716	5,346
Miscellaneous	29,100	63,944	34,844
Total revenues	<u>4,019,080</u>	<u>4,301,141</u>	<u>282,061</u>
<b>Expenditures:</b>			
General government:			
Salaries and employee benefits		523,674	
Professional services		54,214	
Membership dues		16,497	
Support contracts		97,537	
Other operating expenditures		188,860	
Total	<u>994,892</u>	<u>880,782</u>	<u>114,110</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, 2016

	Budget	Actual	Variance Positive (Negative)
Public works:			
Salaries and employee benefits		226,809	
Support contracts		977,178	
Road paving, repairs and maintenance		409,881	
Capital outlay		9,864	
Other operating expenditures		117,589	
Total	<u>1,888,224</u>	<u>1,741,321</u>	<u>146,903</u>
Planning:			
Salaries and employee benefits		92,069	
Support contracts		13,698	
Other operating expenditures		50,842	
Total	<u>175,380</u>	<u>156,609</u>	<u>18,771</u>
Parks and recreation:			
Event expenses		64,911	
Support contracts		2,750	
Capital outlay		8,200	
Other operating expenditures		72,432	
Total	<u>168,603</u>	<u>148,293</u>	<u>20,310</u>
Public safety:			
Support contracts		501,920	
Other operating expenditures		8,497	
Total	<u>538,550</u>	<u>510,417</u>	<u>28,133</u>
Debt service:			
Principal retirement		279,999	
Interest and other charges		36,260	
Total	<u>317,470</u>	<u>316,259</u>	<u>1,211</u>
Total expenditures	<u>4,083,119</u>	<u>3,753,681</u>	<u>329,438</u>
Revenues over (under) expenditures	<u>(64,039)</u>	<u>547,460</u>	<u>611,499</u>
Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	(394,279)	(294,127)	100,152
Total other financing sources (uses)	<u>(394,279)</u>	<u>(294,127)</u>	<u>100,152</u>
Fund balance appropriated	458,318	-	(458,318)
Net change in fund balance	<u>\$ -</u>	253,333	<u>\$ 253,333</u>
Fund balances, beginning		4,595,608	
Fund balances, ending		<u>\$ 4,848,941</u>	



**Town of Lewisville, North Carolina**  
**Stormwater Capital Reserve Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 468	\$ 468
Total revenues	-	468	468
Expenditures	25,000	-	25,000
Revenues over (under) expenditures	(25,000)	468	25,468
Other financing sources (uses):			
Transfers from other funds:			
General Fund	25,000	25,000	-
Transfers to other funds:			
Stormwater Repairs Fund	-	-	-
Total other financing sources (uses)	25,000	25,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	25,468	\$ 25,468
Fund balance, beginning		188,324	
Fund balance, ending		\$ 213,792	

**Town of Lewisville, North Carolina**  
**Stormwater Repairs Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 52	\$ 52
Total revenues	-	52	52
Expenditures	127,000	-	127,000
Revenues over (under) expenditures	(127,000)	52	127,052
Other financing sources (uses):			
Transfers from other funds:			
Stormwater Capital Reserve Fund	127,000	-	(127,000)
Total other financing sources (uses)	127,000	-	(127,000)
Net change in fund balance	\$ -	52	\$ 52
Fund balance, beginning		23,551	
Fund balance, ending		\$ 23,603	

**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, 2016**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ 129,993	\$ 129,993	\$ 129,993
Investment earnings	-	5,326	1,652	6,978	6,978
Total revenues	<u>-</u>	<u>5,326</u>	<u>131,645</u>	<u>136,971</u>	<u>136,971</u>
<b>Expenditures:</b>					
Capital outlay	1,563,800	816,254	162,492	978,746	585,054
Total expenditures	<u>1,563,800</u>	<u>816,254</u>	<u>162,492</u>	<u>978,746</u>	<u>585,054</u>
Revenues over (under) expenditures	<u>(1,563,800)</u>	<u>(810,928)</u>	<u>(30,847)</u>	<u>(841,775)</u>	<u>722,025</u>
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	596,000	596,000	-	596,000	-
GWR ROW/Construction Reserve					
Capital Projects Fund	967,000	967,000	-	967,000	-
Total other financing sources	<u>1,563,000</u>	<u>1,563,000</u>	<u>-</u>	<u>1,563,000</u>	<u>-</u>
Fund balance appropriated	800	-	-	-	(800)
Net change in fund balance	<u>\$ -</u>	<u>\$ 752,072</u>	<u>(30,847)</u>	<u>\$ 721,225</u>	<u>\$ 721,225</u>
Fund balance, beginning			752,072		
Fund balance, ending			<u>\$ 721,225</u>		

**Town of Lewisville, North Carolina**  
**Capital Projects Fund - Harper Road Lift Station**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2016**

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 53	\$ 1,188	\$ 1,241	\$ 1,241
Total revenues	<u>-</u>	<u>53</u>	<u>1,188</u>	<u>1,241</u>	<u>1,241</u>
<b>Expenditures:</b>					
Capital outlay	600,000	-	600,000	600,000	-
Total expenditures	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(600,000)</u>	<u>53</u>	<u>(598,812)</u>	<u>(598,759)</u>	<u>1,241</u>
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	224,679	224,679	-	224,679	-
Municipal Building Capital Projects Fund	223,860	223,860	-	223,860	-
Lewisville-Clemmons Road Widening Grant Fund	151,461	151,461	-	151,461	-
Total other financing sources	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 600,053</u>	<u>(598,812)</u>	<u>\$ 1,241</u>	<u>\$ 1,241</u>
Fund balance, beginning			600,053		
Fund balance, ending			<u>\$ 1,241</u>		

**Town of Lewisville, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2016**

	MSD Special Revenue Fund	Municipal Buildings/Land Capital Projects Fund	Shallowford Road Roundabout Grant Capital Projects Fund	Sidewalks, Bike Paths and Greenways Capital Projects Fund	GWR ROW/ Construction Reserve Capital Projects Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 111,177	\$ 593,532	\$ 658,326	\$ 119,993	\$ 415,731
Grants receivable	-	-	10,000	-	-
Taxes receivable, net	936	-	-	-	-
Due from other governments	247	-	8,178	-	-
<b>Total assets</b>	<b>112,360</b>	<b>593,532</b>	<b>676,504</b>	<b>119,993</b>	<b>415,731</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	450	-	-	-	-
<b>Total liabilities</b>	<b>450</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	247	-	18,178	-	-
Committed	110,727	593,532	658,326	119,993	415,731
<b>Total fund balances</b>	<b>110,974</b>	<b>593,532</b>	<b>676,504</b>	<b>119,993</b>	<b>415,731</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 112,360</b>	<b>\$ 593,532</b>	<b>\$ 676,504</b>	<b>\$ 119,993</b>	<b>\$ 415,731</b>

**Town of Lewisville, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2016**

	Greenways Capital Projects Fund	Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 169,883	\$ 19,615	\$ 2,088,257
Grants receivable	-	-	-	10,000
Taxes receivable, net	-	-	-	936
Due from other governments	-	1,786	-	10,211
<b>Total assets</b>	<b>-</b>	<b>171,669</b>	<b>19,615</b>	<b>2,109,404</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	-	-	-	450
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</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>936</b>
<b>Fund Balances</b>				
Restricted by stabilization by state statute	-	1,786	-	20,211
Committed	-	169,883	19,615	2,087,807
<b>Total fund balances</b>	<b>-</b>	<b>171,669</b>	<b>19,615</b>	<b>2,108,018</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ 171,669</b>	<b>\$ 19,615</b>	<b>\$ 2,109,404</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, 2016**

	MSD Special Revenue Fund	Municipal Buildings/Land Capital Projects Fund	Shallowford Road Roundabout Grant Capital Projects Fund	Sidewalks, Bike Paths and Greenways Capital Projects Fund	GWR ROW/ Construction Reserve Capital Projects Fund
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ 176,549	\$ -	\$ -
Ad valorem taxes	28,219	-	-	-	-
Investment earnings	217	1,298	1,099	263	908
<b>Total revenues</b>	<b>28,436</b>	<b>1,298</b>	<b>177,648</b>	<b>263</b>	<b>908</b>
Expenditures:					
Public works	12,191	-	300,941	-	-
<b>Total expenditures</b>	<b>12,191</b>	<b>-</b>	<b>300,941</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	16,245	1,298	(123,293)	263	908
Other financing sources (uses):					
Transfers from other funds	-	100,000	19,127	125,127	125,000
Transfers to other funds	-	-	-	(6,380)	-
Total other financing sources (uses)	-	100,000	19,127	118,747	125,000
Net change in fund balance	16,245	101,298	(104,166)	119,010	125,908
Fund balance, beginning	94,729	492,234	780,670	983	289,823
Fund balance, ending	<b>\$ 110,974</b>	<b>\$ 593,532</b>	<b>\$ 676,504</b>	<b>\$ 119,993</b>	<b>\$ 415,731</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, 2016**

	Greenways Capital Projects Fund	Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ 118,958	\$ -	\$ 295,507
Ad valorem taxes	-	-	-	28,219
Investment earnings	-	340	42	4,167
<b>Total revenues</b>	<b>-</b>	<b>119,298</b>	<b>42</b>	<b>327,893</b>
<b>Expenditures:</b>				
Public works	-	157,699	-	470,831
<b>Total expenditures</b>	<b>-</b>	<b>157,699</b>	<b>-</b>	<b>470,831</b>
Revenues over (under) expenditures	-	(38,401)	42	(142,938)
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	6,380	-	375,634
Transfers to other funds	(100,127)	-	-	(106,507)
Total other financing sources (uses)	(100,127)	6,380	-	269,127
Net change in fund balance	(100,127)	(32,021)	42	126,189
Fund balance, beginning	100,127	203,690	19,573	1,981,829
Fund balance, ending	\$ -	\$ 171,669	\$ 19,615	\$ 2,108,018



**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, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 25,690	\$ 28,219	\$ 2,529
Investment earnings	-	217	217
Total revenues	25,690	28,436	2,746
Expenditures:			
Public works	34,140	12,191	21,949
Revenues over (under) expenditures	(8,450)	16,245	24,695
Fund balance appropriated	8,450	-	(8,450)
Net change in fund balance	<u>\$ -</u>	16,245	<u>\$ 16,245</u>
Fund balance, beginning		94,729	
Fund balance, ending		<u>\$ 110,974</u>	

**Town of Lewisville, North Carolina**  
**Municipal Buildings/Land Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ -	\$ 1,298	\$ 1,298
Total revenues	-	1,298	1,298
Expenditures	100,000	-	100,000
Revenues over expenditures	(100,000)	1,298	101,298
Other financing sources (uses):			
Transfer from other funds:			
General Fund	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	101,298	<u>\$ 101,298</u>
Fund balance, beginning		<u>492,234</u>	
Fund balance, ending		<u><u>593,532</u></u>	

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, 2016

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental: .					
Federal grant	\$ -	\$ 513,451	\$ 176,549	690,000	690,000
Investment earnings	-	791	1,099	1,890	1,890
Total revenues	<u>-</u>	<u>514,242</u>	<u>177,648</u>	<u>691,890</u>	<u>691,890</u>
Expenditures:					
Capital outlay	<u>1,135,639</u>	<u>749,932</u>	<u>300,941</u>	<u>1,050,873</u>	<u>84,766</u>
Total expenditures	<u>1,135,639</u>	<u>749,932</u>	<u>300,941</u>	<u>1,050,873</u>	<u>84,766</u>
Revenues over (under) expenditures	<u>(1,135,639)</u>	<u>(235,690)</u>	<u>(123,293)</u>	<u>(358,983)</u>	<u>776,656</u>
Other financing sources					
Transfers from other funds:					
General Fund	1,039,229	919,950	19,127	939,077	(100,152)
Grainland Drive Capital Projects Fund	<u>96,410</u>	<u>96,410</u>	<u>-</u>	<u>96,410</u>	<u>-</u>
Total other financing sources	<u>1,135,639</u>	<u>1,016,360</u>	<u>19,127</u>	<u>1,035,487</u>	<u>(100,152)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 780,670</u>	(104,166)	<u>\$ 676,504</u>	<u>\$ 676,504</u>
Fund balance, beginning			780,670		
Fund balance, ending			<u>\$ 676,504</u>		

**Town of Lewisville, North Carolina**  
**Sidewalks, Bike Paths and Greenways Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 263	\$ 263
Total revenues	-	263	263
Expenditures	125,127	-	125,127
Revenues over expenditures	(125,127)	263	125,390
Other financing sources (uses):			
Transfer from other funds:			
General Fund	25,000	25,000	-
Greenways Capital Reserve	100,127	100,127	-
Transfer to other funds:			
Lewisville-Vienna Road Sidewalk Extension Grant Capital Projects Fund	(6,380)	(6,380)	-
Total other financing sources (uses)	118,747	118,747	-
Fund balance appropriated	6,380	-	(6,380)
Net change in fund balance	\$ -	119,010	\$ 119,010
Fund balance, beginning		983	
Fund balance, ending		\$ 119,993	

Town of Lewisville, North Carolina  
**GWR ROW/Construction Reserve Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 908	\$ 908
Total revenues	-	908	908
Expenditures	125,000	-	125,000
Revenues over (under) expenditures	(125,000)	908	125,908
Other financing sources (uses):			
Transfer from other funds:			
General Fund	125,000	125,000	-
Transfer to other funds:			
GWR ROW/Construction Capital Projects Fund	(99,000)	-	99,000
Total other financing sources (uses)	26,000	125,000	99,000
Fund balance appropriated	99,000	-	(99,000)
Net change in fund balance	\$ -	125,908	\$ 125,908
Fund balance, beginning		289,823	
Fund balance, ending		\$ 415,731	

**Town of Lewisville, North Carolina**  
**Greenways Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures	-	-	-
Revenues over expenditures	-	-	-
Other financing sources (uses):			
Transfer from other funds:			
General Fund	-	-	-
Transfer to other funds:			
Sidewalks Capital Reserve	(100,127)	(100,127)	-
Total other financing sources (uses)	(100,127)	(100,127)	-
Fund balance appropriated	100,127	-	(100,127)
Net change in fund balance	<u>\$ -</u>	(100,127)	<u>\$ (100,127)</u>
Fund balance, beginning		100,127	
Fund balance, ending		<u>\$ -</u>	

Town of Lewisville, North Carolina  
**Capital Projects Fund - Lewisville-Vienna Road Sidewalk Extension Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2016**

	Project Author - ization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grant	\$ -	\$ 37,442	\$ 118,958	156,400	156,400
Investment earnings	-	86	340	426	426
Total revenues	<u>-</u>	<u>37,528</u>	<u>119,298</u>	<u>156,826</u>	<u>156,826</u>
<b>Expenditures:</b>					
Capital outlay	240,845	68,303	157,699	226,002	14,843
Total expenditures	<u>240,845</u>	<u>68,303</u>	<u>157,699</u>	<u>226,002</u>	<u>14,843</u>
Revenues over (under) expenditures	<u>(240,845)</u>	<u>(30,775)</u>	<u>(38,401)</u>	<u>(69,176)</u>	<u>171,669</u>
<b>Other financing sources</b>					
Transfers from other funds:					
General Fund	132,798	132,798	-	132,798	-
Sidewalks and Bike Paths Capital Projects Fund	108,047	101,667	6,380	108,047	-
Total other financing sources	<u>240,845</u>	<u>234,465</u>	<u>6,380</u>	<u>240,845</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 203,690</u>	<u>(32,021)</u>	<u>\$ 171,669</u>	<u>\$ 171,669</u>
Fund balance, beginning			203,690		
Fund balance, ending			<u>\$ 171,669</u>		

**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, 2016**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 54	\$ 42	\$ 96	\$ 96
Total revenues	<u>-</u>	<u>54</u>	<u>42</u>	<u>96</u>	<u>96</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>(35,427)</u>	<u>42</u>	<u>(35,385)</u>	<u>19,615</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>\$ 19,573</u>	<u>42</u>	<u>\$ 19,615</u>	<u>\$ 19,615</u>
Fund balance, beginning			19,573		
Fund balance, ending			<u>\$ 19,615</u>		



## Other Schedules

Town of Lewisville, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 2,193,078	\$ 2,180,617	\$ 12,461
2014-2015	14,150	-	9,759	4,391
2013-2014	11,154	-	3,079	8,075
2012-2013	3,894	-	429	3,465
2011-2012	4,227	-	1,317	2,910
2010-2011	4,046	-	174	3,872
2009-2010	3,543	-	1	3,542
2008-2009	494	-	1	493
2007-2008	421	-	1	420
2006-2007	366	-	1	365
2005-2006	428	-	428	-
	<u>\$ 42,723</u>	<u>\$ 2,193,078</u>	<u>\$ 2,195,807</u>	<u>\$ 39,994</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 39,994</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,201,019
Reconciling items:				
Interest collected				(5,355)
Adjustments				(285)
Taxes written off				<u>428</u>
Subtotal				<u>(5,212)</u>
Total collections and credits				<u>\$ 2,195,807</u>

Town of Lewisville, North Carolina  
 Analysis of Current Tax Levy  
 Town - Wide Levy  
 For the Year Ended June 30, 2016

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,221,989,831	0.177	\$ 2,162,922	\$ 1,928,988	\$ 233,934
Discoveries - Current and prior year taxes	18,666,667	0.177	33,040	33,040	-
Releases	(1,629,379)	0.177	(2,884)	(2,884)	-
Total property valuation	<u>\$ 1,239,027,119</u>				
Net levy			2,193,078	1,959,144	233,934
Unpaid (by taxpayer) at June 30, 2016			(12,461)	(12,461)	-
Current year's taxes collected			<u>\$ 2,180,617</u>	<u>\$ 1,946,683</u>	<u>\$ 233,934</u>
Current levy collection percentage			<u>99.43%</u>	<u>99.36%</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				
	2016	2015	2014	2013	2012
Governmental Activities					
Net investment in capital					
assets	\$ 7,199,929	\$ 5,895,932	\$ 5,215,523	\$ 5,235,180	\$ 5,075,036
Restricted	989,343	1,634,281	892,288	936,457	870,989
Unrestricted	6,921,185	6,467,630	6,955,023	6,390,568	5,750,890
Total governmental					
activities net position	\$ 15,110,457	\$ 13,997,843	\$ 13,062,834	\$ 12,562,205	\$ 11,696,915

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities					
Net investment in capital					
assets	\$ 4,506,171	\$ 4,006,504	\$ 3,685,961	\$ 2,724,737	\$ 2,671,743
Restricted	1,087,541	545,039	468,074	389,091	390,396
Unrestricted	5,554,467	6,134,352	5,852,914	5,430,789	4,764,091
Total governmental					
activities net position	\$ 11,148,179	\$ 10,685,895	\$ 10,006,949	\$ 8,544,617	\$ 7,826,230

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

Schedule 2

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 1,005,308	\$ 1,079,253	\$ 1,046,683	\$ 1,053,173	\$ 1,012,936	\$ 974,603	\$ 777,620	\$ 709,775	\$ 696,694	\$ 709,087
Public works	1,802,150	1,766,003	1,699,946	1,432,703	1,817,363	1,973,582	1,842,630	1,511,191	2,130,308	1,666,237
Planning	154,287	139,310	126,574	117,030	117,361	117,609	115,883	107,015	110,854	99,945
Parks and recreation	239,360	224,378	215,543	202,023	203,504	286,870	167,490	156,916	165,952	374,490
Public safety	510,417	495,350	454,942	451,896	405,408	410,063	335,550	319,225	319,410	308,860
Interest on long-term debt	35,522	42,777	49,065	78,747	88,669	95,967	103,266	65,468	-	-
Total expenses	3,747,044	3,747,071	3,592,753	3,335,572	3,645,241	3,858,694	3,342,439	2,869,590	3,423,218	3,158,619
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Planning	3,715	1,840	3,780	2,660	5,190	4,256	5,890	2,000	11,015	4,867
Parks and recreation	7,206	7,272	16,516	11,593	11,897	12,348	13,245	13,197	14,085	15,351
Operating grants and contributions	367,956	366,144	363,371	351,383	342,001	359,190	350,507	402,371	433,315	384,026
Capital grants and contributions	524,914	550,893	-	-	58,407	228,608	42,363	432,795	24,831	-
Total program revenues	903,791	926,149	383,667	365,636	417,495	604,402	412,005	850,363	483,246	404,244
<b>Net (Expense)/Revenue</b>	<b>(2,843,253)</b>	<b>(2,820,922)</b>	<b>(3,209,086)</b>	<b>(2,969,936)</b>	<b>(3,227,746)</b>	<b>(3,254,292)</b>	<b>(2,930,434)</b>	<b>(2,019,227)</b>	<b>(2,939,972)</b>	<b>(2,754,375)</b>
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property taxes	2,227,096	2,188,558	2,235,387	2,358,788	2,337,360	2,321,072	2,309,330	2,050,723	2,026,748	1,965,120
Local option sales taxes	749,667	718,672	670,731	681,564	668,670	613,458	565,945	605,831	701,899	695,811
Other taxes	771,482	776,175	694,183	674,260	658,839	692,902	637,671	714,911	682,512	625,107
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Other	207,622	138,977	109,414	120,614	111,613	89,144	96,434	110,094	247,200	242,797
Total general revenues	3,955,867	3,822,382	3,709,715	3,835,226	3,776,482	3,716,576	3,609,380	3,481,559	3,658,359	3,528,835
<b>Change in Net Position</b>	<b>\$ 1,112,614</b>	<b>\$ 1,001,460</b>	<b>\$ 500,629</b>	<b>\$ 865,290</b>	<b>\$ 548,736</b>	<b>\$ 462,284</b>	<b>\$ 678,946</b>	<b>\$ 1,462,332</b>	<b>\$ 718,387</b>	<b>\$ 774,460</b>

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

**Schedule 3**

	Fiscal Year					
	2016	2015	2014	2013	2012	2011
<b>General Fund</b>						
Restricted	\$ 904,600	\$ 1,077,518	\$ 892,042	\$ 934,579	\$ 870,370	\$ 1,086,487
Committed	237,395	211,875	441,726	511,004	485,773	506,034
Assigned	56,870	49,840	51,410	-	-	-
Unassigned	3,887,471	3,468,250	4,537,398	4,069,346	3,384,764	3,405,786
Total general fund	<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	84,743	556,763	246	1,878	619	1,054
Committed	2,745,741	2,777,191	1,935,082	1,807,729	1,851,117	1,612,155
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total all other governmental funds	<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>\$ 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	2008	2007
<b>General Fund</b>				
Reserved	\$ 573,263	\$ 505,683	\$ 414,369	\$ 415,471
Unreserved	3,751,231	3,800,234	3,383,499	3,481,855
Total general fund	<u>4,324,494</u>	<u>4,305,917</u>	<u>3,797,868</u>	<u>3,897,326</u>
<b>All Other Governmental Funds</b>				
Reserved	94,038	25,431	25,222	187
Unreserved, reported in:				
Special revenue funds	975,272	781,507	1,552,795	1,238,880
Capital projects funds	1,256,956	2,918,486	427,680	-
Total all other governmental funds	<u>2,326,266</u>	<u>3,725,424</u>	<u>2,005,697</u>	<u>1,239,067</u>
<b>Total</b>	<u>\$ 6,650,760</u>	<u>\$ 8,031,341</u>	<u>\$ 5,803,565</u>	<u>\$ 5,136,393</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Ad valorem taxes	\$ 2,229,238	\$ 2,191,391	\$ 2,240,351	\$ 2,358,321	\$ 2,345,514	\$ 2,313,950	\$ 2,306,956	\$ 2,042,935	\$ 2,018,545	\$ 1,964,907
Other taxes and licenses	28,021	28,920	26,593	28,263	26,916	26,687	23,793	24,443	22,017	108,657
Unrestricted intergovernmental	1,597,024	1,530,936	1,390,374	1,379,067	1,340,581	1,310,847	1,643,582	2,131,465	1,820,536	1,596,287
Restricted intergovernmental	830,917	950,782	394,406	387,378	436,494	621,387	-	-	-	-
Investment earnings	13,243	1,321	705	2,823	3,966	8,320	12,314	99,729	242,037	226,751
Miscellaneous	63,944	48,013	45,918	44,544	48,659	37,355	32,710	27,349	35,946	42,171
<b>Total revenues</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>4,139,081</b>	<b>3,938,773</b>
<b>Expenditures</b>										
General government	880,782	935,378	865,310	834,916	823,649	787,798	718,472	737,221	661,165	677,344
Public works	1,743,648	1,738,772	1,650,734	1,396,541	1,855,617	2,245,179	1,819,274	1,510,947	2,110,028	1,644,376
Planning	156,609	144,156	156,163	116,144	116,547	116,380	112,368	105,638	109,787	99,228
Parks and recreation	140,093	126,026	117,562	106,027	115,936	233,868	126,548	115,974	206,625	123,099
Public safety	510,417	495,350	454,942	451,897	405,408	410,063	335,550	319,225	319,409	308,860
Debt service										
Interest and other charges	36,260	43,512	49,555	82,110	89,409	96,707	104,006	54,740	-	-
Principal	279,999	279,999	186,666	186,667	186,667	186,667	186,667	93,333	-	-
Capital outlay	1,239,196	704,637	84,047	294,201	627,770	281,128	1,997,051	1,935,817	64,895	6,127
<b>Total expenditures</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>3,471,909</b>	<b>2,859,034</b>
<b>Excess (deficiency) of revenues over expenses</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>667,172</b>	<b>1,079,739</b>
<b>Other financing sources (uses)</b>										
Transfers from other funds	400,634	1,941,578	210,000	240,337	1,417,720	191,818	542,319	1,313,656	775,000	395,000
Transfers to other funds	(400,634)	(1,941,578)	(210,000)	(240,337)	(1,417,720)	(191,818)	(542,319)	(1,313,656)	(775,000)	(395,000)
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>2,774,750</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</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>	<b>\$ 667,172</b>	<b>\$ 1,079,739</b>
Debt service as a percentage of noncapital expenditures	8.44%	8.60%	6.79%	8.50%	7.84%	6.95%	8.50%	5.04%	0.00%	0.00%

**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
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%
2008	2007	972,869,570	134,999,640	16,209,600	1,124,078,810	0.177	100%
2007	2006	946,827,050	133,015,990	11,998,760	1,091,841,800	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
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 *
2008	0.1770	0.6960	0.0600	0.9330	0.0500 *
2007	0.1770	0.6660	0.0600	0.9030	0.0500 *

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

\* Excludes motor vehicles

(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	2016			2007		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Kaplan Partners	\$18,685,503	1	1.70%	\$14,030,800	1	1.29%
Duke Energy Corp.	8,765,960	2	0.80%	9,191,998	2	0.84%
Gemini Lewisville Commons, LLC	6,480,599	3	0.59%	7,736,100	3	0.71%
Yopp Properties, LLC	5,881,102	4	0.53%	4,874,800	6	0.45%
Kent Corporation	4,580,102	5	0.42%	4,882,300	5	0.45%
WLM Stone Point, LLC	4,494,486	6	0.41%	4,571,699	7	0.42%
Estates at Lissara, LLC	4,451,034	7	0.40%			
Vienna Villiage, Inc.	3,385,893	8	0.31%			
Alltel Carolina, Inc/Windstream	3,218,842	9	0.29%	6,372,477	4	0.59%
Millgent Properties, LLC	2,781,299	10	0.25%			
FFNC, Inc.				3,244,898	8	0.30%
Lanier Williams				2,837,300	9	0.26%
	<u>\$62,724,820</u>		<u>5.70%</u>	<u>\$57,742,372</u>		<u>5.31%</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**

<b>Fiscal Year Ended June 30</b>	<b>Collected within the Fiscal Year of the Levy</b>				<b>Collection on Prior Years' Levies</b>	<b>Total Collections to Date</b>	
	<b>Total Tax Levy for Fiscal Year</b>	<b>Amount Collected</b>	<b>Percentage of Levy</b>			<b>Amount Collected</b>	<b>Percentage of Levy</b>
2016	\$ 2,193,078	\$ 2,180,617	99.43%	\$ 15,190	2,195,807	100.12%	
2015	2,157,381	2,143,231	99.34%	16,995	2,160,226	100.13%	
2014	2,197,203	2,173,364	98.92%	28,791	2,202,155	100.23%	
2013	2,321,461	2,292,530	98.75%	28,350	2,320,880	99.97%	
2012	2,298,287	2,269,669	98.75%	36,925	2,306,594	100.36%	
2011	2,282,452	2,250,367	98.59%	24,711	2,275,078	99.68%	
2010	2,269,709	2,236,942	98.56%	30,642	2,267,584	99.91%	
2009	2,021,339	1,989,500	98.42%	24,000	2,013,500	99.61%	
2008	1,993,785	1,965,868	98.60%	19,403	1,985,271	99.57%	
2007	1,931,514	1,908,418	98.80%	22,461	1,930,879	99.97%	

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

*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>
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
2008	-	-	13,379	-
2007	-	-	13,090	-

*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, 2016**

**Schedule 10**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Amount Applicable to Primary Government</b>
<i>Debt repaid with property taxes</i>			
Forsyth County	\$ 515,470,151	3.36%	<u>\$ 17,319,797</u>
Subtotal, overlapping debt			17,319,797
Town of Lewisville direct debt			<u>1,213,336</u>
Total direct and overlapping debt			<u><u>\$ 18,533,133</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 Fiscal Year 2016**

Assessed value	<u>\$ 1,239,027,119</u>
Debt limit (8% of assessed value)	99,122,170
Debt applicable to limit:	
Financing agreement	<u>1,213,336</u>
Legal debt margin	<u>\$ 97,908,834</u>

	Fiscal Year				
	2016	2015	2014	2013	2012
Debt limit	\$ 99,122,170	\$ 97,508,746	\$ 99,129,356	\$ 104,687,412	\$ 103,648,000
Total debt applicable to limit	1,213,336	1,493,335	1,773,334	1,960,000	2,146,667
Legal debt margin	<u>\$ 97,908,834</u>	<u>\$ 96,015,411</u>	<u>\$ 97,356,022</u>	<u>\$ 102,727,412</u>	<u>\$ 101,501,333</u>
Total debt applicable to the limit as a percentage of debt limit	1.22%	1.53%	1.79%	1.87%	2.07%

	Fiscal Year				
	2011	2010	2009	2008	2007
Debt limit	\$ 102,938,305	\$ 102,356,249	\$ 91,152,226	\$ 89,937,989	\$ 87,119,412
Total debt applicable to limit	2,333,333	2,520,000	35,756	31,773	27,474
Legal debt margin	<u>\$ 100,604,972</u>	<u>\$ 99,836,249</u>	<u>\$ 91,116,470</u>	<u>\$ 89,906,216</u>	<u>\$ 87,091,938</u>
Total debt applicable to the limit as a percentage of debt limit	2.27%	2.46%	0.04%	0.04%	0.03%

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 Capital Personal Income	(3) Forsyth County Unemployment Rate
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%
2008	13,379	**	**	5.70%
2007	13,090	**	**	4.40%

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

\*\* Information not available

**Town of Lewisville  
Principal Employers  
Current Year and Nine Years Ago**

**Schedule 13**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Kaplan	260	1	n/a	190	1	n/a
Forsyth Country Day School	225	2	n/a	126	2	n/a
Lowe's Foods	109	3	n/a	96	3	n/a
Lewisville Elementary School	65	4	n/a	70	4	n/a
Food Lion	54	5	n/a	41	5	n/a
	<u>713</u>			<u>523</u>		

*Source: Town of Lewisville Planning Department*

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

**Schedule 14**

<b>Function</b>	<b>Full-Time Equivalent Employees as of June 30</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>	<b>2008</b>	<b>2007</b>
Management services	1	1	1	1	1	1	1	1	1	1
Finance	2	2	2	2	2	2	1	1	1	1
Planning	1	1	1	1	1	1	1	1	1	1
Public works	3	4	4	4	4	4	4	4	4	3
Other	2	3	3	3	3	3	3	3	3	3
<b>Total</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>	<b>10</b>	<b>9</b>

*Source: Town of Lewisville Finance Department*

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

**Schedule 15**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Works										
Street resurfacing (miles)	2.533	2.682	2.92	1.75	3.85	3.52	2.86	2.12	7.7	2.54
Planning										
Developer fees paid	\$3,715	\$1,840	\$3,780	\$2,660	\$5,190	\$4,256	\$5,890	\$2,000	\$11,015	\$4,867
Community Policing										
Parking violations	11	7	23	70	25	52	77	35	40	75
Parks and Recreation										
Facility rentals	104	83	87	68	85	68	50	57	48	92

*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**

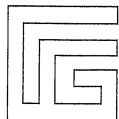
**Schedule 16**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police *	6	6	6	6	5	5	5	4	4	4
Streets										
Streets (miles) total	105.74	105.61	106.64	106.64	106.20	106.20	106.20	106.20	105.83	105.21
Streets (miles) town maintained	56.43	56.34	55.48	56.34	55.40	55.40	55.40	55.40	55.40	55.40
Streetlights	155	155	123	123	123	123	123	121	121	121
Parks and recreation										
Playgrounds	2	2	2	2	2	2	2	1	1	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, 2016, 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 11, 2016.

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 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*.

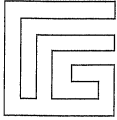
### Purpose of this Report

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.

*Gelston + Company, P.A.*

Winston-Salem, North Carolina  
November 11, 2016





**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; and the State Single Audit Implementation Act**

Independent Auditor's Report

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

**Report on Compliance for Each State Program**

We have audited the Town of Lewisville, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Lewisville's major state programs for the year ended June 30, 2016. The Town of Lewisville's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Lewisville's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Lewisville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Lewisville's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Town of Lewisville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Town of Lewisville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Lewisville's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Jelison + Company, P.A.*

Winston-Salem, North Carolina

November 11, 2016

**TOWN OF LEWISVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2016**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Grants:</b>					
<b>Cash programs:</b>					
<u>Department of the Federal Highway Administration</u>					
Passed-through the N.C. Department of Transportation:					
Surface Transportation Program - Direct Allocation					
Shallowford Roundabout WBS #39746.3.19	20.205		\$ 176,549	\$ -	\$ 44,137
Lewisville-Vienna Sidewalk WBS #39745.3.F29	20.205		118,958	-	29,739
Great Wagon Road WBS #44108.1.F1	20.205		129,994		32,498
Total assistance - federal programs			<u>425,501</u>	<u>-</u>	<u>106,374</u>
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Transportation:</u>					
Powell Bill		32570	-	565,506	-
Total assistance - State programs			<u>-</u>	<u>565,506</u>	<u>-</u>
Total assistance			<u>\$ 425,501</u>	<u>\$ 565,506</u>	<u>\$ 106,374</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Lewisville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Lewisville, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets or cash flows of the Town of Lewisville.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Town of Lewisville, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_yes                      X  no
- Significant Deficiency(s)                                \_\_\_yes                      X  none reported

Noncompliance material to financial  
statements noted

\_\_\_yes                      X  no

State Awards

Internal control over major State programs:

- Material weakness(es) identified?                    \_\_\_yes                      X  no
- Significant Deficiency(s)                                \_\_\_yes                      X  none reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with the State Single Audit Implementation Act

\_\_\_yes                      X  no

Identification of major State programs:

Program Name

Powell Bill

Town of Lewisville, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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**Section II – Financial Statement Findings**

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None reported.

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**Section III – State Award Findings and Questioned Costs**

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None reported.

Town of Lewisville, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2016

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**Section II – Financial Statement Findings**

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None reported.

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**Section III – State Award Findings and Questioned Costs**

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None reported.

Town of Lewisville, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2016

There were no prior year audit findings.