

TOWN OF LEWISVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

June 30, 2019

TOWN OF LEWISVILLE, NORTH CAROLINA

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June 30, 2019

TOWN OF LEWISVILLE, NORTH CAROLINA
JUNE 30, 2019

TOWN COUNCIL MEMBERS

Mike Horn, Mayor
Sandra J. Mock, Mayor Pro-Tem
Robert P. Greene, Council Member
Harold E. Smith, Jr., Council Member
Marci Gallman, Council Member
Jeffrey A. Zenger, Council Member
Fred Franklin, Council Member

ADMINISTRATIVE AND FINANCIAL STAFF

William H. Perkins, Jr., Town Manager
Pam Orrell, Finance Officer
Joyce C. McWilliams Walker, Town Clerk

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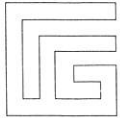
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Financial Section



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, 2019, 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, 2019, 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 14 and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 45 and 46, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 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.

A handwritten signature in black ink that reads "Gibson + Company, P.A." in a cursive, flowing script.

Winston-Salem, North Carolina
November 6, 2019

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, 2019. 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

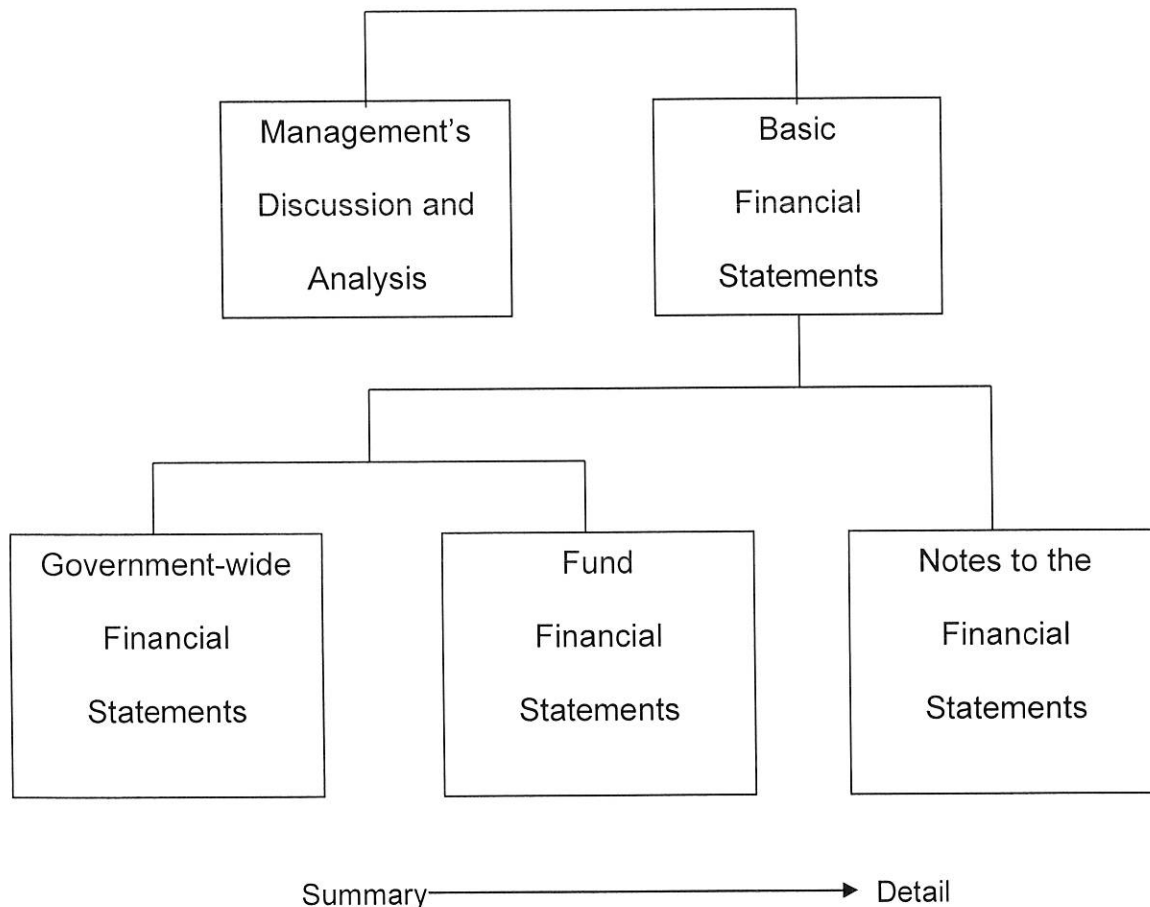
- The assets and deferred outflows of resources of the Town of Lewisville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,247,506 (*net position*).
- The government's total net position increased by \$1,488,102 primarily due to increases in the governmental-type 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 \$10,533,376 a net increase of \$879,910 in fund balance. Approximately 8.63 percent of this total amount, or \$909,549 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,699,090 or 125.39 percent of total general fund expenditures for the fiscal year.
- The Town of Lewisville's total debt decreased by \$103,685 (10.42%) during the current fiscal year. The key factor in this decrease was the debt principal payments made on the loan for the Town Hall.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Management Discussion and Analysis

Town of Lewisville

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Lewisville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

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

Management Discussion and Analysis
Town of Lewisville

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

	Governmental Activities	
	2019	2018
Current and other assets	\$ 11,235,707	\$ 9,945,655
Capital assets	8,403,921	7,965,651
Total assets	19,639,628	17,911,306
Total Deferred outflows of resources	174,182	110,027
Long-term liabilities outstanding	673,157	771,358
Other liabilities	892,169	486,013
Total liabilities	1,565,326	1,257,371
Total Deferred inflows of resources	978	4,558
Net position:		
Net investment in capital assets	7,750,583	7,125,647
Restricted	909,549	992,877
Unrestricted	9,587,374	8,640,880
Total net position	\$ 18,247,506	\$ 16,759,404

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 \$18,247,506 as of June 30, 2019. The Town's net position increased by \$1,488,102 for the fiscal year ended June 30, 2019. However, a significant portion (42.47%) 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, \$1,109,895 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,587,374 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 99.69%.

Management Discussion and Analysis
Town of Lewisville

Town of Lewisville's Change in Net Position
Figure 3

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 16,140	\$ 15,355
Operating grants and contributions	358,916	360,642
Capital grants and contributions	779,431	24,597
General revenues:		
Property taxes	2,486,864	2,424,805
Other taxes	73,720	78,152
Unrestricted intergovernmental revenues	1,703,311	1,618,089
Other	193,375	148,445
Total revenues	<u>5,611,757</u>	<u>4,670,085</u>
Expenses:		
General government	1,216,653	1,081,813
Public works	1,912,092	1,678,658
Planning	136,217	159,518
Parks and recreation	239,533	261,365
Public safety	599,102	583,362
Interest on long-term debt	20,058	24,891
Total expenses	<u>4,123,655</u>	<u>3,789,607</u>
Increase in net position before transfers	1,488,102	880,478
Transfers	<u>-</u>	<u>-</u>
Increase in net position	1,488,102	880,478
Net position, July 1	16,759,404	15,878,926
Net position, June 30	<u>\$ 18,247,506</u>	<u>\$ 16,759,404</u>

Governmental activities. Governmental activities increased the Town's net position by \$1,488,102, thereby accounting for 100% of the total growth in the net position of the Town of Lewisville.

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

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Lewisville. At the end of the current fiscal year, Town of Lewisville's fund balance available in the General Fund was \$5,699,090, while total fund balance reached \$7,113,966. The Town currently has an available fund balance of 125.39% of general fund expenditures, and total fund balance represents 156.52% of the same amount.

At June 30, 2019, the governmental funds of the Town of Lewisville reported a combined fund balance of \$10,533,376, with a net increase of \$879,910 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, local option sales tax revenue, solid waste disposal tax, beer and wine tax, cable franchise tax, ABC Board revenues, occupancy tax, sales tax on piped natural gas, sales tax on electricity, Powell Bill allocation, recreation facility fees, planning and developer fees, and investment income.

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

- The budget was amended by \$4,700 to survey property donated to the Town of Lewisville on Lewisville-Vienna Road.
- The budget was amended by \$15,000 to fund a contract with Piedmont Triad Regional Council for temporary planning services and to advertise for a new town planner.
- The budget was amended by \$5,335 to replace trees along Shallowford Road.
- The budget was amended by \$3,700 to increase funding for the 4th of July 2019 fireworks contract.
- The budget was amended by \$25,500 to demolish structures on properties donated to the Town on Lewisville-Vienna Road and Shallowford Road.
- The budget was amended by \$42,630 for storm drain improvements on Arbor Run Drive.
- The budget was amended by \$3,000 for the deposit required on the band for the October 2019 Blue Grass Festival.

Management Discussion and Analysis

Town of Lewisville

- The budget was amended by \$3,080 to pay the property taxes on property donated to the Town on Lewisville-Vienna Road.
- The budget was amended by \$70,000 to increase the budget for snow and ice removal.
- The budget was amended by \$68,853 to fund street repairs on Arbor Run Drive.
- The budget was amended by \$14,700 for storm water repairs on Fallbrook Drive.
- The budget was amended by \$17,000 to increase the budget for Powell Bill right-of-way maintenance.
- The budget was amended by \$23,690 to set a new catch basin at the intersection of Arbor Run Drive and Lewisville-Clemmons Road and to perform associated ditch work.
- The budget was amended by \$10,500 to increase the budget for legal fees in the governing body department.
- The budget was amended by \$21,990 for drainage repairs on Sequoia Drive.
- The budget was amended by \$6,000 to fund the donation to the Meals-on-Wheels program to feed four deserving seniors living in the Town of Lewisville.
- The budget was amended by \$16,000 to transfer funds from the Municipal Buildings/Land Capital Reserve Fund to the Community Center Capital Projects Fund for the feasibility study.
- The budget was amended to transfer \$254,000 from the General Fund to the Roundabout at Lewisville-Vienna Road and Robinhood Road Capital Projects Fund.

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, 2019, totals \$8,403,921 (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 received a donation of land at 312 Lewisville-Vienna Road with an appraised value of \$260,000.
- The Town received a donation of land at 7632 Warren Park Drive with an appraised value of \$387,000.

Management Discussion and Analysis
Town of Lewisville

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

Figure 4

	Governmental Activities	
	2019	2018
Land	\$ 1,905,327	\$ 1,258,327
Water rights	600,000	600,000
Construction in progress	1,281,838	1,100,859
Buildings and systems	1,542,509	1,735,921
Machinery and equipment	47,782	64,773
Infrastructure	1,783,800	1,906,556
Park	1,242,665	1,299,215
Vehicles and motorized equipment	-	-
Total	<u>\$ 8,403,921</u>	<u>\$ 7,965,651</u>

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

Long-term Debt. As of June 30, 2019, the Town of Lewisville had long-term debt consisting of a financing agreement for the construction of the town hall building, net pension liability, and compensated absences.

Town of Lewisville's Outstanding Liabilities

Figure 5

	Governmental Activities	
	2019	2018
Financing agreement	\$ 653,338	\$ 840,004
Net pension liability	188,838	108,316
Compensated absences	49,298	46,839
Total	<u>\$ 891,474</u>	<u>\$ 995,159</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 \$110,144,673.

Management Discussion and Analysis Town of Lewisville

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

- The property tax rate for 2019-2020 remains at 17.7 cents per \$100 valuation.
- The property tax rate for the municipal service district will increase from 4.5 cents to 5 cents per \$100 valuation in 2019-2020.
- The Town will continue design work on the "Gateway Project" along with right-of-way purchase and construction in the 2019-2020 fiscal year. The project is a roadway project to make improvements from the Highway 421 Interchange on Williams Road with improvements continuing on Williams Road between the interchange and the newly constructed roundabout at Shallowford Road and Williams Road. This is a project utilizing federal STP-DA funds. This project has an estimated cost of approximately \$1.5 million. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.
- The Town Council has authorized the Roundabout at Lewisville-Vienna Road and Robinhood Road Capital Projects Fund. The project authorized is the purchase of right-of-way, utility relocation, design, environmental documentation, and construction in the conversion of the existing signalized intersection to a single lane roundabout. This project will utilize STP-DA funds. The project has an estimated cost of \$1,270,000. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.

Management Discussion and Analysis
Town of Lewisville

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, 2019

	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,095,618	\$ 10,095,618
Taxes receivables (net)	30,194	30,194
Due from other governments	377,273	377,273
Other receivables (net)	759	759
Restricted cash and cash equivalents	731,863	731,863
Total current assets	<u>11,235,707</u>	<u>11,235,707</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	3,787,165	3,787,165
Other capital assets, net of depreciation	4,616,756	4,616,756
Total capital assets	<u>8,403,921</u>	<u>8,403,921</u>
Total assets	<u>19,639,628</u>	<u>19,639,628</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	174,182	174,182
Total deferred outflows of resources	<u>174,182</u>	<u>174,182</u>
LIABILITIES		
Current liabilities:		
Accounts payable	471,791	471,791
Accrued interest payable	1,715	1,715
Current portion of long-term liabilities	218,317	218,317
Payable from restricted assets	200,346	200,346
Total current liabilities	<u>892,169</u>	<u>892,169</u>
Long-term liabilities:		
Net pension liability	188,838	188,838
Due in more than one year	484,319	484,319
Total long-term liabilities	<u>673,157</u>	<u>673,157</u>
Total liabilities	<u>1,565,326</u>	<u>1,565,326</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	978	978
Total deferred inflows of resources	<u>978</u>	<u>978</u>
NET POSITION		
Net investment in capital assets	7,750,583	7,750,583
Restricted for:		
Stabilization by State Statute	378,032	378,032
Streets	531,517	531,517
Unrestricted	9,587,374	9,587,374
Total net position	<u>\$ 18,247,506</u>	<u>\$ 18,247,506</u>

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

Town of Lewisville, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Program Revenues					Net (Expense) Revenue and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 1,216,653	\$ -	\$ -	\$ 647,000	\$ (569,653)	\$ (569,653)
Public works	1,912,092	-	358,916	132,431	(1,420,745)	(1,420,745)
Planning	136,217	9,785	-	-	(126,432)	(126,432)
Parks and recreation	239,533	6,355	-	-	(233,178)	(233,178)
Public safety	599,102	-	-	-	(599,102)	(599,102)
Interest on long-term debt	20,058	-	-	-	(20,058)	(20,058)
Total governmental activities	4,123,655	16,140	358,916	779,431	(2,969,168)	(2,969,168)
Total primary government	\$ 4,123,655	\$ 16,140	\$ 358,916	\$ 779,431	\$ (2,969,168)	\$ (2,969,168)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					2,486,864	2,486,864
Cable franchise tax					28,252	28,252
Local occupancy tax					45,468	45,468
Unrestricted intergovernmental revenues					1,703,311	1,703,311
Unrestricted investment earnings					184,112	184,112
Miscellaneous					9,263	9,263
Total general revenues not including transfers					4,457,270	4,457,270
Transfers					-	-
Total general revenues and transfers					4,457,270	4,457,270
Change in net position					1,488,102	1,488,102
Net position, beginning					16,759,404	16,759,404
Net position, ending					\$ 18,247,506	\$ 18,247,506

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

Town of Lewisville, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	Major Fund		
	General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,677,591	\$ 3,418,027	\$ 10,095,618
Restricted cash	731,863	-	731,863
Receivables, net:			
Taxes	29,337	857	30,194
Other	759	-	759
Due from other governments	374,246	3,027	377,273
Total assets	<u>7,813,796</u>	<u>3,421,911</u>	<u>11,235,707</u>
LIABILITIES			
Accounts payable and accrued liabilities	470,147	1,644	471,791
Developer deposits	200,346	-	200,346
Total liabilities	<u>670,493</u>	<u>1,644</u>	<u>672,137</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	29,337	857	30,194
Total deferred inflows of resources	<u>29,337</u>	<u>857</u>	<u>30,194</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	375,005	3,027	378,032
Streets	531,517	-	531,517
Committed			
Storm Water Capital Reserve Fund	432,849	-	432,849
Special revenue fund	-	176,223	176,223
Capital projects funds	-	3,240,160	3,240,160
Assigned			
Subsequent year's expenditures	75,505	-	75,505
Unassigned	5,699,090	-	5,699,090
Total fund balances	<u>7,113,966</u>	<u>3,419,410</u>	<u>10,533,376</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,813,796</u>	<u>\$ 3,421,911</u>	

cont.

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

Town of Lewisville, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

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

Total fund balance, governmental funds		\$ 10,533,376
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 12,464,097	
Accumulated depreciation	<u>(4,060,176)</u>	8,403,921
Deferred outflows of resources related to pensions are not reported in the funds.		174,182
Earned revenues considered deferred inflows of resources in fund statements.		30,194
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Compensated absences		(49,298)
Financing agreement		(653,338)
Accrued interest payable		(1,715)
Net pension liability		(188,838)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(978)</u>
Net position of governmental activities		<u><u>\$ 18,247,506</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, 2019

	Major Funds		
	General Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 2,458,978	\$ 29,874	\$ 2,488,852
Other taxes and licenses	28,252	-	28,252
Unrestricted intergovernmental	1,703,311	-	1,703,311
Restricted intergovernmental	404,384	132,431	536,815
Investment earnings	117,812	66,300	184,112
Miscellaneous	25,400	-	25,400
Total revenues	4,738,137	228,605	4,966,742
EXPENDITURES			
Current:			
General government	1,003,369	-	1,003,369
Public works	1,801,444	200,643	2,002,087
Planning	136,348	-	136,348
Parks and recreation	138,712	-	138,712
Public safety	599,102	-	599,102
Debt service:			
Principal	186,666	-	186,666
Interest and other charges	20,548	-	20,548
Total expenditures	3,886,189	200,643	4,086,832
Excess (deficiency) of revenues over expenditures	851,948	27,962	879,910
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	95,000	580,000	675,000
Transfers to other funds	(659,000)	(16,000)	(675,000)
Total other financing sources (uses)	(564,000)	564,000	-
Net change in fund balance	287,948	591,962	879,910
Fund balances, beginning	6,826,018	2,827,448	
Fund balances, ending	\$ 7,113,966	\$ 3,419,410	

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

cont.

Town of Lewisville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$	879,910
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	\$ 180,979		
Depreciation expense for governmental activities	(340,698)		
Loss on disposal of fixed assets	<u>(49,011)</u>		(208,730)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.		47,835
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Donated land	647,000		
Change in unavailable revenue for tax revenues	<u>(1,985)</u>		645,015

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.

Principal payments on long-term debt	186,666		
Decrease in accrued interest payable	<u>490</u>		187,156

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.

Compensated absences		(2,459)	
Pension expense		<u>(60,625)</u>	

Total changes in net position of governmental activities	\$	<u>1,488,102</u>
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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, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 2,341,950	\$ 2,341,950	\$ 2,458,978	\$ 117,028
Other taxes and licenses	8,000	8,000	28,252	20,252
Unrestricted intergovernmental	1,620,940	1,620,940	1,703,311	82,371
Restricted intergovernmental	393,480	393,480	404,384	10,904
Investment earnings	30,000	30,000	108,949	78,949
Miscellaneous	32,500	32,500	25,400	(7,100)
Total revenues	4,426,870	4,426,870	4,729,274	302,404
Expenditures:				
Current:				
General government	1,088,910	1,148,330	1,003,369	144,961
Public works	1,750,139	2,013,185	1,801,444	211,741
Planning	245,164	260,164	136,348	123,816
Parks and recreation	203,170	211,570	138,712	72,858
Public safety	626,560	628,479	599,102	29,377
Debt service:				
Principal retirement	186,666	186,666	186,666	-
Interest and other charges	20,634	20,634	20,548	86
Total expenditures	4,121,243	4,469,028	3,886,189	582,839
Revenues over (under) expenditures	305,627	(42,158)	843,085	885,243
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(405,000)	(659,000)	(659,000)	-
Total other financing sources (uses)	(405,000)	(659,000)	(659,000)	-
Fund balance appropriated	99,373	701,158	-	(701,158)
Net change in fund balance	\$ -	\$ -	184,085	\$ 184,085
Fund balances, beginning			6,497,032	
Fund balances, ending			6,681,117	
A legally budgeted Storm Water Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings - Storm Water Capital Reserve Fund			8,863	
Storm Water Capital Reserve Fund - Transfers from other funds			95,000	
Storm Water Capital Reserve Fund - Transfers to other funds			-	
Fund balance, beginning - Storm Water Capital Reserve Fund			328,986	
Fund balance, ending			<u>\$ 7,113,966</u>	

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

Notes to the Financial Statements

Town of Lewisville, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

Community Center Projects Fund. This fund is used to account for funds to be used in the construction of a Community Center.

Roundabout at Lewisville-Vienna Road and Robinhood Road Capital Projects Fund. This fund is used to account for the funds to be used in the construction of a roundabout at the intersection of Lewisville-Vienna Road and Robinhood Road.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgetary Data

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

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

1. Deposits and Investments

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

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

certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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. Developer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Lewisville Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 531,517
Developer Deposits	200,346
Total Governmental Activities	<u>731,863</u>
Total Restricted Cash	<u><u>\$ 731,863</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

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:

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category, property taxes receivable and pension deferrals.

8. Long-Term Obligations

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

Net position

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

Fund balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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

11. Defined Benefit Cost-Sharing Plans

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,839,150 and a bank balance of \$1,887,330. 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, 2019, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2019, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/19	Maturity	Rating
N.C. Capital Management Trust - Government Portfolio	Amortized Cost	\$ 7,961,996	N/A	AAAm
N.C. Capital Management Trust - Term Portfolio	Fair Value Level 1	\$ 1,026,135	.11 years	Unrated
Total:		<u>\$ 8,988,131</u>		

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

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

Credit risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,258,327	\$ 647,000	\$ -	\$ 1,905,327
Sewer rights	600,000	-	-	600,000
Construction in progress	1,100,859	180,979	-	1,281,838
Total capital assets not being depreciated	<u>2,959,186</u>	<u>827,979</u>	<u>-</u>	<u>3,787,165</u>
Capital assets being depreciated:				
Buildings	3,421,722	-	57,944	3,363,778
Furniture and equipment	272,275	-	-	272,275
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	53,191	-	-	53,191
Infrastructure	2,470,852	-	-	2,470,852
Park	2,479,249	-	-	2,479,249
Total capital assets being depreciated	<u>8,734,876</u>	<u>-</u>	<u>57,944</u>	<u>8,676,932</u>
Less accumulated depreciation for:				
Buildings	1,685,801	144,401	8,933	1,821,269
Furniture and equipment	232,271	14,402	-	246,673
Vehicles and motorized equipment	37,587	-	-	37,587
Computer equipment	28,422	2,589	-	31,011
Infrastructure	564,296	122,756	-	687,052
Park	1,180,034	56,550	-	1,236,584
Total accumulated depreciation	<u>3,728,411</u>	<u>340,698</u>	<u>8,933</u>	<u>4,060,176</u>
Total capital assets being depreciated, net	<u>5,006,465</u>			<u>4,616,756</u>
Governmental activity capital assets, net	<u>\$ 7,965,651</u>			<u>\$ 8,403,921</u>

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

General government	\$ 152,588
Public works	87,289
Planning	-
Parks and recreation	100,821
Total depreciation expense	<u>\$ 340,698</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$47,835 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of \$188,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was .00796%, which was an increase of .00087% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$60,625. At June 30, 2019, 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	\$ 29,133	\$ 978
Changes of assumptions	50,110	-
Net difference between projected and actual earnings on pension plan investments	25,922	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	21,182	-
Town contributions subsequent to the measurement date	47,835	-
Total	<u>\$ 174,182</u>	<u>\$ 978</u>

\$47,835 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 59,257
2021	38,420
2022	9,737
2023	17,956
2024	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 453,606	\$ 188,838	\$ (32,406)

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

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

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

	LGERS	Total
Pension Expense	\$ 60,625	\$ 60,625
Pension Liability	188,838	188,838
Proportionate share of the net pension liability	0.00796%	
Deferred of Outflows of Resources		
Differences between expected and actual experience	29,133	29,133
Changes of assumptions	50,110	50,110
Net difference between projected and actual earnings on plan investments	25,922	25,922
Changes in proportion and differences between contributions and proportionate share of contributions	21,182	21,182
Benefit payments and administrative costs paid subsequent to the measurement date	47,835	47,835
Deferred of Inflows of Resources		
Differences between expected and actual experience	978	978
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-

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, 2019 amounted to \$7,051, which consisted of \$2,280 from employees and \$4,771 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, 2019 amounted to \$6,566 from employees and \$2,639 from the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 47,835
Differences between expected and actual experience	29,133
Changes of assumptions	50,110
Net difference between projected and actual earnings on pension plan investments	25,922
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,182
Total	<u>\$ 174,182</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 29,337
Taxes receivable (Special Revenue Fund)	-	857
Differences between expected and actual experience	978	-
Changes in proportion and differences between employer contributions and proportionate share contributions	-	-
Total	<u>\$ 978</u>	<u>\$ 30,194</u>

3. Risk Management

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

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

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

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

4. Commitments

The Town has entered into a contract for solid waste collection expiring in June 2024 for approximately \$803,400 per year.

5. Long-Term Obligations

a. Direct Placement Financing Agreement

On November 24, 2008, the Town entered into a direct placement 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
2020	\$ 186,666	\$ 15,713
2021	186,666	10,878
2022	186,666	6,043
2023	93,340	1,209
	<u>\$ 653,338</u>	<u>\$ 33,843</u>

b. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Direct placement					
financing agreement	\$ 840,004	\$ -	\$ 186,666	\$ 653,338	\$ 186,666
Compensated absences	46,839	39,778	37,319	49,298	31,651
Net pension liability (LGERS)	108,316	80,522	-	188,838	-
Governmental activity long-term liabilities	<u>\$ 995,159</u>	<u>\$ 120,300</u>	<u>\$ 223,985</u>	<u>\$ 891,474</u>	<u>\$ 218,317</u>

At June 30, 2019, the Town of Lewisville had a legal debt margin of \$110,144,673.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consist of the following:

Transfers from General Fund to Non-Major Funds

From the General Fund to the GWR ROW/Construction Capital Reserve Fund for future projects	\$ 115,000
From the General Fund to the Sidewalks, Bike Paths and Greenways Capital Reserve Fund for future projects	25,000
From the General Fund to the Municipal Buildings/Land Capital Reserve Fund for future projects	170,000
From the General Fund to the Vienna Rd Roundabout Capital Reserve Fund for future projects	<u>254,000</u>
	<u>\$ 564,000</u>

Transfers Between the Non-Major Funds

From the Municipal Buildings/Land Capital Reserve Fund to the Community Center Capital Projects Fund for future projects	<u>\$ 16,000</u>
	<u>\$ 16,000</u>

Other Transfers

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

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

D. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 8,403,921
Less: long-term debt	<u>653,338</u>
Net investment in capital assets	<u>\$ 7,750,583</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	\$ 7,113,966
Less:	
Restricted for Stabilization by State Statute	375,005
Restricted for Streets	531,517
Committed to Storm Water Capital Reserve Fund	432,849
Appropriated fund balance in 2019/2020 budget	75,505
Remaining fund balance	5,699,090

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 \$2,755 to the Council during the fiscal year ended June 30, 2019.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Other Matters

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

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

VI. Subsequent Events

Subsequent events have been evaluated through November 6, 2019, which is the date the financial statements were available to be issued.

Required Supplemental Financial Data

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

Local Governmental Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Lewisville's proportion of the net pension liability (asset) (%)	0.00796%	0.00709%	0.00769%	0.00767%	0.00727%	0.00900%
Lewisville's proportion of the net pension liability (asset) (\$)	\$ 188,838	\$ 108,316	\$ 163,208	\$ 34,422	\$ (42,874)	\$ 108,485
Lewisville's covered payroll	\$ 610,359	\$ 577,000	\$ 629,911	\$ 645,697	\$ 594,539	\$ 612,200
Lewisville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.94%	18.77%	25.91%	5.33%	-7.21%	17.72%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

Local Governmental Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 47,835	\$ 45,777	\$ 41,833	\$ 42,015	\$ 45,651	\$ 42,034
Contributions in relation to the contractually required contribution	<u>47,835</u>	<u>45,777</u>	<u>41,833</u>	<u>42,015</u>	<u>45,651</u>	<u>42,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lewisville's covered payroll	\$617,225	\$610,359	\$577,000	\$629,911	\$645,697	\$594,539
Contributions as a percentage of covered payroll	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

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

Individual Fund Schedules

Town of Lewisville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 2,341,950	\$ 2,453,598	\$
Penalties and interest	-	5,380	
Total	<u>2,341,950</u>	<u>2,458,978</u>	<u>117,028</u>
Other taxes and licenses:			
Cable franchise tax	8,000	28,252	
Total	<u>8,000</u>	<u>28,252</u>	<u>20,252</u>
Unrestricted intergovernmental:			
Local option sales taxes	802,320	833,100	
Telecommunications sales tax	39,780	37,287	
Electricity sales tax	421,800	443,635	
Piped natural gas sales tax	16,120	18,403	
Video programming sales tax	144,820	139,684	
Beer and wine tax	56,100	57,173	
Motor fuels tax refund	-	285	
ABC profit distribution	140,000	173,744	
Total	<u>1,620,940</u>	<u>1,703,311</u>	<u>82,371</u>
Restricted intergovernmental:			
Powell Bill allocation	347,000	349,085	
Local occupancy tax	37,540	45,468	
Solid waste disposal tax	8,940	9,831	
Total	<u>393,480</u>	<u>404,384</u>	<u>10,904</u>
Investment earnings	30,000	108,949	78,949
Miscellaneous	32,500	25,400	(7,100)
Total revenues	<u>4,426,870</u>	<u>4,729,274</u>	<u>302,404</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		18,731	
Professional services		63,693	
Membership dues		18,306	
Support contracts		87,227	
Other operating expenditures		24,063	
Total	<u>249,335</u>	<u>212,020</u>	<u>37,315</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, 2019

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		344,519	
Support contracts		49,780	
Other operating expenditures		136,805	
Total	<u>609,750</u>	<u>531,104</u>	<u>78,646</u>
Finance:			
Salaries and employee benefits		178,317	
Support contracts		7,931	
Other operating expenditures		11,746	
Total	<u>212,430</u>	<u>197,994</u>	<u>14,436</u>
Beautification:			
Support contracts		25,300	
Other operating expenditures		36,951	
Total	<u>76,815</u>	<u>62,251</u>	<u>14,564</u>
Total General government	<u>1,148,330</u>	<u>1,003,369</u>	<u>144,961</u>
Public works:			
Public works:			
Salaries and employee benefits		235,777	
Support contracts		39,380	
Other operating expenditures		15,166	
Total	<u>327,083</u>	<u>290,323</u>	<u>36,760</u>
Powell Bill:			
Road paving, repairs and maintenance		296,500	
Other operating expenditures		167,158	
Total	<u>475,483</u>	<u>463,658</u>	<u>11,825</u>
Storm water:			
Support contracts		14,122	
Other operating expenditures		66,622	
Total	<u>124,424</u>	<u>80,744</u>	<u>43,680</u>
Solid waste:			
Support contracts		728,025	
Other operating expenditures		22,627	
Total	<u>784,480</u>	<u>750,652</u>	<u>33,828</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, 2019

	Budget	Actual	Variance Positive (Negative)
Recycling:			
Support contracts		475	
Other operating expenditures		292	
Total	2,095	767	1,328
Streets:			
Support contracts		79,992	
Road paving, repairs and maintenance		120,000	
Other operating expenditures		15,308	
Total	299,620	215,300	84,320
Total Public works	2,013,185	1,801,444	211,741
Planning:			
Salaries and employee benefits		84,436	
Support contracts		15,427	
Other operating expenditures		36,485	
Total Planning	260,164	136,348	123,816
Parks and recreation:			
Event expenses		83,838	
Support contracts		7,500	
Capital outlay		-	
Other operating expenditures		47,374	
Total Parks and recreation	211,570	138,712	72,858
Public safety:			
Community policing:			
Support contracts		571,500	
Other operating expenditures		21,812	
Total	620,319	593,312	27,007
Public safety:			
Support contracts		-	
Other operating expenditures		5,790	
Total	8,160	5,790	2,370
Total Public safety	628,479	599,102	29,377

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, 2019

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal retirement		186,666	
Interest and other charges		20,548	
Total	207,300	207,214	86
 Total expenditures	4,469,028	3,886,189	582,839
 Revenues over (under) expenditures	(42,158)	843,085	885,243
 Other financing sources (uses):			
Transfers from other funds	-	-	-
Transfers to other funds	(659,000)	(659,000)	-
Total other financing sources (uses)	(659,000)	(659,000)	-
 Fund balance appropriated	701,158	-	(701,158)
 Net change in fund balance	\$ -	184,085	\$ 184,085
 Fund balances, beginning		6,497,032	
Fund balances, ending		\$ 6,681,117	

Town of Lewisville, North Carolina
Storm Water Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 8,863	\$ 8,863
Total revenues	-	8,863	8,863
Expenditures	95,000	-	95,000
Revenues over (under) expenditures	(95,000)	8,863	103,863
Other financing sources (uses):			
Transfers from other funds:			
General Fund	95,000	95,000	-
Transfers to other funds:			
Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	-	-	-
Total other financing sources (uses)	95,000	95,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	\$ -	103,863	\$ 103,863
Fund balance, beginning		328,986	
Fund balance, ending		\$ 432,849	

Town of Lewisville, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019

	MSD Special Revenue Fund	GWR ROW/ Construction Capital Reserve Fund	Sidewalks, Bike Paths and Greenways Capital Reserve Fund	Municipal Buildings/Land Capital Reserve Fund	GWR ROW/ Construction Capital Projects Fund
Assets					
Cash and cash equivalents	\$ 176,487	\$ 807,477	\$ 71,954	\$ 1,052,517	\$ 725,141
Taxes receivable, net	857	-	-	-	-
Due from other governments	485	-	-	-	-
Total assets	177,829	807,477	71,954	1,052,517	725,141
Liabilities					
Accounts payable and accrued liabilities	264	-	-	-	-
Total liabilities	264	-	-	-	-
Deferred Inflows of Resources					
Property taxes receivable	857	-	-	-	-
Total deferred inflows of resources	857	-	-	-	-
Fund Balances					
Restricted by stabilization by state statute	485	-	-	-	-
Committed	176,223	807,477	71,954	1,052,517	725,141
Total fund balances	176,708	807,477	71,954	1,052,517	725,141
Total liabilities, deferred inflows of resources and fund balances	\$ 177,829	\$ 807,477	\$ 71,954	\$ 1,052,517	\$ 725,141

continued

Town of Lewisville, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019

	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Gateway Project Capital Projects Fund	Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	Community Center Capital Projects Fund	Roundabout at Lewisville- Vienna Road and Robinhood Road Capital Projects Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 20,357	\$ 274,652	\$ 19,151	\$ 16,074	\$ 254,217	\$ 3,418,027
Taxes receivable, net	-	-	-	-	-	857
Due from other governments	-	2,542	-	-	-	3,027
Total assets	20,357	277,194	19,151	16,074	254,217	3,421,911
Liabilities						
Accounts payable and accrued liabilities	-	1,380	-	-	-	1,644
Total liabilities	-	1,380	-	-	-	1,644
Deferred Inflows of Resources						
Property taxes receivable	-	-	-	-	-	857
Total deferred inflows of	-	-	-	-	-	857
Fund Balances						
Restricted by stabilization by state statute	-	2,542	-	-	-	3,027
Committed	20,357	273,272	19,151	16,074	254,217	3,416,383
Total fund balances	20,357	275,814	19,151	16,074	254,217	3,419,410
Total liabilities, deferred inflows of resources and fund balances	\$ 20,357	\$ 277,194	\$ 19,151	\$ 16,074	\$ 254,217	\$ 3,421,911

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, 2019

	MSD Special Revenue Fund	GWR ROW/ Construction Capital Reserve Fund	Sidewalks, Bike Paths and Greenways Capital Reserve Fund	Municipal Buildings/Land Capital Reserve Fund	GWR ROW/ Construction Capital Projects Fund
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Ad valorem taxes	29,874	-	-	-	-
Investment earnings	3,244	16,646	1,457	21,922	15,142
Total revenues	33,118	16,646	1,457	21,922	15,142
Expenditures:					
Public works	19,664	-	-	-	-
Total expenditures	19,664	-	-	-	-
Revenues over (under) expenditures	13,454	16,646	1,457	21,922	15,142
Other financing sources (uses):					
Transfers from other funds	-	115,000	25,000	170,000	-
Transfers to other funds	-	-	-	(16,000)	-
Total other financing sources (uses)	-	115,000	25,000	154,000	-
Net change in fund balance	13,454	131,646	26,457	175,922	15,142
Fund balance, beginning	163,254	675,831	45,497	876,595	709,999
Fund balance, ending	\$ 176,708	\$ 807,477	\$ 71,954	\$ 1,052,517	\$ 725,141

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, 2019

	Jack Warren Park Maintenance Facility/ Playground Expansion Capital Projects Fund	Gateway Project Capital Projects Fund	Heritage Drive Regional Storm Water Pond #1 Capital Projects Fund	Community Center Capital Projects Fund	Roundabout at Lewisville- Vienna Road and Robinhood Road Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:						
Restricted intergovernmental	\$ -	\$ 132,431	\$ -	\$ -	\$ -	\$ 132,431
Ad valorem taxes	-	-	-	-	-	29,874
Investment earnings	425	6,455	718	74	217	66,300
Total revenues	425	138,886	718	74	217	228,605
Expenditures:						
Public works	-	165,733	15,246	-	-	200,643
Total expenditures	-	165,733	15,246	-	-	200,643
Revenues over (under) expenditures	425	(26,847)	(14,528)	74	217	27,962
Other financing sources (uses):						
Transfers from other funds	-	-	-	16,000	254,000	580,000
Transfers to other funds	-	-	-	-	-	(16,000)
Total other financing sources (uses)	-	-	-	16,000	254,000	564,000
Net change in fund balance	425	(26,847)	(14,528)	16,074	254,217	591,962
Fund balance, beginning	19,932	302,661	33,679	-	-	2,827,448
Fund balance, ending	\$ 20,357	\$ 275,814	\$ 19,151	\$ 16,074	\$ 254,217	\$ 3,419,410

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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 28,630	\$ 29,874	\$ 1,244
Investment earnings	-	3,244	3,244
Total revenues	28,630	33,118	4,488
Expenditures:			
Public works	28,630	19,664	8,966
Revenues over (under) expenditures	-	13,454	13,454
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>13,454</u>	<u>\$ 13,454</u>
Fund balance, beginning		163,254	
Fund balance, ending		<u>\$ 176,708</u>	

Town of Lewisville, North Carolina
GWR ROW/Construction Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 16,646	\$ 16,646
Total revenues	-	16,646	16,646
Expenditures	115,000	-	115,000
Revenues over (under) expenditures	(115,000)	16,646	131,646
Other financing sources (uses):			
Transfer from other funds:			
General Fund	115,000	115,000	-
Total other financing sources (uses)	115,000	115,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	131,646	<u>\$ 131,646</u>
Fund balance, beginning		675,831	
Fund balance, ending		<u>\$ 807,477</u>	

Town of Lewisville, North Carolina
Sidewalks, Bike Paths and Greenways Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 1,457	\$ 1,457
Total revenues	-	1,457	1,457
Expenditures	25,000	-	25,000
Revenues over expenditures	(25,000)	1,457	26,457
Other financing sources (uses):			
Transfer from other funds:			
General Fund	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	-
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	26,457	<u>\$ 26,457</u>
Fund balance, beginning		45,497	
Fund balance, ending		<u>\$ 71,954</u>	

Town of Lewisville, North Carolina
Municipal Buildings/Land Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 21,922	\$ 21,922
Total revenues	-	21,922	21,922
Expenditures	170,000	-	170,000
Revenues over expenditures	(170,000)	21,922	191,922
Other financing sources (uses):			
Transfer from other funds:			
General Fund	170,000	170,000	-
Transfer to other funds:			
Community Center Capital Projects Fund	(16,000)	(16,000)	-
Total other financing sources (uses)	154,000	154,000	-
Fund balance appropriated	16,000	-	(16,000)
Net change in fund balance	<u>\$ -</u>	175,922	<u>\$ 175,922</u>
Fund balance, beginning		876,595	
Fund balance, ending		<u>\$ 1,052,517</u>	

Town of Lewisville, North Carolina
Capital Projects Fund - GWR ROW/Construction
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ -	\$ 221,684	\$ -	\$ 221,684	\$ 221,684
Investment earnings	-	18,675	15,142	33,817	33,817
Total revenues	-	240,359	15,142	255,501	255,501
Expenditures:					
Capital outlay	1,563,800	1,093,360	-	1,093,360	470,440
Total expenditures	1,563,800	1,093,360	-	1,093,360	470,440
Revenues over (under) expenditures	(1,563,800)	(853,001)	15,142	(837,859)	725,941
Other financing sources					
Transfers from other funds:					
General Fund	596,000	596,000	-	596,000	-
GWR ROW/Construction Capital Reserve Fund	967,000	967,000	-	967,000	-
Total other financing sources	1,563,000	1,563,000	-	1,563,000	-
Fund balance appropriated	800	-	-	-	(800)
Net change in fund balance	\$ -	\$ 709,999	15,142	\$ 725,141	\$ 725,141
Fund balance, beginning			709,999		
Fund balance, ending			<u>\$ 725,141</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, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 413	\$ 425	\$ 838	\$ 838
Total revenues	-	413	425	838	838
Expenditures:					
Capital outlay	55,000	35,481	-	35,481	19,519
Total expenditures	55,000	35,481	-	35,481	19,519
Revenues over (under) expenditures	(55,000)	(35,068)	425	(34,643)	20,357
Other financing sources					
Transfers from other funds:					
Municipal Buildings/Land Capital Projects Fund	55,000	55,000	-	55,000	-
Total other financing sources	55,000	55,000	-	55,000	-
Net change in fund balance	\$ -	\$ 19,932	425	\$ 20,357	\$ 20,357
Fund balance, beginning			19,932		
Fund balance, ending			\$ 20,357		

Town of Lewisville, North Carolina
Capital Projects Fund - Gateway Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant revenue	\$ -	\$ -	\$ 132,431	\$ 132,431	\$ 132,431
Investment earnings	-	3,725	6,455	10,180	10,180
Total revenues	-	3,725	138,886	142,611	142,611
Expenditures:					
Capital outlay	1,494,680	-	165,733	165,733	1,328,947
Total expenditures	1,494,680	-	165,733	165,733	1,328,947
Revenues over (under) expenditures	(1,494,680)	3,725	(26,847)	(23,122)	1,471,558
Other financing sources					
Transfers from other funds:					
General Fund	1,195,744	-	-	-	1,195,744
Lewisville-Vienna Road Sidewalk Extension Grant					
Capital Projects Fund	172,145	172,145	-	172,145	-
Sidewalks, Bike Paths and Greenways Capital Reserve Fund	125,547	125,547	-	125,547	-
Harper Road Lift Station Capital Projects Fund	1,244	1,244	-	1,244	-
Total other financing sources	1,494,680	298,936	-	298,936	(1,195,744)
Net change in fund balance	\$ -	\$ 302,661	(26,847)	\$ 275,814	\$ 275,814
Fund balance, beginning			302,661		
Fund balance, ending			\$ 275,814		

Town of Lewisville, North Carolina
Capital Projects Fund - Heritage Drive Regional Storm Water Pond #1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 79	\$ 718	\$ 797	\$ 797
Total revenues	-	79	718	797	797
Expenditures:					
Capital outlay	33,600	-	15,246	15,246	18,354
Total expenditures	33,600	-	15,246	15,246	18,354
Revenues over (under) expenditures	(33,600)	79	(14,528)	(14,449)	19,151
Other financing sources					
Transfers from other funds:					
General Fund	-	-	-	-	-
Storm Water Capital Reserve Fund	33,600	33,600	-	33,600	-
Total other financing sources	33,600	33,600	-	33,600	-
Net change in fund balance	\$ -	\$ 33,679	(14,528)	\$ 19,151	\$ 19,151
Fund balance, beginning			33,679		
Fund balance, ending			\$ 19,151		

Town of Lewisville, North Carolina
Capital Projects Fund - Community Center
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ 74	\$ 74	\$ 74
Total revenues	-	-	74	74	74
Expenditures:					
Capital outlay	16,000	-	-	-	16,000
Total expenditures	16,000	-	-	-	16,000
Revenues over (under) expenditures	(16,000)	-	74	74	16,074
Other financing sources					
Transfers from other funds:					
General Fund	-	-	-	-	-
Municipal Building / Land					
Capital Reserve Fund	16,000	-	16,000	16,000	-
Total other financing sources	16,000	-	16,000	16,000	-
Net change in fund balance	\$ -	\$ -	16,074	\$ 16,074	\$ 16,074
Fund balance, beginning			-		
Fund balance, ending			\$ 16,074		

Town of Lewisville, North Carolina
Capital Projects Fund - Roundabout at Lewisville-Vienna Road and Robinhood Road
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ 217	\$ 217	\$ 217
Total revenues	-	-	217	217	217
Expenditures:					
Capital outlay	1,270,000	-	-	-	1,270,000
Total expenditures	1,270,000	-	-	-	1,270,000
Revenues over (under) expenditures	(1,270,000)	-	217	217	1,270,217
Other financing sources					
Transfers from other funds:					
General Fund	1,270,000	-	254,000	254,000	1,016,000
Total other financing sources	1,270,000	-	254,000	254,000	(1,016,000)
Net change in fund balance	\$ -	\$ -	254,217	\$ 254,217	\$ 254,217
Fund balance, beginning			-		
Fund balance, ending			\$ 254,217		

Other Schedules

Town of Lewisville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 2,451,406	\$ 2,443,795	\$ 7,611
2017-2018	9,037	-	5,918	3,119
2016-2017	4,324	-	1,229	3,095
2015-2016	3,297	-	297	3,000
2014-2015	1,207	-	248	959
2013-2014	2,459	-	1,167	1,292
2012-2013	1,068	-	127	941
2011-2012	2,650	-	99	2,551
2010-2011	3,783	-	17	3,766
2009-2010	3,001	-	(2)	3,003
2008-2009	420	-	420	-
	<u>\$ 31,246</u>	<u>\$ 2,451,406</u>	<u>\$ 2,453,315</u>	<u>29,337</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 29,337</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 2,458,978
Reconciling items:				
Interest collected				(5,380)
Adjustments				(703)
Taxes written off				<u>420</u>
Subtotal				<u>(5,663)</u>
Total collections and credits				<u>\$ 2,453,315</u>

Town of Lewisville, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
June 30, 2019

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,364,325,424	0.177	\$ 2,414,856	\$ 2,149,272	\$ 265,584
Discoveries - Current and prior year taxes	21,983,616	0.177	38,911	38,911	-
Releases	(1,333,898)	0.177	(2,361)	(2,361)	-
Total property valuation	<u>\$ 1,384,975,142</u>				
Net levy			2,451,406	2,185,822	265,584
Unpaid (by taxpayer) at June 30, 2019			(7,611)	(7,611)	-
Current year's taxes collected			<u>\$ 2,443,795</u>	<u>\$ 2,178,211</u>	<u>\$ 265,584</u>
Current levy collection percentage			<u>99.69%</u>	<u>99.65%</u>	<u>100.00%</u>

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, 2019, 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 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lewisville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lewisville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lewisville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Gibson + Company, P.A." The signature is written in a cursive, flowing style.

Winston-Salem, North Carolina
November 6, 2019