

# CITY OF LEWISVILLE, TEXAS



Christmas in Old Town

*Photo compliments of R Neil Ferguson*

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended September 30, 2016*



**CITY OF LEWISVILLE, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*for the fiscal year ended September 30, 2016*



Prepared by the  
**FINANCE DEPARTMENT**

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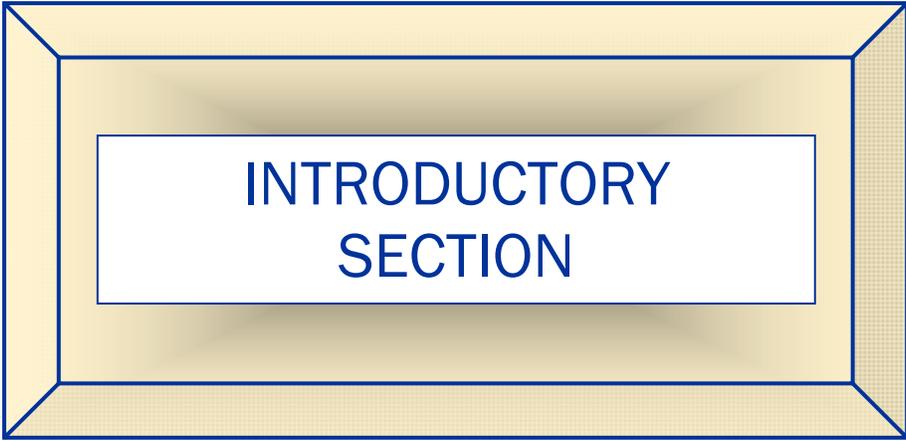
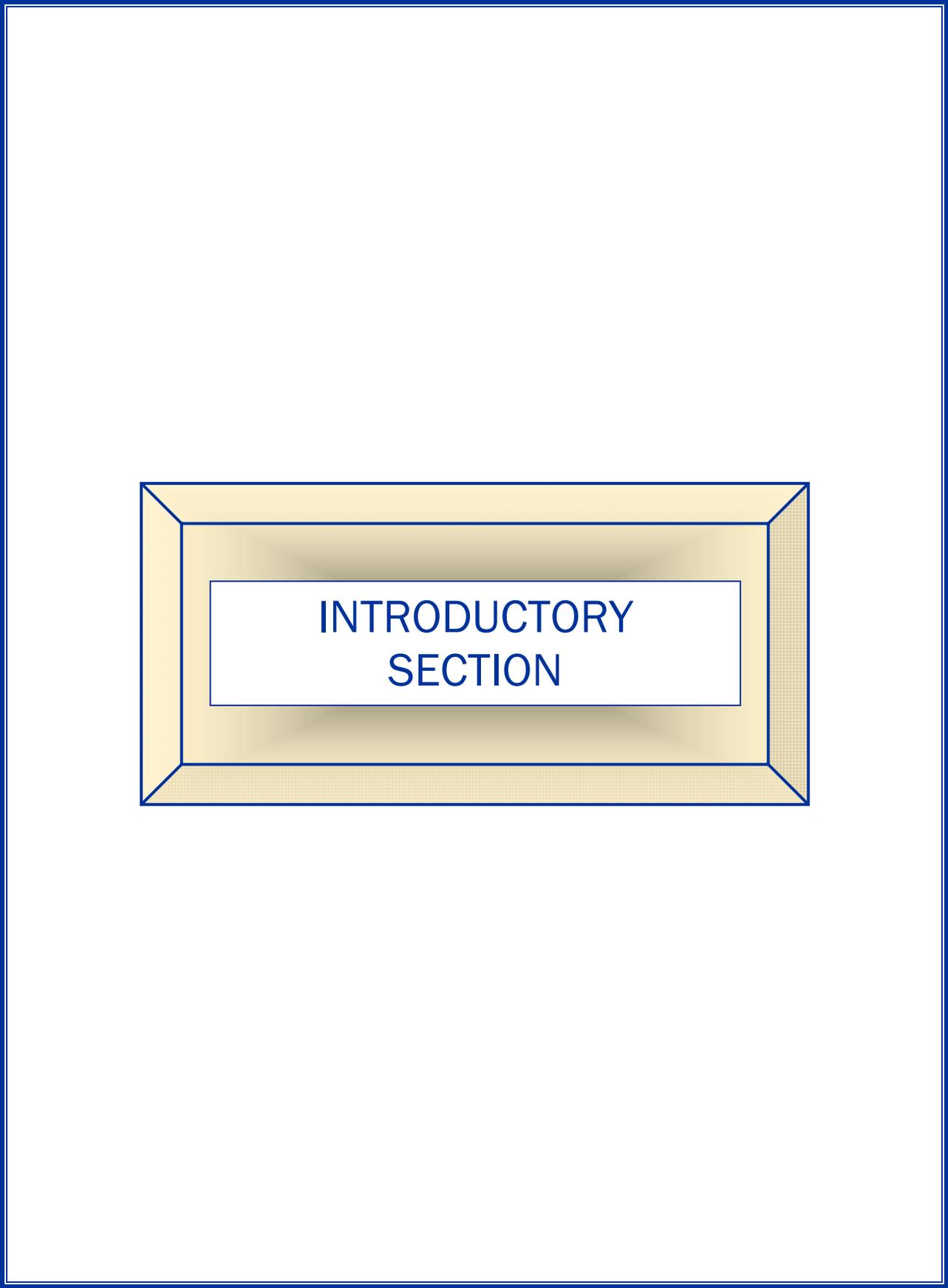
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INTRODUCTORY  
SECTION



March 15, 2017

To the Honorable Mayor,  
Members of the City Council,  
and Citizens of the City of Lewisville, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Lewisville, Texas, for the year ended September 30, 2016, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the City and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The CAFR for the year ended September 30, 2016, is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

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

## **GENERAL INFORMATION – CITY OF LEWISVILLE**

The City of Lewisville is geographically located north of the hub of the ten-county metropolitan area containing Dallas and Fort Worth, Texas. The City is characterized as a predominantly suburban residential community situated in the growth corridor linking the Dallas/Fort Worth International Airport (Tarrant County) through Lewisville (Denton County) to cities in east Collin County. Lewisville shares the metroplex economy based primarily on commerce, tourism, manufacturing, and finance.

The City of Lewisville was incorporated in 1925. The current charter was adopted in 1963 and amended as recently as September 2004. Lewisville is a home-rule city and operates under the Council-Manager form of government. The City Council is comprised of the Mayor and five members and is responsible for enacting ordinances, resolutions and regulations governing the City. In addition, the City Council appoints the members of various boards and commissions, the City Manager, City Attorney, City Judge, and City Secretary. As chief administrative officer, the City Manager is responsible for implementing Council policies, overseeing municipal operations, and appointing and supervising the various department directors.

The City provides the full range of municipal services as authorized by statute or charter. This includes public safety (police and fire), streets, water and sewer utilities, sanitation, health and social services, parks and recreation, public improvements, community development with planning, zoning and economic development, tourism, and general administrative services.

In addition, the City of Lewisville has organizations called component units. Component units are legally separate organizations for which the elected officials of the City of Lewisville are financially accountable. At September 30, 2016, the component units for the City of Lewisville are:

- Lewisville Housing Finance Corporation
- Lewisville Industrial Development Authority, Inc.
- Lewisville Parks and Library Development Corporation
- Tax Increment Reinvestment Zone Number 1, City of Lewisville, Texas (also known as Old Town TIF)
- Tax Increment Reinvestment Zone Number 2, City of Lewisville, Texas
- City of Lewisville Health Benefit Trust
- Lewisville Local Government Corporation
- Lewisville Crime Control and Prevention District
- Lewisville Fire Control, Prevention, and Emergency Medical Services District

## **ECONOMIC CONDITIONS AND OUTLOOK**

The City of Lewisville continues to experience positive annual population and new commercial growth. Between the years 2000 to 2010, Lewisville's population increased by 22.6% from 77,737 to 95,290 per the official Census data of 2010. The current population estimate from the North Central Texas Council of Governments (NCTCOG) is 100,400. The City has added a

tremendous number of infill development and redevelopment projects that have aided in the rejuvenation of the City. Lewisville's makeup is unique in that the community is largely developed with limited vacant land available. Estimates are for residential population to be approximately 140,000 (including extraterritorial jurisdiction) at the time of build-out around 2030. Lewisville's daytime population is expected to exceed its residential population by 2030 due to the large number of employers located in Lewisville.

Highlights include:

- Majestic Airport Center is a master-planned Industrial park with over 160 acres of land and more than 3 million square feet of Class A warehouse and distribution facilities. Phases I & II are complete, which includes DFW's first 1 million square foot speculative industrial building. Kellogg relocated their southwest regional distribution facility to Majestic Airport Center in 2012, occupying 1 million square feet and creating 300 new jobs. Jafra Cosmetics, Cabin Innovations, Hagemeyer North America Inc., Sonexus Health, and Ranger Air Aviation currently occupy the development, taking advantage of the Foreign Trade Zones and Triple Freeport exemption in place. Essilor of America is one of the newer additions to the Majestic Airport Center occupying 169,000 square feet with 90 employees. Construction is underway for an additional 3 new mid-sized flex industrial buildings ranging from 250,000 to 400,000 square feet currently under construction. An agreement with Bed, Bath and Beyond was approved in December of 2015 for their Texas E-Commerce facility occupying 780,000 square feet with over \$100 million in real and business personal property investment and a large projected sales tax generation from the facility. This development will enhance Lewisville's existing industrial base, and provide an excellent facility for locating high value tenants.
- Coyote Drive-In Theater opened in October 2016 - the facility is located at the southeast corner of Midway Road and Holford's Prairie Road. The facility includes six outdoor screens that are centered on a 10,000-square foot climate-controlled cantina with a shaded outdoor pavilion and a 14,000-square foot mini-golf area along with a kid play area.
- Perc Coffeehouse opened in September 2016 in Old Town. The new coffeehouse is adjacent to Wayne Ferguson Plaza and includes a balcony overlooking the plaza.
- Mary Kay Inc. broke ground on their new research and development and manufacturing facility in Lewisville in September 2016. The new 480,000 square foot facility is scheduled to open in early 2018. The company is projected to invest over \$100 million dollars in land purchase, construction, business personal property and inventory.

## **MAJOR INITIATIVES**

**Tax Increment Reinvestment Zone Number 1**—The City of Lewisville continues to revitalize Old Town Lewisville. The Old Town Tax Increment Reinvestment Zone was created in December 2001, with participation between the City and Denton County. The Zone will expire in 2028.

The Old Town Tax Increment Reinvestment Zone has experienced an incremental increase in taxable value of \$121.7 million since inception. Tax increment revenues from the Zone are used

to finance infrastructure improvements and public facilities to stimulate revitalization of Old Town. Projects to date include parking improvements, wayfinding, infrastructure needs studies, sidewalk enhancements, beautification projects, the Medical Center of Lewisville Grand Theater (MCL Grand Theater), and the Wayne Ferguson Plaza.

- Three new restaurants are currently under construction in Old Town: Cavalli Pizza, Twisted Root Burger and Prohibition Chicken. All three will be built on the north side of Church Street across the street from the city-owned Medical Center of Lewisville Grand Theater. The restaurants are expected to open in early 2017.
- The Lewisville Feed Mill is being converted into a restaurant with over \$2 million in renovations and improvements. The current building will be renovated but will preserve as much of the historical character as possible.
- The Uptown Village Townhome community has completed 40 units and is in the process of proceeding with phase 3 of the development for a total of 73 units including a pool and clubhouse in this phase.
- Ground work has begun to prepare the site for South Village, a new mixed-use project, including 4,000 square feet of office space/retail space and 63 new residential units in an expected price range of \$250,000 to \$350,000.
- The City is working with business owners on Main Street in the Old Town Center District to redesign and improve the rear façade of those businesses. Final designs are about 90% complete. The City will fund the design portion of the project.

**Tax Increment Reinvestment Zone Number 2**—This zone was created in October 2008, with participation between the City and Denton County. This Zone started with a base value of \$9 million and has added \$102.6 million in incremental value. The Zone will expire in 2038.

- Tax increment revenues from the Zone are used to finance infrastructure improvements for a 427-acre mixed-use development. The development, also known as Hebron 121 Station, is at the northeast corner of Interstate Highway 35-East (I-35) and State Highway 121 Tollway (SH 121). The project consists of urban residential, retail, recreation, and entertainment uses.
- The first three phases of the residential development have been completed and consist of 1,210 multi-family units within 4-story structures; the total number of residential units projected for the project at completion will be 1,875.
- The Denton County Transit Authority (DCTA) A-Train Station was completed in June 2011.
- The City completed the building of a bridge over Timber Creek to connect the Hebron 121 Station project to the I-35 frontage road in October of 2015 as part of the commitment in the development agreement with the Riverside Development LP.
- The City also completed planning for the remainder of the TIF zone and rezoned the land from Light Industrial to Mixed Use to achieve development of office, retail and hotel uses.

**Lewisville 2025 Vision**— The Lewisville 2025 Vision Plan is the City’s strategic plan that includes nine Big Moves guiding the development of the City of Lewisville over the next 10-15 years. The plan serves to set a vision for the future and provide a framework as Lewisville looks

to celebrate its centennial in 2025. The plan was developed with more than a year of public input and discussion that garnered hundreds of ideas and suggestions. That input was studied extensively by the Lewisville 2025 Committee, working with City staff and professional consultants. After an extensive public involvement process, the plan was complete and adopted in July 2014. The resulting Lewisville 2025 plan sets a clear shared vision for the kind of community Lewisville hopes to be in 2025. The plan identifies nine Big Moves to make that vision a reality. Some of the major accomplishments thus far are listed below:

- **Green Centerpiece:** In regards to Lewisville Lake Environmental Learning Area (LLELA), a Memorandum of Understanding (MOU) was approved with University of North Texas in December 2014 related to adding the City of Lewisville to the U.S. Army Corps of Engineers lease and funding cost of operations. All stakeholders continue to plan for new programming and activities in LLELA. The City partnered with the Audubon Society on a feasibility study for establishment of a Nature Center at LLELA. Additionally, part of the multi-million-dollar bond package approved by voters in 2015 will be used to fund improvements for day-use areas and the campground at Lake Park at Lewisville Lake.
- **Extending The Green:** NCTCOG awarded the City a \$1.5 million grant (City match of \$506,000) for a new City trail along Garden Ridge and Valley Parkway. In addition, a \$3.9 million Federal Lands Access Grant was received for improvements to Lake Park that include 1.65 miles of internal roadways and 2.25 miles of trails. The first three sections of DCTA's 3.3-mile hike and bike trail system running from Hebron Station to Mill Street are near completion.
- **Sustainability:** Changes were made to our trash/recycling franchise agreement to encourage diversion and recycling – once a week trash, larger recycling carts, multi-family recycling, and additional options available.
- **Old Town:** Design began on the Rear Façade program for buildings along the central Main Street Corridor. Also, City Council approved funding of fire sprinkler systems, under an economic development agreement, for Old Town buildings to protect the City's historic core and to enhance development.
- **Thriving Neighborhoods:** A Neighborhood Enhancement program was created to encourage a formal network of neighborhoods that will focus on neighborhood identity, code enforcement, infrastructure and improvements, public safety, and aesthetics. In addition, a new program called "Neighbors Leading Neighbors" was created. It empowers residents to get involved in resolving common neighborhood issues. Seventy-four residents are working as leaders and 14 churches have assisted.
- **New Neighborhood Choices:** The City continues to issue many building permits; with the majority being for new single-family home construction. In 2014, the City annexed 150 acres from the Town of Hebron for Phase 1 of Lakewood Hills master-planned community along Josey Lane in East Lewisville. That community's development has begun and will eventually include over 500 upscale single-family homes.
- **Employment Centers:** With the addition of Mary Kay, Bed, Bath and Beyond, Mortgage Contracting Services and the new FedEx facility opening over the next two year, the City is expecting over 1,500 new jobs to be open for residents.
- **Identity Focal Point:** Zoning has been approved for two key parts of the Northern Gateway near Justin Road and McGee Lane. The goal is to create a mixed-use center of

activity west of I-35. Plans call for a mixed-use office complex, hotel, entertainment venue and retail outlets alongside single-family homes and high-density residential neighborhoods. A system of hike and bike trails and sidewalks will connect neighborhoods with other areas of the development.

- **Communications and Marketing:** The City will go live with a new City and Economic Development website in December 2016. In addition, new Community and Old Town Profiles were completed to market the City for development and redevelopment.

### **Transit Oriented Development (TOD)**

- Hebron Station TOD - The 427-acre area is ideally suited for a dense pattern of retail, recreational, and residential uses, with tremendous access and visibility due to the proximity of the DCTA train station and the SH 121 and I-35 intersection.
- Old Town Lewisville TOD – The area comprises approximately 330 acres in the heart of Lewisville. At its core is the DCTA commuter rail station that will connect the City of Denton in the north to Downtown Dallas via the Dallas Area Rapid Transit (DART) system. The TOD plan will utilize public investments to help spur private development and maximize grant funds. Lewisville has already secured several million dollars in intergovernmental grants to implement public investment plans for civic and infrastructure improvements.
- North TOD - The Northern Gateway area of Lewisville is perceived as one with a large potential for development due to proximity to surrounding amenities including the northern Lewisville DCTA transit station, Lewisville Lake and vacant land on the west side of the gateway. The entrance of I-35 into the City of Lewisville is a major landscape and land use regional gateway.

**Major Roadway Projects**—Construction is ongoing on the I-35 expansion. The project will widen the interstate from 10 to 16 lanes between I-635 and US Highway 380. The expansion will include free lanes, managed/tolled lanes, and additional new frontage lanes. The City completed a two-year project for a Corridor Redevelopment Plan to guide public improvements, private developments, business retention, and new business recruitment along the corridor. An extension of the plan, the I-35 Identity Plan, was developed to create aesthetic treatments and non-vehicular travel options at highly visible overpasses and underpasses.

The City is at 90% design on two major thoroughfares to provide maximum connectivity in the City. Corporate Drive and Valley Ridge Boulevard will provide additional means of access to businesses and residents. The estimated cost of the improvements for Corporate Drive and Valley Ridge Boulevard are \$29 million and \$17 million, respectively. These projects were done with a funding partnership between the City and Denton County and Regional Toll Revenues were allocated for construction with the City only responsible for the 20% match.

The I-35 Corridor Redevelopment Plan supports the Identity Focal Point Big Move in the Vision 2025 Plan. The Identity Focal points are identified as the Northern Gateway, Southern Gateway, and the Central Node at SH 121 and I-35. The corridor plan examined TxDOT's plans for highway expansion in relation to their impact on existing businesses, regulations, land use, and circulation. The plan also analyzed the community's vision for the corridors, market trends, and

alternatives to existing conditions to produce specific recommendations for future activity along I-35.

Zoning has been approved for the Southern Gateway at I-35 and SH 121. This project includes the Hebron 121 Station and will be expanded to include an environmental showcase area, nature walking trails, pedestrian bridges, wetlands, multiple boardwalks, a canoe/kayak launch, and various retail outlets. In addition, zoning has also been approved for two key parts of the Northern Gateway near Justin Road and McGee Lane. The goal is to create a mixed-use center of activity west of I-35. Plans call for a mixed-use office complex, hotel, entertainment venue and retail outlets alongside single-family homes and high-density residential neighborhoods. A system of hike and bike trails and sidewalks will connect neighborhoods with other areas of the development.

**Residential Growth**— A significant number of new residential subdivisions are underway in Lewisville including a 156-acre annexation of land into the City for a master planned community. The new residential developments have a higher price point than existing residences and are estimated to be in \$250,000 to \$400,000 price range. These projects include:

| PROJECT                         | LOCATION   | RESIDENCE TYPE | PLANNED UNITS | STATUS/COMPLETED  |
|---------------------------------|--|----------------|---------------|---|
| Highpoint Oak Estates           | Southwest corner of Vista Ridge Mall Drive and Denton Tap Road | Single family  | 85            | 72 units completed; 13 under construction               |
| The Hills of Vista Ridge        | Oakbend and Vista Ridge Mall Drive                             | Single-family  | 124           | 72 units completed; 52 units - Under Construction       |
| Wyndale Meadows                 | East of FM 544 and south of SH 121                             | Single-family  | 105           | 77 units completed; 33 lots (project on hold)           |
| Crescent Estates                | Summit Lane south of College Parkway                           | Single-family  | 62            | 31 units completed; 31 under construction               |
| Verona by DR Horton             | north side of FM 407 next to McGee Lane                        | Single-family  | 138           | Project completed in 2016                               |
| Fireside Village                | College Parkway and Summit Avenue                              | Single-family  | 33            | Broke ground  |
| Lakewood Hills                  | Josey Lane and Windhaven Parkway                               | Single-family  | 523           | Broke ground  |
| South Village                   | Elm Street & Mill Street                                       | Single-family  | 63            | Broke ground  |
|                                 |  |                |               |   |
| Pine Prairie Apartments         | Lake Ridge Road and Leora L                                    | Multi-family   | 596           | Project completed in 2016                               |
| Broadstone Lakeridge Apartments | Lakeridge and between Leora Lane and Marina Vista              | Multi-family   | 301           | Project completed in 2016                               |
| Hebron 121 Station              | Hebron Parkway and Lakeside Circle                             | Multi-family   | 1875          | 1210 units completed; 665 under construction and future |

|                           |  |                          |     |   |
|---------------------------|--|--------------------------|-----|---|
| The Manors at Vista Ridge | Vista Ridge Mall area  | Multi-family (Townhomes) | 72  | 46 units completed; 26 under construction |
| Windhaven Crossing        | SH 121 and is bisected by the Atchison, Topeka and Santa Fe Railroad | Multi-family (Townhomes) | 367 | Broke ground                              |
| Uptown Village            | S Kealy and Lily Ln  | Multi-family (Townhomes) | 72  | 34 units completed; 38 under construction |

These projects are indicative of the City’s economic prosperity and the continued pro-business policies by the City.

## FINANCIAL INFORMATION

**Financial Policies**—The City of Lewisville has adopted (with City Council approval) formal written financial policies and administrative directives. These include, among others, policies and directives for Audit, Revenue Management, Expenditure Control, Financial Reserve/Fund Balance Levels, Debt Management, Post-Issuance Compliance for Tax-Exempt Obligations, Investments, and Budget Transfers. Policies are reviewed and amended regularly.

**Accounting Procedures and Budgetary Controls**—The City’s accounting records for general governmental funds are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City’s water and sewer utility and other proprietary activities are maintained on an accrual basis.

The legal level of budgetary control is at the fund level. Budgetary control is maintained at the fund level with encumbrances entered at the time a purchase requisition is approved. Open encumbrances are recorded as assignments of fund balance as of September 30 of each year, and the subsequent year’s budget is increased in December or January through an amendment approved by City Council to reflect these carried-forward encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue and expenditure estimates by the City’s financial management staff with input from each City department. Budgets are reviewed by the City Manager who then makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed extensively by the City Council, a process that includes a Charter-mandated public hearing, in addition to a work session, which is open to the public. The City Charter requires adoption of the City budget prior to the beginning of the fiscal year.

While the budget is developed and controlled at the departmental level, appropriations are made at the fund level. An ordinance establishes the budget for operating expenditures, debt service payments and use of reserves, while a separate ordinance establishes the property tax rate.

As part of each year’s budget development process, departments are required to update revenue and expenditure estimates for the current fiscal year. These estimates are reviewed by the Director of Strategic Services, the City Manager, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

During the course of the fiscal year, expenditure controls are maintained by each department director with overall review exercised by the Director of Strategic Services and the City Manager. Monthly revenue and departmental expenditure reports are generated by an automated management accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are reviewed by the Director of Strategic Services prior to the encumbrance of funds.

Constant review of revenue and expenditure trends is maintained with specific responsibility assigned to the Director of Strategic Services. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the adopted budget.

**Tax Rates**—All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under State law and provisions of the City Charter, the City is limited to a maximum tax rate of \$2.50 per \$100 assessed valuation. As shown below, the tax rate adopted by the City Council has historically been substantially lower than the maximum provided by law.

The allocation of the property tax levy by purpose (General Fund operations and Debt Service) for fiscal year 2016-17 and the preceding five fiscal years is reflected in the following table:

| <u>Purpose</u>    | <u>2016-17</u>  | <u>2015-16</u>  | <u>2014-15</u>  | <u>2013-14</u>  | <u>2012-13</u>  | <u>2011-12</u>  |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Fund      | 0.318766        | 0.318766        | 0.318766        | 0.322890        | 0.322890        | 0.322890        |
| Debt Service Fund | <u>0.117320</u> | <u>0.117320</u> | <u>0.117320</u> | <u>0.117320</u> | <u>0.117320</u> | <u>0.117320</u> |
| Total Tax Rate    | <u>0.436086</u> | <u>0.436086</u> | <u>0.436086</u> | <u>0.440210</u> | <u>0.440210</u> | <u>0.440210</u> |

**Tax Appraisal/Collection Responsibilities**—Under Texas law enacted in 1979 and subsequent revisions to the State Property Tax Code, the appraised value of taxable property in Lewisville is established by the Central Appraisal District of the county in which the property exists. The City of Lewisville’s jurisdiction is predominately in Denton County, but also extends into Dallas County. Therefore, both the Denton Central Appraisal District and the Dallas Central Appraisal District provide values to the City based upon county lines. The City of Lewisville and other taxing jurisdictions in the counties provide a pro rata share of the budgeted expenditures incurred

by the respective appraisal district based upon individual levy. In fiscal year 2015-16, the City's payments to the districts for appraisal services were \$236,362, an increase of \$4,626, from the amount paid by the City in 2014-15. Since October 1997, the City has contracted with Denton County for tax collection services. The 2015-16 cost was \$22,668.

**Long-Term Financial Planning**—The City prepares a series of multi-year financial plans and forecasts that enable the City to reasonably predict future impacts on the government's financial position. For its two largest funds, the General Fund and the Water and Sewer Utility Fund, a five-year financial plan is prepared in addition to a five-year street and drainage program and a five-year water and sewer capital improvement project plan. In the age of rapid technological advances, a five-year strategic technology plan is prepared as well.

**Debt Administration**—Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since service and user charges made by utility system customers are used to retire such debt and no ad valorem tax proceeds are used for utility revenue bond debt service.

|  |              |
|--|--------------|
| Outstanding General Obligation, Tax Notes and Certificates of Obligations at 9-30-16 (Net of Debt Service) | \$90,634,225 |
| Estimated Population   | 100,400      |
| General Debt per Capita  | \$903        |
| Net General Debt per Assessed Value  | 1.14%        |

The City's underlying bond ratings at September 30, 2016 were as follows:

|                   | <u>General Obligation</u> | <u>Revenue</u> |
|-------------------|---------------------------|----------------|
| Standard & Poor's | AAA                       | AAA            |
| Fitch Ratings     | AAA                       | AAA            |

## **OTHER INFORMATION**

**Independent Audit**—According to Section 34 of the City Charter of the City of Lewisville, an annual independent audit is required to be made of the financial records of the City by a Public Accountant or Certified Public Accountant selected by the City Council. The City of Lewisville has engaged the firm of Weaver, L.L.P. and the opinion is included in this report.

It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2016, and the changes in financial position and cash flows, where applicable, for the year then ended in conformity with generally accepted accounting principles.

**Certificate of Achievement**—The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lewisville for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Lewisville has received a Certificate of Achievement for the last 27 consecutive years (fiscal years ended 1989-2015). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements**—The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Special appreciation is given to these staff members whose effort was instrumental in the publication of this comprehensive report.

Respectfully submitted,



Donna Barron  
City Manager



Brenda Martin, CPA  
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Lewisville  
Texas**

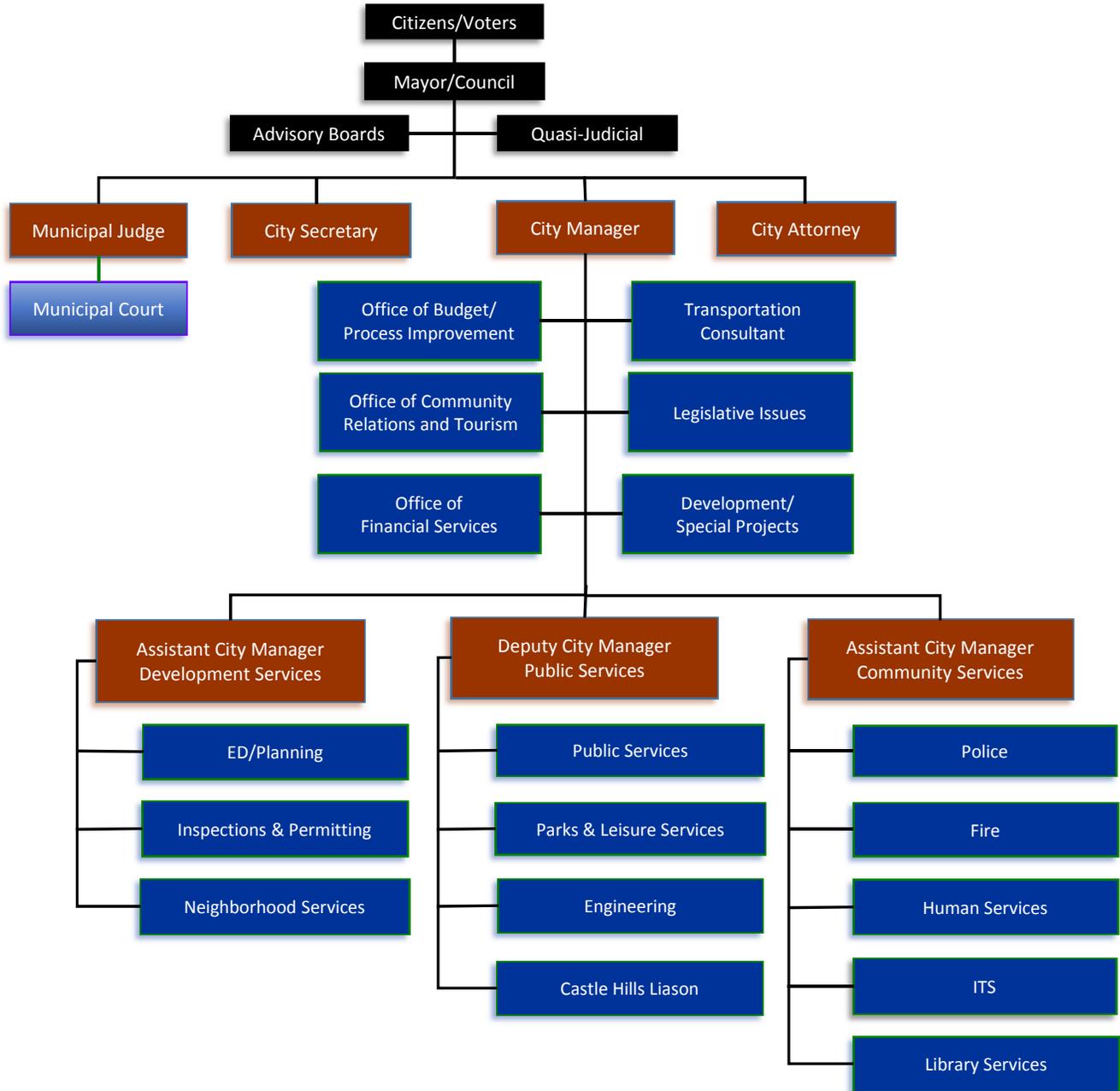
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF LEWISVILLE, TEXAS - ORGANIZATIONAL CHART



**CITY OF LEWISVILLE, TEXAS – PRINCIPAL OFFICIALS**

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**– Elected Officials –**

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Mayor ..... Rudy Durham  
Mayor Pro Tem ..... TJ Gilmore  
Deputy Mayor Pro Tem ..... Vacant  
Councilman ..... R Neil Ferguson  
Councilman ..... Brent Daniels  
Councilman ..... Brandon Jones

**– Appointed Officials –**

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City Manager ..... Donna Barron  
City Secretary..... Julie Heinze  
City Attorney ..... Lizbeth Plaster  
Municipal Judge..... Brian S. Holman

**– Assistant City Managers –**

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Public Services..... Eric Ferris  
Development Services ..... Claire Swann  
Community Services..... Melinda Galler

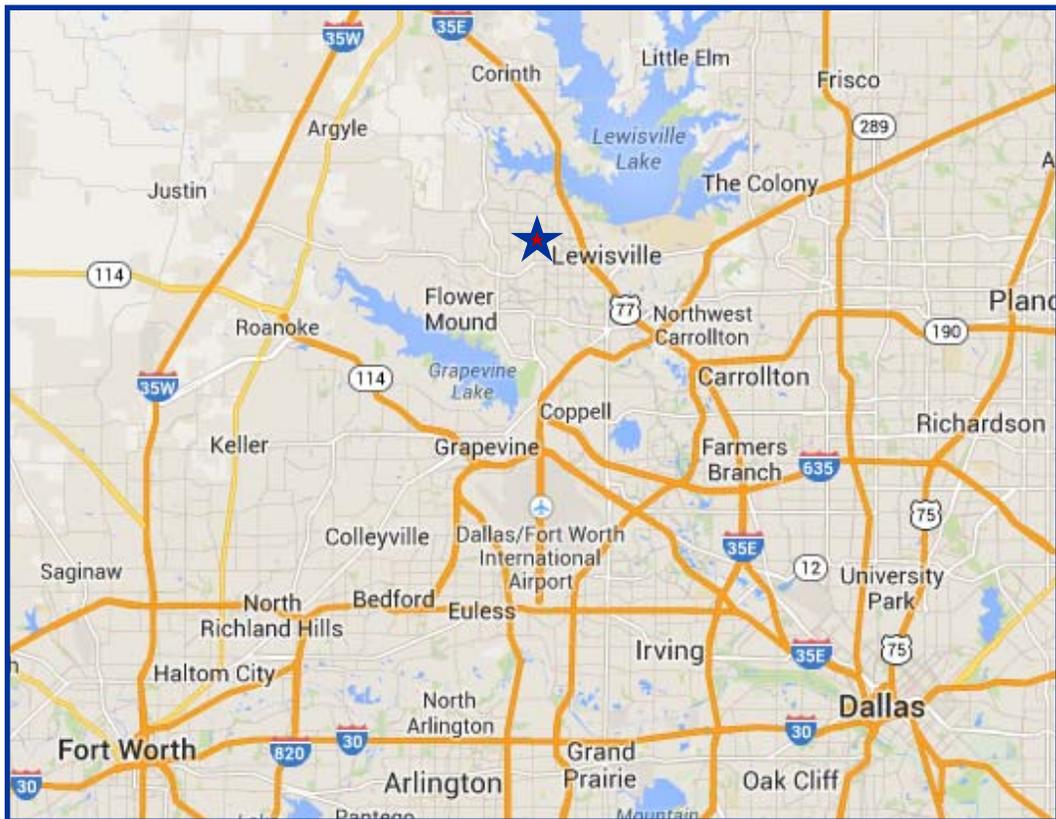
**– Department Directors –**

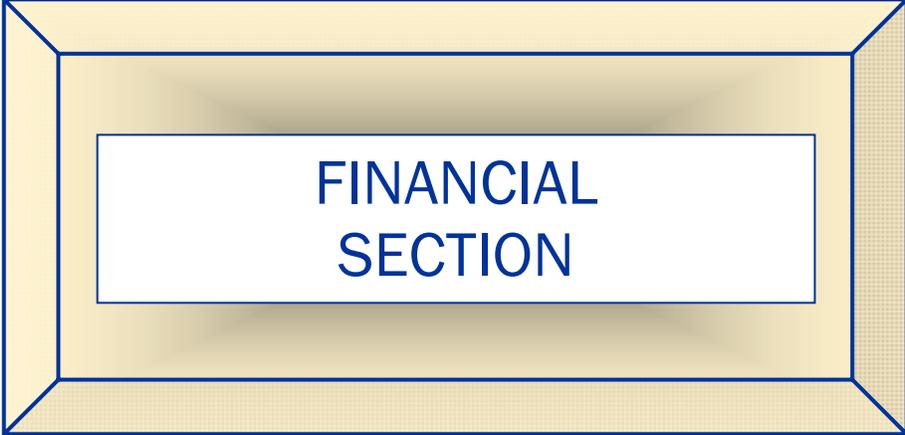
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Strategic Services..... Gina Thompson  
Community Relations and Tourism..... James Kunke  
Economic Development and Planning..... Nika Reinecke  
Engineering ..... David Salmon  
Financial Services ..... Brenda Martin  
Fire ..... Tim Tittle  
Human Resources ..... Matt Grebliunas  
Information Technology Services..... Chris Lee  
Library Services ..... Carolyn Booker  
Neighborhood Services..... Josh Roberts  
Parks and Recreation..... Robert Monaghan  
Police..... Russ Kerbow  
Public Services..... Keith Marvin

## CITY OF LEWISVILLE, TEXAS – AREA MAP

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FINANCIAL  
SECTION



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
City Council, and City Manager  
City of Lewisville, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lewisville (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows 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 (pages 19-31) and TMRS pension schedules (pages 91-93) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and 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 financial statements and 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.

City of Lewisville, Texas  
March 14, 2017

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, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 14, 2017

This discussion and analysis of the City of Lewisville's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the accompanying transmittal letter and the basic financial statements.

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Lewisville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending September 30, 2016 by \$652,213,253 (net position). Of this amount, \$61,541,694 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Lewisville's total net position increased by \$39,314,962 for the year ended September 30, 2016.
- As of September 30, 2016, the City of Lewisville's governmental funds reported combined ending fund balances of \$105,147,633, an increase of \$15,426,748 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$36,616,542 or approximately 54 percent of total general fund expenditures.
- The City's total outstanding bonds increased by \$5,460,000 during the current fiscal year. In 2016, the City issued \$15,300,000 of General Obligation Refunding and Improvement Bonds, \$8,670,000 of Tax Notes and \$10,880,000 of Waterworks and Sewer System Revenue Refunding and Improvement Bonds. These proceeds, with a portion of available debt service funds, were used to pay off \$5,835,000 of outstanding general obligation bonds, \$4,200,000 of revenue bonds, and \$4,720,000 certificates of obligation bonds. The addition of \$5,395,000 of General Obligation bonds, \$8,670,000 Tax Notes and \$6,975,000 of Waterworks and Sewer System Improvement bonds was offset by amortization payments on existing debt.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the City of Lewisville's basic financial statements. The City of Lewisville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lewisville's finances, in a manner similar to private-sector business. The statement

of net position presents information on all of the City of Lewisville's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lewisville is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, bridges, drainage improvements, alleys, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example, uncollected taxes and earned but not used vacation leave. Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, library, community development and public services, information technology services, parks and recreation, municipal court, tourism, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- *Component units* – The City includes nine separate legal entities in its report –Lewisville Housing Finance Corporation, Lewisville Industrial Development Authority, Inc., Lewisville Parks and Library Development Corporation, Tax Increment Reinvestment Zone Number 1 (Lewisville Old Town), Tax Increment Reinvestment Zone Number 2, Lewisville Local Government Corporation, Health Benefit Trust, Lewisville Crime Control and Prevention District, and Lewisville Fire Control, Prevention, and Emergency Medical Services District. Although legally separate, these component units are important because the City is financially accountable for them.

## **Reporting the City's Most Significant Funds**

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants,

or other money. The City's two types of funds – Governmental and Proprietary – utilize different accounting approaches.

*Governmental funds* – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City of Lewisville maintains twenty governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and General Capital Projects Fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds* – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities. Because these services benefit both governmental as well as business type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Lewisville maintains one enterprise fund to account for water and sewer services provided to the City's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

The City of Lewisville maintains three internal service funds to account for funds accumulated to self-insure for health, liability, property and casualty losses, worker compensation claims, life insurance, long-term disability, vehicle, technology, and equipment replacement and fleet maintenance. Individual fund data for each of these non-major business-type funds is provided in the form of combining statements elsewhere in this report.

## **The City as Trustee**

### Reporting the City's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for its intended purpose.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information and a statistical section that is intended to assist users in assessing the economic condition of the City.

## **THE CITY AS A WHOLE – Government-Wide Financial Analysis**

The City's combined net position was \$652,213,253 as of September 30, 2016. Analyzing the net position of governmental and business-type activities separately, the business type activities net position is \$248,637,412. This analysis focuses on the net position (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net position (81.2 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Table 1: Net Position**

|                                  | <b>Governmental Activities</b> |                | <b>Business-type Activities</b> |                | <b>Total</b>   |                |
|----------------------------------|--------------------------------|----------------|---------------------------------|----------------|----------------|----------------|
|                                  | <b>2016</b>                    | <b>2015</b>    | <b>2016</b>                     | <b>2015</b>    | <b>2016</b>    | <b>2015</b>    |
| Current and other assets         | \$ 200,211,522                 | \$ 188,872,786 | \$ 72,752,965                   | \$ 71,200,777  | \$ 272,964,487 | \$ 260,073,563 |
| Capital assets                   | 382,489,134                    | 356,477,314    | 236,086,078                     | 223,442,195    | 618,575,212    | 579,919,509    |
| Total assets                     | 582,700,656                    | 545,350,100    | 308,839,043                     | 294,642,972    | 891,539,699    | 839,993,072    |
| Deferred outflows                | 20,513,012                     | 10,144,573     | 2,397,514                       | 1,141,337      | 22,910,526     | 11,285,910     |
| Noncurrent liabilities           | 129,003,636                    | 113,840,814    | 57,631,608                      | 48,104,948     | 186,635,244    | 161,945,762    |
| Other liabilities                | 68,375,173                     | 63,751,513     | 4,727,013                       | 10,667,166     | 73,102,186     | 74,418,679     |
| Total liabilities                | 197,378,809                    | 177,592,327    | 62,358,621                      | 58,772,114     | 259,737,430    | 236,364,441    |
| Deferred inflows                 | 2,259,018                      | 1,821,730      | 240,524                         | 194,520        | 2,499,542      | 2,016,250      |
| Net assets:                      |                                |                |                                 |                |                |                |
| Net investment in capital assets | 313,408,098                    | 290,955,249    | 216,339,053                     | 203,627,543    | 529,747,151    | 494,582,792    |
| Restricted for debt service      | 33,715,282                     | 34,185,917     | 6,528,158                       | 6,277,950      | 40,243,440     | 40,463,867     |
| Restricted for capital projects  | 3,821,041                      | 8,696,839      | -                               | -              | 3,821,041      | 8,696,839      |
| Restricted for special revenue   | 16,859,927                     | 12,533,353     | -                               | -              | 16,859,927     | 12,533,353     |
| Unrestricted                     | 35,771,493                     | 29,709,258     | 25,770,201                      | 26,912,182     | 61,541,694     | 56,621,440     |
| Total net position               | \$ 403,575,841                 | \$ 376,080,616 | \$ 248,637,412                  | \$ 236,817,675 | \$ 652,213,253 | \$ 612,898,291 |

**Governmental Activities**

The City's general revenues and transfers increased when compared to the prior year by 5.16% or \$4,150,210. The primary reasons for this increase were sales tax and property tax revenues. Both major revenue sources were reflective of the strong, stable economic climate the City continues to experience. Sales tax revenue increased \$1.85 million (5.9%) from the prior year. Taxable assessed valuation of properties in the City increased by \$574.4 million or 7.8% as compared to the prior year while the tax rate remained the same at \$0.436086 per \$100 assessed valuation. The changes in the City's general revenues are as follows (Table 2):

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

**Table 2: General Revenues and Transfers**

|   | <b>2016</b>          | <b>2015</b>          | <b>Increase<br/>(decrease)</b> |
|---|----------------------|----------------------|--------------------------------|
| Property taxes                              | \$ 35,885,150        | \$ 33,461,203        | \$ 2,423,947                   |
| Sales taxes                                 | 33,215,415           | 31,362,273           | 1,853,142                      |
| Hotel/motel taxes                           | 2,667,652            | 2,423,662            | 243,990                        |
| Other taxes                                 | 436,866              | 463,773              | (26,907)                       |
| Franchise taxes                             | 6,852,201            | 7,079,783            | (227,582)                      |
| Investment earnings                         | 805,331              | 828,823              | (23,492)                       |
| Gain on disposal of assets                  | 18,323               | 103,233              | (84,910)                       |
| Miscellaneous                               | 900,434              | 1,034,439            | (134,005)                      |
| Transfers                                   | 3,869,947            | 3,743,920            | 126,027                        |
| <b>Total general revenues and transfers</b> | <b>\$ 84,651,319</b> | <b>\$ 80,501,109</b> | <b>\$ 4,150,210</b>            |

Governmental activities increased the City's net position by \$27,495,225. The key elements of this increase are as follows:

**Table 3: Changes in Net Position**

|  | <b>Governmental Activities</b> |                       | <b>Business-type Activities</b> |                       | <b>Total</b>          |                       |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
|  | <b>2016</b>                    | <b>2015</b>           | <b>2016</b>                     | <b>2015</b>           | <b>2016</b>           | <b>2015</b>           |
| <b>Revenues</b>  |                                |                       |                                 |                       |                       |                       |
| <b>Program revenues:</b>                                   |                                |                       |                                 |                       |                       |                       |
| Charges for service  | \$ 16,103,319                  | \$ 14,736,307         | \$ 29,392,347                   | \$ 26,928,510         | \$ 45,495,666         | \$ 41,664,817         |
| Operating grants and contributions                         | 2,459,898                      | 2,112,550             | -                               | -                     | 2,459,898             | 2,112,550             |
| Capital grants and contributions                           | 27,519,322                     | 17,073,948            | 11,561,859                      | 10,094,171            | 39,081,181            | 27,168,119            |
| <b>General revenues:</b>                                   |                                |                       |                                 |                       |                       |                       |
| Property taxes   | 35,885,150                     | 33,461,203            | -                               | -                     | 35,885,150            | 33,461,203            |
| Other taxes  | 43,172,134                     | 41,329,491            | -                               | -                     | 43,172,134            | 41,329,491            |
| Other  | 1,724,088                      | 1,966,495             | 454,928                         | 384,260               | 2,179,016             | 2,350,755             |
| <b>Total revenues</b>                                      | <b>126,863,911</b>             | <b>110,679,994</b>    | <b>41,409,134</b>               | <b>37,406,941</b>     | <b>168,273,045</b>    | <b>148,086,935</b>    |
| <b>Expenses:</b>   |                                |                       |                                 |                       |                       |                       |
| General government   | 16,558,383                     | 14,889,822            | -                               | -                     | 16,558,383            | 14,889,822            |
| Culture, parks and recreation                              | 11,595,165                     | 10,590,147            | -                               | -                     | 11,595,165            | 10,590,147            |
| Public safety  | 48,023,020                     | 43,314,229            | -                               | -                     | 48,023,020            | 43,314,229            |
| Public and development services                            | 24,054,096                     | 24,838,325            | 25,719,450                      | 23,966,776            | 49,773,546            | 48,805,101            |
| Interest on long-term debt                                 | 3,007,969                      | 4,630,523             | -                               | -                     | 3,007,969             | 4,630,523             |
| <b>Total expenses</b>                                      | <b>103,238,633</b>             | <b>98,263,046</b>     | <b>25,719,450</b>               | <b>23,966,776</b>     | <b>128,958,083</b>    | <b>122,229,822</b>    |
| <b>Increase in net position before transfers</b>           | <b>23,625,278</b>              | <b>12,416,948</b>     | <b>15,689,684</b>               | <b>13,440,165</b>     | <b>39,314,962</b>     | <b>25,857,113</b>     |
| <b>Transfers</b>   | <b>3,869,947</b>               | <b>3,743,920</b>      | <b>(3,869,947)</b>              | <b>(3,743,920)</b>    | <b>-</b>              | <b>-</b>              |
| <b>Increase in net position</b>                            | <b>27,495,225</b>              | <b>16,160,868</b>     | <b>11,819,737</b>               | <b>9,696,245</b>      | <b>39,314,962</b>     | <b>25,857,113</b>     |
| <b>Net position beginning (as previously stated)</b>       | <b>376,080,616</b>             | <b>379,139,967</b>    | <b>236,817,675</b>              | <b>229,593,319</b>    | <b>612,898,291</b>    | <b>608,733,286</b>    |
| <b>Cumulative effect of change in accounting principle</b> | <b>-</b>                       | <b>(19,220,219)</b>   | <b>-</b>                        | <b>(2,471,889)</b>    | <b>-</b>              | <b>(21,692,108)</b>   |
| <b>Net position - ending</b>                               | <b>\$ 403,575,841</b>          | <b>\$ 376,080,616</b> | <b>\$ 248,637,412</b>           | <b>\$ 236,817,675</b> | <b>\$ 652,213,253</b> | <b>\$ 612,898,291</b> |

Charges for services and General revenues increased \$5.4 million over the previous year and is discussed in more detail below under the General Fund sections. Capital grants increased from 2015 mainly due to \$10.95 million bond issuance for the Castle Hills Public Improvement Districts located in the City's extraterritorial jurisdiction to provide funding for infrastructure improvements.

The most significant governmental expense for the City is payroll and personnel-related cost. For the year, these costs were \$60,347,830 or 58.5% of total expenses. Payroll costs were closely monitored and along with vacancies, came in \$1,533,358 less than originally budgeted.

For activities, public safety incurred expenses of \$48,023,020. These expenses were offset by charges for services revenue of \$7,051,806, which were collected from a variety of sources, with the largest being from fines and forfeitures. The largest portion of public safety is the cost of personnel which is \$39,182,317. Other significant governmental expenses for the City include public and development services which incurred \$24,054,096 in expenses, of which \$8,982,692 represents personnel charges and the general government activity which incurred \$16,558,383 in expenses, of which \$7,438,054 represents personnel charges. General government encompasses mayor and council, administration, legal, finance, human resources, information technology services, community relations and tourism departments. The Parks and Recreation Department incurred \$11,595,165 in expenses, of which \$4,744,768 represents personnel charges.

### **Business-type Activities**

Business-type activities increased the City's net position by \$11,819,737. The increase in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$29,392,347. This revenue source increased \$2,463,837 (9.15%) due to a more normal dry, hot summer than the unusually wet spring and early summer of 2015. Non-cash capital contributions from developers and cash receipts in the form of development impact fees amounted to \$11,561,859. This revenue increased \$1,467,688 from 2015 due to new project construction and continued redevelopment within the City. Developer contributions are public improvement infrastructure projects that are completed by the developer and dedicated to the City. The charges for services exceeded expenses by \$3.67 million.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of fiscal year 2016, the City had \$618.6 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines.

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

|                          | Governmental<br>Activities |                       | Business-type<br>Activities |                       | Totals                |                       |
|--------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
|                          | 2016                       | 2015                  | 2016                        | 2015                  | 2016                  | 2015                  |
| Improvements             | \$ 236,270,577             | \$ 217,730,226        | \$ 354,753                  | \$ 404,934            | \$ 236,625,330        | \$ 218,135,160        |
| Land                     | 56,462,513                 | 53,433,614            | 2,368,892                   | 2,368,892             | 58,831,405            | 55,802,506            |
| Buildings                | 45,914,692                 | 44,188,557            | 631,042                     | 659,643               | 46,545,734            | 44,848,200            |
| Machinery & equipment    | 19,070,142                 | 12,023,297            | 576,680                     | 751,464               | 19,646,822            | 12,774,761            |
| Construction in progress | 24,771,210                 | 29,101,620            | 11,174,230                  | 25,052,147            | 35,945,440            | 54,153,767            |
| Water system             | -                          | -                     | 130,859,221                 | 116,195,322           | 130,859,221           | 116,195,322           |
| Sewer system             | -                          | -                     | 90,121,260                  | 78,009,793            | 90,121,260            | 78,009,793            |
| Totals                   | <u>\$ 382,489,134</u>      | <u>\$ 356,477,314</u> | <u>\$ 236,086,078</u>       | <u>\$ 223,442,195</u> | <u>\$ 618,575,212</u> | <u>\$ 579,919,509</u> |

Major capital asset additions for 2015-2016 include:

|   |                      |
|---|----------------------|
| Radio System                                  | \$ 6,086,770         |
| Water Treatment Plant Ground Storage          | 5,775,477            |
| Corrosion/Odor Abatement                      | 3,631,588            |
| Riverside Road/Bridge                         | 3,062,042            |
| Fire House 6 Expansion                        | 2,644,572            |
| Water Oaks Storm Sewer                        | 2,077,147            |
| Traffic Improvements                          | 2,060,534            |
| Line Replacement/Improvement (Civic & Bennet) | 1,925,185            |
| Elevated Storage (Valley Pkwy)                | 1,581,991            |
| Concrete Improvements                         | 1,450,000            |
|   | <u>\$ 30,295,306</u> |

The City's fiscal year 2015-016 capital improvement program authorizes it to spend \$107 million for capital projects. These improvements are in the following categories: water and sewer, street, drainage, park, municipal/technology, facility, and public safety. The aforementioned amount of

**CITY OF LEWISVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2016**

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\$107 million is made up of both current year appropriations, as well as carryover amounts appropriated but not yet expended.

To support the capital improvement program, funds are obtained from the issuance of bonds, interest earnings, transfers from operating funds, developer contributions, or a combination of these sources. To illustrate, new parks system improvements for 2015-2016 consist of \$6.808 million in cash funding from Lewisville Park and Library Development Corporation Funds for kayak take out points and partial nature center facility funding.

Additional information on the City of Lewisville's capital assets can be found in Note 5 of the Notes to Financial Statements included in this report.

**Debt**

At year end, the City had \$135.94 million in general obligation, tax notes, certificates of obligation, and revenue bonds outstanding as compared to \$130.48 million at the end of the prior fiscal year, an increase of 4.2 percent as shown in Table 5.

**Table 5  
Outstanding Debt at Year End  
(in Thousands)**

|   | <u>Governmental Activities</u> |                  | <u>Business-type Activities</u> |                  | <u>Totals</u>     |                   |
|---|--------------------------------|------------------|---------------------------------|------------------|-------------------|-------------------|
|   | <u>2016</u>                    | <u>2015</u>      | <u>2016</u>                     | <u>2015</u>      | <u>2016</u>       | <u>2015</u>       |
| General obligation bonds, tax notes and certificates of obligation (backed by the City) | \$ 87,185                      | \$ 83,115        | \$ -                            | \$ -             | \$ 87,185         | \$ 83,115         |
| General obligation and revenue bonds (backed by fee revenues)                           | -                              | -                | 48,755                          | 47,365           | 48,755            | 47,365            |
| Totals  | <u>\$ 87,185</u>               | <u>\$ 83,115</u> | <u>\$ 48,755</u>                | <u>\$ 47,365</u> | <u>\$ 135,940</u> | <u>\$ 130,480</u> |

For more detailed information on long-term debt activity, refer to Note 11 in the Notes to Financial Statements.

The City's General Obligation Bonds and Water and Sewer Revenue Bonds carry an AAA rating from Standard and Poor's and Fitch Ratings. Both of these entities are national rating agencies. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 1.14%.

## THE CITY'S FUNDS

At the close of the City's fiscal year on September 30, 2016, the governmental funds of the City reported a combined fund balance of \$105.15 million, a \$15.4 million increase from the previous year, mainly due to the issuance of general obligation bonds and tax notes for capital projects.

The City's General Fund balance was \$37.9 million which was \$664,499 more than the prior year fund balance. Property and sales tax collections increased along with planned budgeted expenditures. Current year's activity resulted in a positive variance of \$15.9 million when compared to the final amended budget of \$21.96 million. Significant budgetary variances between the final amended budget and the actual results can be summarized as follows:

- Tax revenue was \$2,942,672 more than estimated. The primary reason was sales tax revenue, which was \$3,220,004 more than budgeted due to a strong economy and a conservative budgeting policy which sets budget at the prior year's estimate for this revenue.
- Licenses and Permits revenue was \$1,275,949 higher than budgeted primarily due to increased building-related permit revenue. This category of revenue is susceptible to existing economic conditions and changes in planned construction.
- Charges for services was \$1,409,287 higher than budgeted primarily due to commercial refuse fees (\$444,806), land host fee receipts (\$626,987), recycling revenue (\$113,769), and ambulance fees (\$158,985) being higher than anticipated.
- When combined, Police, Fire, Public Services, and Parks and Recreation departments had lower than expected expenditures resulting in a favorable variance of \$1,913,333. This variance is primarily due to salary savings from employee vacancies.
- Transfers into the General Fund were also higher than budget by \$7.7 million mainly due to a repayment of an advance to the General Capital Projects Funds for radio system funding.

The City's Water and Sewer Fund net position of \$248.9 million increased by \$12.15 million over the prior year net position balance. The increase is primarily due to operating revenues and dedicated infrastructure continuing to remain well above operating expenses.

The City's Internal Service Funds net position of \$14.6 million decreased by \$2.6 million from the prior year net position balance. Collectively, the Health Benefit Trust Fund and the Self-Insurance Risk Fund experienced premium revenues falling short of insurance claims and other expenses by \$1.27 million. The Maintenance and Replacement Fund experienced a \$1.35 million decrease in net assets mainly due to planned capital replacement costs exceeding one year's lease payments.

### **General Fund Budgetary Highlights**

During fiscal year 2015-16, the City Council amended the budget for the General Fund on three separate occasions; in October to pre-fund a P-25 compliant radio system in the amount of \$7,608,463 (later in the fiscal year this was reimbursed through tax note proceeds); December for the routine supplement completed each year for prior year encumbrances (purchases) that overlap into the next fiscal year; and in May to re-appropriate \$1,600,000 in funding for a property renovation (funding for which had been moved to an emergency storm sewer collapse repair) and re-appropriation of \$375,981 in economic development incentives for the City's 2025 Program. Staff reviewed the supplemental appropriations and determined that reserves were sufficient to recommend approval. The net decrease to the General Fund budgetary fund balance for the year was \$10,221,494.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The City has experienced major growth in local business and development activity over the past two years.

The economic climate in Lewisville is stable with low unemployment and as a result Lewisville enjoys an above-average income level per household. This in combination with the City's proximity to two major highways, the Dallas Fort Worth International Airport, and an active economic development program have made Lewisville a leader in the regional retail market. The City continues to attract new and existing companies due to the strategy of working diligently with businesses on relocation incentives.

These factors are taken into consideration when adopting the General Fund budget for fiscal year 2017. The combined budget appropriation for fiscal year 2016-17 totals \$164.6 million for twenty-three operating funds. Another \$15.8 million is appropriated in the City's three internal service funds.

Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Denton County Central Appraisal District and the tax rate established by the Lewisville City Council. The Lewisville City Council chose to hold the tax rate steady for the current fiscal year at .436086 cents per \$100 assessed valuation. This tax rate brings in more tax revenue (\$1.942 million) for the 2016-17 fiscal year due to the new tax rate being applied to an increased tax base. Property values increased \$585 million or 7.4%. This brings the property tax revenue budgeted for FY 2016-17 to \$28.132 million making it the single largest General Fund revenue source.

The General Fund's second largest revenue source in fiscal year 2016-2017 is sales tax receipts. Due to the volatility of the sales tax revenue source, the City has been very conservative in projecting sales tax revenue. This conservative philosophy was formalized in the City's written Revenue Policy adopted by the City Council. Under this policy sales tax revenue budget for subsequent fiscal years is limited to the estimated receipts for the current fiscal year. This practice

effectively mitigates to a large degree the volatile nature of the sales tax revenue source. The City's budgeted sales tax revenue is \$25.360 million.

Budgeted operating expenditures in the General Fund are expected to increase \$7.32 million from the 2015-2016 fiscal year re-estimated budget. These expenditures are offset by increases in revenue. The only change in fund balance is the \$4.647 million in transfers out for planned, one time expenditures.

As for the City's business type activities, the City budgeted a decrease of \$3.141 million for the Water and Sewer Fund's net position. This decrease is due to budgeting transfers to capital improvement projects for water and sewer line replacements as well as for economic development agreement liabilities.

Water and sewer rates were reviewed by the City Council for fiscal year 2016-2017. There was a 3.5% increase to both water or sewer rates.

## **PENSIONS AND RETIREE HEALTHCARE**

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2016 of \$48,077,536 which is 103.75% of the City's annual covered payroll of \$46,340,001.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", to be \$4,640,600 as of October 1, 2015, an increase of \$104,500 from the previous valuation.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and reflect the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Lewisville, 151 West Church Street, Lewisville, Texas 75057.



**BASIC FINANCIAL  
STATEMENTS**

**CITY OF LEWISVILLE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT 1**

|   | Primary Government         |                             |                       | Component<br>Units    |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |                       |
| <b>ASSETS</b>   |                            |                             |                       |                       |
| Cash  | \$ 23,567,445              | \$ 4,547,158                | \$ 28,114,603         | \$ 2,474,635          |
| Investments   | 127,378,479                | 23,320,804                  | 150,699,283           | 12,704,569            |
| Receivables (net of allowance for uncollectibles)             |                            |                             |                       |                       |
| Accounts  | 6,733,616                  | 4,598,294                   | 11,331,910            | 186                   |
| Taxes   | 8,161,644                  | -                           | 8,161,644             | 1,202,488             |
| Interest  | 195,748                    | 45,129                      | 240,877               | 20,457                |
| Other   | 487,599                    | 83,024                      | 570,623               | -                     |
| Internal balances   | 229,821                    | (229,821)                   | -                     | -                     |
| Note receivable from component units                          | 31,180,000                 | -                           | 31,180,000            | -                     |
| Inventory of supplies   | 114,986                    | -                           | 114,986               | -                     |
| Prepaid items   | 2,162,184                  | 8,362                       | 2,170,546             | -                     |
| Restricted assets   |                            |                             |                       |                       |
| Cash  | -                          | 6,586,610                   | 6,586,610             | -                     |
| Investments   | -                          | 33,746,500                  | 33,746,500            | -                     |
| Interest receivable   | -                          | 46,905                      | 46,905                | -                     |
| Capital assets  |                            |                             |                       |                       |
| Non-depreciable   | 81,233,723                 | 13,543,122                  | 94,776,845            | -                     |
| Depreciable (net of accumulated depreciation)                 | 301,255,411                | 222,542,956                 | 523,798,367           | 6,534,778             |
| Total assets  | <u>582,700,656</u>         | <u>308,839,043</u>          | <u>891,539,699</u>    | <u>22,937,113</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                            |                             |                       |                       |
| Deferred charge on refunding                                  | 1,205,696                  | 363,430                     | 1,569,126             | -                     |
| Pension contributions after measurement date                  | 7,475,681                  | 786,473                     | 8,262,154             | 116,074               |
| Difference in projected and actual earnings on pension assets | 11,831,635                 | 1,247,611                   | 13,079,246            | 180,679               |
| Total deferred outflows of resources                          | <u>20,513,012</u>          | <u>2,397,514</u>            | <u>22,910,526</u>     | <u>296,753</u>        |
| <b>LIABILITIES</b>  |                            |                             |                       |                       |
| Accounts payable  | 8,102,622                  | 2,098,875                   | 10,201,497            | 178,674               |
| Incurred but not reported claim reserve                       | 1,922,360                  | -                           | 1,922,360             | -                     |
| Accrued liabilities   | 2,410,713                  | 259,140                     | 2,669,853             | 44,389                |
| Accrued interest payable                                      | 319,809                    | 237,897                     | 557,706               | 145,341               |
| Contracts and retainable payable                              | 690,179                    | 320,236                     | 1,010,415             | 29,579                |
| Deposits payable  | 25,709                     | 1,703,238                   | 1,728,947             | -                     |
| Unearned revenue  | 37,006,482                 | -                           | 37,006,482            | -                     |
| Escrow payable  | 1,471,257                  | 107,627                     | 1,578,884             | -                     |
| Noncurrent liabilities  |                            |                             |                       |                       |
| Due within one year   | 16,426,042                 | 5,509,142                   | 21,935,184            | 2,285,815             |
| Due in more than one year                                     | 129,003,636                | 52,122,466                  | 181,126,102           | 29,393,414            |
| Total liabilities   | <u>197,378,809</u>         | <u>62,358,621</u>           | <u>259,737,430</u>    | <u>32,077,212</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                            |                             |                       |                       |
| Difference in expected and actual pension experience          | 2,259,018                  | 240,524                     | 2,499,542             | 32,054                |
| Total deferred inflows of resources                           | <u>2,259,018</u>           | <u>240,524</u>              | <u>2,499,542</u>      | <u>32,054</u>         |
| <b>NET POSITION</b>   |                            |                             |                       |                       |
| Net investment in capital assets                              | 313,408,098                | 216,339,053                 | 529,747,151           | 300,787               |
| Restricted for  |                            |                             |                       |                       |
| Debt service  | 33,715,282                 | 6,528,158                   | 40,243,440            | -                     |
| Capital projects  | 3,821,041                  | -                           | 3,821,041             | -                     |
| Special revenue   | 16,859,927                 | -                           | 16,859,927            | -                     |
| Tax increment reinvestment zone                               | -                          | -                           | -                     | 2,393,602             |
| Unrestricted  | 35,771,493                 | 25,770,201                  | 61,541,694            | (11,569,789)          |
| Total net position  | <u>\$ 403,575,841</u>      | <u>\$ 248,637,412</u>       | <u>\$ 652,213,253</u> | <u>\$ (8,875,400)</u> |

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

**CITY OF LEWISVILLE, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| Functions/Programs               | Expenses              | Program Revenues     |                                    |                                  |
|----------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
|                                  |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>        |                       |                      |                                    |                                  |
| Governmental activities          |                       |                      |                                    |                                  |
| General government               | \$ 16,558,383         | \$ 4,552,123         | \$ -                               | \$ 1,435,000                     |
| Culture, parks and recreation    | 11,595,165            | 1,694,567            | 573,903                            | 3,318,505                        |
| Public safety                    | 48,023,020            | 7,051,806            | 639,743                            | -                                |
| Public & development services    | 24,054,096            | 2,804,823            | 413,086                            | 22,765,817                       |
| Interest and fiscal charges      | 3,007,969             | -                    | 833,166                            | -                                |
| Total governmental activities    | <u>103,238,633</u>    | <u>16,103,319</u>    | <u>2,459,898</u>                   | <u>27,519,322</u>                |
| <b>Business-type activities</b>  |                       |                      |                                    |                                  |
| Water and sewer                  | 25,719,450            | 29,392,347           | -                                  | 11,561,859                       |
| Total business-type activities   | <u>25,719,450</u>     | <u>29,392,347</u>    | <u>-</u>                           | <u>11,561,859</u>                |
| Total primary government         | <u>\$ 128,958,083</u> | <u>\$ 45,495,666</u> | <u>\$ 2,459,898</u>                | <u>\$ 39,081,181</u>             |
| <b>Component Units</b>           |                       |                      |                                    |                                  |
| Lewisville Housing Finance Corp  | 1,144                 | -                    | -                                  | -                                |
| Tax increment reinvestment zone1 | 660,164               | -                    | -                                  | 85,000                           |
| LPLDC (4B) fund                  | 5,991,213             | 209,113              | -                                  | 325,000                          |
| Total component units            | <u>\$ 6,652,521</u>   | <u>\$ 209,113</u>    | <u>\$ -</u>                        | <u>\$ 410,000</u>                |

**GENERAL REVENUES AND TRANSFERS**

|   |
|---|
| Taxes                                       |
| Property taxes, levied for general purposes |
| Sales taxes                                 |
| Other taxes                                 |
| Franchise taxes                             |
| Hotel motel taxes                           |
| Penalties and interest                      |
| Investment earnings                         |
| Gain on sale of assets                      |
| Miscellaneous                               |
| Transfers                                   |
| Total general revenues and transfers        |

Change in net position

NET POSITION - beginning

NET POSITION - ending

| <b>Primary Government</b>          |                                     |                       |                            |
|------------------------------------|-------------------------------------|-----------------------|----------------------------|
| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          | <b>Component<br/>Units</b> |
| \$ (10,571,260)                    | \$ -                                | \$ (10,571,260)       | \$ -                       |
| (6,008,190)                        | -                                   | (6,008,190)           | -                          |
| (40,331,471)                       | -                                   | (40,331,471)          | -                          |
| 1,929,630                          | -                                   | 1,929,630             | -                          |
| (2,174,803)                        | -                                   | (2,174,803)           | -                          |
| <u>(57,156,094)</u>                | <u>-</u>                            | <u>(57,156,094)</u>   | <u>-</u>                   |
| -                                  | 15,234,756                          | 15,234,756            | -                          |
| -                                  | 15,234,756                          | 15,234,756            | -                          |
| <u>(57,156,094)</u>                | <u>15,234,756</u>                   | <u>(41,921,338)</u>   | <u>-</u>                   |
| -                                  | -                                   | -                     | (1,144)                    |
| -                                  | -                                   | -                     | (575,164)                  |
| -                                  | -                                   | -                     | (5,457,100)                |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>              | <u>(6,033,408)</u>         |
| 35,736,489                         | -                                   | 35,736,489            | 1,123,913                  |
| 33,215,415                         | -                                   | 33,215,415            | 6,900,056                  |
| 436,866                            | -                                   | 436,866               | -                          |
| 6,852,201                          | -                                   | 6,852,201             | -                          |
| 2,667,652                          | -                                   | 2,667,652             | -                          |
| 148,661                            | -                                   | 148,661               | -                          |
| 805,331                            | 361,953                             | 1,167,284             | 84,678                     |
| 18,323                             | -                                   | 18,323                | -                          |
| 900,434                            | 92,975                              | 993,409               | 107                        |
| 3,869,947                          | (3,869,947)                         | -                     | -                          |
| <u>84,651,319</u>                  | <u>(3,415,019)</u>                  | <u>81,236,300</u>     | <u>8,108,754</u>           |
| 27,495,225                         | 11,819,737                          | 39,314,962            | 2,075,346                  |
| 376,080,616                        | 236,817,675                         | 612,898,291           | (10,950,746)               |
| <u>\$ 403,575,841</u>              | <u>\$ 248,637,412</u>               | <u>\$ 652,213,253</u> | <u>\$ (8,875,400)</u>      |

**CITY OF LEWISVILLE, TEXAS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2016**

**EXHIBIT 3**

|  | <u>General</u>       | <u>Debt Service<br/>Fund</u> | <u>General<br/>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------|------------------------------|---|---|---|
| <b>ASSETS</b>  |                      |                              |   |   |   |
| Cash   | \$ 5,293,099         | \$ 453,769                   | \$ 13,671,873                           | \$ 2,307,730                            | \$ 21,726,471                           |
| Investments  | 27,146,365           | 2,329,946                    | 70,200,263                              | 19,373,634                              | 119,050,208                             |
| Receivables (net of allowances for uncollectibles)                   |                      |                              |   |   |   |
| Taxes  | 6,981,506            | 53,197                       | -                                       | 1,126,941                               | 8,161,644                               |
| Accounts   | 2,682,858            | -                            | 1,962,416                               | 1,548,586                               | 6,193,860                               |
| Unbilled accounts  | 265,312              | -                            | -                                       | -                                       | 265,312                                 |
| Interest   | 46,081               | 3,745                        | 111,209                                 | 19,705                                  | 180,740                                 |
| Court  | 250,670              | -                            | -                                       | -                                       | 250,670                                 |
| Other  | 394,814              | 14,434                       | -                                       | 78,351                                  | 487,599                                 |
| Due from other funds   | -                    | -                            | 81,548                                  | 98,571                                  | 180,119                                 |
| Note receivable from component units                                 | -                    | 31,180,000                   | -                                       | -                                       | 31,180,000                              |
| Prepaid items  | 419,587              | -                            | -                                       | 1,537,789                               | 1,957,376                               |
| Total assets   | <u>\$ 43,480,292</u> | <u>\$ 34,035,091</u>         | <u>\$ 86,027,309</u>                    | <u>\$ 26,091,307</u>                    | <u>\$ 189,633,999</u>                   |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                      |                              |   |   |   |
| Liabilities  |                      |                              |   |   |   |
| Accounts and contracts payable                                       | 1,477,586            | -                            | 1,347,378                               | 5,077,528                               | 7,902,492                               |
| Accrued liabilities  | 2,214,229            | -                            | -                                       | 166,310                                 | 2,380,539                               |
| Deposits payable   | 12,200               | -                            | -                                       | 13,509                                  | 25,709                                  |
| Unearned revenue   | -                    | -                            | 37,006,482                              | -                                       | 37,006,482                              |
| Money held in escrow   | 85,667               | -                            | 1,380,888                               | 4,702                                   | 1,471,257                               |
| Retainage  | -                    | -                            | 690,179                                 | -                                       | 690,179                                 |
| Due to other funds   | 180,119              | -                            | -                                       | -                                       | 180,119                                 |
| Total liabilities  | <u>3,969,801</u>     | <u>-</u>                     | <u>40,424,927</u>                       | <u>5,262,049</u>                        | <u>49,656,777</u>                       |
| Deferred inflows of resources  |                      |                              |   |   |   |
| Unavailable resources  | 1,604,039            | 31,233,197                   | 1,941,138                               | 51,215                                  | 34,829,589                              |
| Total deferred inflows of resources                                  | <u>1,604,039</u>     | <u>31,233,197</u>            | <u>1,941,138</u>                        | <u>51,215</u>                           | <u>34,829,589</u>                       |
| Fund balances  |                      |                              |   |   |   |
| Nonspendable   | 419,587              | -                            | -                                       | 1,537,789                               | 1,957,376                               |
| Restricted for   |                      |                              |   |   |   |
| Debt service   | -                    | 2,801,894                    | -                                       | -                                       | 2,801,894                               |
| Capital projects   | -                    | -                            | 24,917,347                              | 3,194,479                               | 28,111,826                              |
| Other purposes   | -                    | -                            | -                                       | 15,301,829                              | 15,301,829                              |
| Committed to   |                      |                              |   |   |   |
| Capital projects   | -                    | -                            | 4,434,577                               | -                                       | 4,434,577                               |
| Other purposes   | -                    | -                            | -                                       | 714,423                                 | 714,423                                 |
| Assigned to  |                      |                              |   |   |   |
| Capital projects   | -                    | -                            | 14,309,320                              | -                                       | 14,309,320                              |
| Other purposes   | 870,323              | -                            | -                                       | 29,523                                  | 899,846                                 |
| Unassigned   | 36,616,542           | -                            | -                                       | -                                       | 36,616,542                              |
| Total fund balances  | <u>37,906,452</u>    | <u>2,801,894</u>             | <u>43,661,244</u>                       | <u>20,778,043</u>                       | <u>105,147,633</u>                      |
| Total liabilities, deferred inflows of resources and fund balances   | <u>\$ 43,480,292</u> | <u>\$ 34,035,091</u>         | <u>\$ 86,027,309</u>                    | <u>\$ 26,091,307</u>                    | <u>\$ 189,633,999</u>                   |

**CITY OF LEWISVILLE, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AS OF SEPTEMBER 30, 2016**

**EXHIBIT 4**

---

|   |                       |
|---|-----------------------|
| Total fund balances, governmental funds   | \$ 105,147,633        |
| Amounts reported for governmental activities in the statement of net position are different because:  |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.  | 376,131,163           |
| Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.  | (319,809)             |
| Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.   | 34,829,589            |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements. Amount is less \$98,884 for long-term liability in internal service funds already included below.  | (145,330,794)         |
| Deferred inflows and outflows of resources associated with the net pension liability are not reported in governmental funds. This is the net effect of the deferred inflows and outflows of resources.  | 17,048,298            |
| For debt refunding, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the government-wide financial statements.   | 1,205,696             |
| An internal service fund is used by management to charge the costs of certain activities, including insurance and vehicle fleet management, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net position, net of amounts charged to enterprise funds of \$229,821. | <u>14,864,065</u>     |
| Total net position, governmental activities   | <u>\$ 403,575,841</u> |

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

**CITY OF LEWISVILLE, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 5**

|  | <b>General</b>       | <b>Debt Service<br/>Fund</b> | <b>General<br/>Capital<br/>Projects</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|----------------------|------------------------------|---|---|---|
| <b>REVENUES</b>  |                      |                              |   |   |   |
| Property and other taxes                                     | \$ 59,937,289        | \$ 9,629,174                 | \$ -                                    | \$ 9,442,915                            | \$ 79,009,378                           |
| License and permits  | 3,069,656            | -                            | -                                       | -                                       | 3,069,656                               |
| Intergovernmental  | 21,517               | 3,193,166                    | 13,557,269                              | 1,004,389                               | 17,776,341                              |
| Charges for services   | 8,329,794            | -                            | -                                       | 1,349                                   | 8,331,143                               |
| Recreation   | 1,013,222            | -                            | -                                       | 546,268                                 | 1,559,490                               |
| Fines  | 2,946,444            | -                            | -                                       | 234,069                                 | 3,180,513                               |
| Investment earnings  | 160,591              | 21,236                       | 460,952                                 | 88,628                                  | 731,407                                 |
| Contributions and donations                                  | -                    | -                            | 34,500                                  | 9,771,724                               | 9,806,224                               |
| Miscellaneous  | 469,425              | 14,434                       | 293,553                                 | 141,340                                 | 918,752                                 |
| Total Revenues   | <u>75,947,938</u>    | <u>12,858,010</u>            | <u>14,346,274</u>                       | <u>21,230,682</u>                       | <u>124,382,904</u>                      |
| <b>EXPENDITURES</b>  |                      |                              |   |   |   |
| Current  |                      |                              |   |   |   |
| General government   | 8,984,700            | -                            | -                                       | 2,201,258                               | 11,185,958                              |
| Culture and recreation                                       | 6,905,623            | -                            | -                                       | 1,002,788                               | 7,908,411                               |
| Public safety  | 40,150,079           | -                            | -                                       | 4,182,857                               | 44,332,936                              |
| Public & development services                                | 11,414,601           | -                            | 7,561                                   | 687,946                                 | 12,110,108                              |
| Debt Service   |                      |                              |   |   |   |
| Principal  | -                    | 9,345,000                    | -                                       | -                                       | 9,345,000                               |
| Interest and fiscal charges                                  | -                    | 3,304,937                    | 205,433                                 | -                                       | 3,510,370                               |
| Capital outlay   | 293,298              | -                            | 28,908,896                              | 10,325,694                              | 39,527,888                              |
| Total expenditures   | <u>67,748,301</u>    | <u>12,649,937</u>            | <u>29,121,890</u>                       | <u>18,400,543</u>                       | <u>127,920,671</u>                      |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>8,199,637</u>     | <u>208,073</u>               | <u>(14,775,616)</u>                     | <u>2,830,139</u>                        | <u>(3,537,767)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                              |   |   |   |
| Transfers in   | 11,593,361           | -                            | 19,893,128                              | 120,733                                 | 31,607,222                              |
| Transfers out  | (19,128,499)         | -                            | (7,608,463)                             | (1,100,313)                             | (27,837,275)                            |
| Premium (discount) on issuance of bonds<br>and tax notes     | -                    | 1,105,545                    | 992,263                                 | -                                       | 2,097,808                               |
| Issuance of general obligation bonds and<br>tax notes        | -                    | -                            | 14,065,000                              | -                                       | 14,065,000                              |
| Issuance of refunding bonds                                  | -                    | 9,905,000                    | -                                       | -                                       | 9,905,000                               |
| Payment to refunding bond escrow agent                       | -                    | (10,873,240)                 | -                                       | -                                       | (10,873,240)                            |
| Total other financing sources (uses)                         | <u>(7,535,138)</u>   | <u>137,305</u>               | <u>27,341,928</u>                       | <u>(979,580)</u>                        | <u>18,964,515</u>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                           | 664,499              | 345,378                      | 12,566,312                              | 1,850,559                               | 15,426,748                              |
| <b>FUND BALANCES - beginning of year</b>                     | 37,241,953           | 2,456,516                    | 31,094,932                              | 18,927,484                              | 89,720,885                              |
| <b>FUND BALANCES - end of year</b>                           | <u>\$ 37,906,452</u> | <u>\$ 2,801,894</u>          | <u>\$ 43,661,244</u>                    | <u>\$ 20,778,043</u>                    | <u>\$ 105,147,633</u>                   |

**CITY OF LEWISVILLE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 6**

|   |                      |
|---|----------------------|
| Net change in fund balances, total governmental funds   | \$ 15,426,748        |
| Amounts reported for governmental activities in the statement of activities are different because:  |                      |
| 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. Dispositions of capital assets decrease net position. This amount is the net of capital outlay of \$36,983,429, less dispositions of \$0.  | 36,983,429           |
| Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets is recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.  | 6,282,592            |
| Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.   | (18,272,785)         |
| The issuance of long-term debt (e.g. bonds) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount (bond principal payments of \$9,345,000, bonds refunded of \$10,555,000, less bond proceeds of \$23,970,000, less \$2,097,808 premium paid, plus loss on refunding of \$224,499, plus amortization of premium of \$615,404, and less amortization of deferred charge on refunding of \$115,510 is the net effect of these differences in the treatment of long-term debt and related items. | (5,443,415)          |
| Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.  | 195,629              |
| Current year changes in the long-term liability for net pension benefit obligations do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. The amount represents the difference between current year pension expense (\$8,842,627) and contributions (\$7,233,890) made after the measurement date.  | (1,608,737)          |
| Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.  | 96,248               |
| Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.  | (3,875,513)          |
| Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment and insurance, to individual funds. The change in net position of certain internal service funds is reported with governmental activities. This is the amount of the change in net position allocated to government activities.  | <u>(2,288,971)</u>   |
| Change in net position, governmental activities   | <u>\$ 27,495,225</u> |

**CITY OF LEWISVILLE, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 7**

|  | Budgeted Amounts     |                      | Actual Amounts       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
|  | Original             | Final                |                      |   |
| <b>REVENUES</b>  |                      |                      |                      |   |
| Property and other taxes                                     | \$ 56,994,617        | \$ 56,994,617        | \$ 59,937,289        | \$ 2,942,672  |
| License and permits  | 1,793,707            | 1,793,707            | 3,069,656            | 1,275,949   |
| Intergovernmental  | 6,500                | 6,500                | 21,517               | 15,017  |
| Charges for services   | 6,920,507            | 6,920,507            | 8,329,794            | 1,409,287   |
| Recreation   | 1,113,600            | 1,113,600            | 1,013,222            | (100,378)   |
| Fines  | 2,993,214            | 2,993,214            | 2,946,444            | (46,770)  |
| Investment earnings  | 74,006               | 74,006               | 160,591              | 86,585  |
| Miscellaneous  | 579,878              | 614,878              | 469,425              | (145,453)   |
| Total revenues   | <u>70,476,029</u>    | <u>70,511,029</u>    | <u>75,947,938</u>    | <u>5,436,909</u>  |
| <b>EXPENDITURES</b>  |                      |                      |                      |   |
| Current  |                      |                      |                      |   |
| General government   | 1,326,851            | 1,258,436            | 980,887              | 277,549   |
| Mayor and council  | 123,634              | 123,634              | 84,498               | 39,136  |
| Administrative and legal                                     | 2,334,404            | 2,567,068            | 2,454,496            | 112,572   |
| Community relations/tourism                                  | 597,404              | 606,506              | 529,289              | 77,217  |
| Finance  | 1,466,202            | 1,471,602            | 1,431,749            | 39,853  |
| Human resources  | 818,673              | 827,553              | 825,553              | 2,000   |
| Information technology services                              | 2,681,208            | 2,694,018            | 2,678,228            | 15,790  |
| Parks and recreation   | 7,108,500            | 7,174,046            | 6,905,623            | 268,423   |
| Police   | 22,125,787           | 22,138,866           | 21,335,110           | 803,756   |
| Fire   | 18,158,189           | 18,191,154           | 17,717,505           | 473,649   |
| Emergency management   | 176,625              | 176,625              | 175,711              | 914   |
| Municipal court  | 950,092              | 950,092              | 921,753              | 28,339  |
| Public services  | 5,450,685            | 5,321,718            | 4,993,573            | 328,145   |
| Development services   | 6,548,249            | 6,665,852            | 6,421,028            | 244,824   |
| Capital outlay   | 3,288,860            | 362,147              | 293,298              | 68,849  |
| Total expenditures   | <u>73,155,363</u>    | <u>70,529,317</u>    | <u>67,748,301</u>    | <u>2,781,016</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(2,679,334)</u>   | <u>(18,288)</u>      | <u>8,199,637</u>     | <u>8,217,925</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                      |                      |   |
| Transfers in   | 3,898,854            | 3,863,854            | 11,593,361           | 7,729,507   |
| Transfers out  | (6,280,959)          | (19,128,499)         | (19,128,499)         | -   |
| Total other financing sources (uses)                         | <u>(2,382,105)</u>   | <u>(15,264,645)</u>  | <u>(7,535,138)</u>   | <u>7,729,507</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <u>(5,061,439)</u>   | <u>(15,282,933)</u>  | <u>664,499</u>       | <u>15,947,432</u>                                       |
| <b>FUND BALANCES - beginning of year</b>                     | <u>37,241,953</u>    | <u>37,241,953</u>    | <u>37,241,953</u>    | <u>-</u>  |
| <b>FUND BALANCES - end of year</b>                           | <u>\$ 32,180,514</u> | <u>\$ 21,959,020</u> | <u>\$ 37,906,452</u> | <u>\$ 15,947,432</u>                                    |

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

**CITY OF LEWISVILLE, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT 8**

|   | <b>Enterprise Funds</b>                 |                               |
|---|---|-------------------------------|
|   | <b>Water and Sewer<br/>Utility Fund</b> | <b>Internal Service Funds</b> |
| <b>ASSETS</b>   |   |                               |
| Current assets  |   |                               |
| Cash  | \$ 4,547,158                            | \$ 1,840,974                  |
| Investments   | 23,320,804                              | 8,328,271                     |
| Receivables (net of allowance for uncollectibles):            |   |                               |
| Accounts  | 1,534,589                               | 23,774                        |
| Unbilled trade accounts                                       | 3,063,705                               | -                             |
| Interest receivable   | 45,129                                  | 15,008                        |
| Other   | 83,024                                  | -                             |
| Inventory of supplies, at cost                                | -                                       | 114,986                       |
| Prepaid items   | 8,362                                   | 204,808                       |
| Restricted assets   |   |                               |
| Cash  | 6,586,610                               | -                             |
| Investments   | 33,746,500                              | -                             |
| Interest receivable   | 46,905                                  | -                             |
| Total current assets  | <u>72,982,786</u>                       | <u>10,527,821</u>             |
| Noncurrent assets   |   |                               |
| Capital assets  |   |                               |
| Land  | 2,368,892                               | -                             |
| Land improvements   | 106,700                                 | -                             |
| Buildings   | 1,131,504                               | -                             |
| Other improvements  | 702,088                                 | 310,936                       |
| Water system  | 184,231,678                             | -                             |
| Sewer system  | 133,566,401                             | -                             |
| Machinery and equipment                                       | 4,779,146                               | 6,295,727                     |
| Motor vehicles  | -                                       | 23,262,178                    |
| Construction in progress                                      | 11,174,230                              | -                             |
| Less accumulated depreciation                                 | <u>(101,974,561)</u>                    | <u>(23,510,870)</u>           |
| Total noncurrent assets                                       | <u>236,086,078</u>                      | <u>6,357,971</u>              |
| Total assets  | <u>309,068,864</u>                      | <u>16,885,792</u>             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |   |                               |
| Deferred charge on refunding                                  | 363,430                                 | -                             |
| Pension contributions after measurement date                  | 786,473                                 | -                             |
| Difference in projected and actual earnings on pension assets | <u>1,247,611</u>                        | <u>-</u>                      |
| Total deferred outflows of resources                          | <u>2,397,514</u>                        | <u>-</u>                      |
| <b>LIABILITIES</b>  |   |                               |
| Current liabilities   |   |                               |
| Current liabilities payable from restricted assets            |   |                               |
| Accounts payable  | 171,743                                 | -                             |
| Deposits payable  | 1,703,238                               | -                             |
| Accrued interest payable                                      | 237,897                                 | -                             |
| Contracts and retainage payable                               | 320,236                                 | -                             |
| Escrow payable  | 107,627                                 | -                             |
| Current maturities of bonds payable                           | 5,105,000                               | -                             |
| Accounts payable  | 1,927,132                               | 200,130                       |
| Incurred but not reported claim reserve                       | -                                       | 1,922,360                     |
| Accrued liabilities   | 259,140                                 | 30,174                        |
| Compensated absences  | <u>404,142</u>                          | <u>54,399</u>                 |
| Total current liabilities                                     | <u>10,236,155</u>                       | <u>2,207,063</u>              |
| Noncurrent liabilities  |   |                               |
| Bonds payable   | 46,765,438                              | -                             |
| Compensated absences  | 330,483                                 | 44,485                        |
| Net pension obligation  | <u>5,026,545</u>                        | <u>-</u>                      |
| Total noncurrent liabilities                                  | <u>52,122,466</u>                       | <u>44,485</u>                 |
| Total liabilities   | <u>62,358,621</u>                       | <u>2,251,548</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |   |                               |
| Difference in projected and actual pension experience         | <u>240,524</u>                          | <u>-</u>                      |
| Total deferred inflows of resources                           | <u>240,524</u>                          | <u>-</u>                      |
| <b>NET POSITION</b>   |   |                               |
| Net investment in capital assets                              | 216,339,053                             | 6,357,971                     |
| Restricted for bond requirements                              | 6,528,158                               | -                             |
| Unrestricted  | <u>26,000,022</u>                       | <u>8,276,273</u>              |
| Total net position  | <u>\$ 248,867,233</u>                   | <u>\$ 14,634,244</u>          |

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

**CITY OF LEWISVILLE, TEXAS  
RECONCILIATION OF ENTERPRISE FUND STATEMENT OF NET POSITION  
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

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**EXHIBIT 9**

|   |                       |
|---|-----------------------|
| Total net position, enterprise fund   | \$ 248,867,233        |
| Amounts reported for business-type activities in the statement of net position are different because:   |                       |
| An internal service fund is used by management to charge the costs of certain activities, including insurance and vehicle fleet management, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net position. The amount shown as the accumulated amount is allocated to business type activities since the adoption of GASB 34. |                       |
|   | <u>(229,821)</u>      |
| Total net position, business-type activities  | <u>\$ 248,637,412</u> |

**CITY OF LEWISVILLE, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 10**

|   | <b>Enterprise Funds<br/>Water and Sewer<br/>Utility Fund</b> | <b>Internal Service Funds</b> |
|---|--|-------------------------------|
| <b>OPERATING REVENUES</b>                                       |  |                               |
| Charges for sales and services                                  | \$ 29,392,347  | \$ 13,653,800                 |
| Miscellaneous   | 92,974   | 9,155                         |
| Total operating revenues  | <u>29,485,321</u>  | <u>13,662,955</u>             |
| <b>OPERATING EXPENSES</b>                                       |  |                               |
| Cost of sales and services, net of reimbursements               | 10,925,017   | 13,487,585                    |
| Personal services and administrative                            | 6,791,188  | 1,061,464                     |
| Depreciation  | 6,314,433  | 2,148,087                     |
| Total operating expenses  | <u>24,030,638</u>  | <u>16,697,136</u>             |
| Operating income (loss)   | <u>5,454,683</u>   | <u>(3,034,181)</u>            |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                         |  |                               |
| Investment earnings   | 361,953  | 73,925                        |
| Interest expense  | (1,354,657)  | -                             |
| Gain on disposal of capital assets                              | -  | 237,130                       |
| Total nonoperating revenues (expenses)                          | <u>(992,704)</u>   | <u>311,055</u>                |
| <b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b> | 4,461,979  | (2,723,126)                   |
| <b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>                      |  |                               |
| Transfers in  | -  | 400,000                       |
| Transfers out   | (3,869,947)  | (300,000)                     |
| Contributions from developers                                   | 7,924,636  | -                             |
| Contributions - impact fees                                     | <u>3,637,224</u>   | <u>-</u>                      |
| <b>CHANGE IN NET POSITION</b>                                   | 12,153,892   | (2,623,126)                   |
| <b>NET POSITION, beginning of year</b>                          | 236,713,341  | 17,257,370                    |
| <b>NET POSITION, end of year</b>                                | <u>\$ 248,867,233</u>  | <u>\$ 14,634,244</u>          |

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

**CITY OF LEWISVILLE, TEXAS  
RECONCILIATION OF ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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**EXHIBIT 11**

|  |                      |
|--|----------------------|
| Net change in fund net position, enterprise fund   | \$ 12,153,892        |
| Amounts reported for business-type activities in the statement of activities are different because:  |                      |
| Internal services funds are used by management to charge the costs of certain activities, such as the purchase of equipment and insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. The amount shown represents the net revenue (expense) allocated to business-type activities. | <u>(334,155)</u>     |
| Change in net position, business-type activities   | <u>\$ 11,819,737</u> |

**CITY OF LEWISVILLE, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 12**

|   | <b>Business-Type<br/>Activities -<br/>Enterprise Fund</b> | <b>Governmental<br/>Activities - Internal<br/>Service Funds</b> |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |
| Cash received from customers  | \$ 29,271,761   | \$ -  |
| Cash received (paid) from transactions with other funds   | -   | 13,648,276  |
| Cash paid to employees for services   | (6,888,153)   | (513,795)   |
| Cash paid for goods and services  | (10,956,948)  | (4,479,302)   |
| Cash paid for claims  | -   | (8,878,279)   |
| Cash received for miscellaneous items   | -   | 36,486  |
|   | <u>11,426,660</u>   | <u>(186,614)</u>  |
| Net cash provided by (used in) operating activities   |   |   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |   |   |
| Transfers from other funds  | -   | 400,000   |
| Transfers to other funds  | (3,869,947)   | (300,000)   |
|   | <u>(3,869,947)</u>  | <u>100,000</u>  |
| Net cash provided by (used in) noncapital financing activities  |   |   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |   |   |
| Acquisition and construction of capital assets  | (11,033,680)  | (3,174,371)   |
| Proceeds from sale of equipment   | -   | 244,829   |
| Proceeds from sale of revenue bonds   | 10,880,000  | -   |
| Principal paid on revenue bond maturities   | (5,290,000)   | -   |
| Principal refunded on revenue bonds   | (4,200,000)   | -   |
| Impact fees   | 3,637,224   | -   |
| Interest paid   | (1,673,287)   | -   |
| Premium on issuance of bonds  | 1,439,131   | -   |
|   | <u>(6,240,612)</u>  | <u>(2,929,542)</u>  |
| Net cash (used in) capital and related financing activities   |   |   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |   |
| Purchase of investments   | (45,477,916)  | (6,636,931)   |
| Proceeds from sale and maturities of investments  | 35,615,338  | 7,457,594   |
| Interest received   | 345,504   | 73,925  |
|   | <u>(9,517,074)</u>  | <u>894,588</u>  |
| Net cash provided by (used in) investing activities   |   |   |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | (8,200,973)   | (2,121,568)   |
| <b>CASH, beginning of year</b>  | <u>19,334,741</u>   | <u>3,962,542</u>  |
| <b>CASH, end of year</b>  | <u>\$ 11,133,768</u>                                      | <u>\$ 1,840,974</u>   |
| Classified as   |   |   |
| Unrestricted cash and cash equivalents at end of year   | \$ 4,547,158  | \$ 1,840,974  |
| Restricted cash and cash equivalents at end of year   | 6,586,610   | -   |
| <b>TOTAL CASH AT END OF YEAR</b>  | <u>\$ 11,133,768</u>                                      | <u>\$ 1,840,974</u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b> |   |   |
| Operating income (loss)   | \$ 5,454,683  | \$ (3,034,181)  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |   |   |
| Depreciation  | 6,314,433   | 2,148,087   |
| Change in assets and liabilities  |   |   |
| (Increase) decrease in receivables  | (213,562)   | (5,524)   |
| (Increase) decrease in inventory  | -   | (19,137)  |
| (Increase) decrease in prepaid expenses   | 5,273   | 601,370   |
| (Increase) decrease in pension related deferred outflows  | (1,067,975)   | -   |
| Increase (decrease) in accounts and contracts payable   | 50,132  | 75,460  |
| Increase (decrease) in accrued liabilities  | (109)   | 47,311  |
| Increase (decrease) in deposits payable   | (267,832)   | -   |
| Increase (decrease) in compensated absences   | (96,965)  | -   |
| Increase (decrease) in net pension obligations  | 1,202,578   | -   |
| Increase (decrease) in due to other funds   | -   | -   |
| Increase (decrease) in pension related deferred inflows   | 46,004  | -   |
|   | <u>5,971,977</u>  | <u>2,847,567</u>  |
| Total adjustments   |   |   |
| Net cash provided by (used in) operating activities   | <u>\$ 11,426,660</u>                                      | <u>\$ (186,614)</u>   |
| <b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>  |   |   |
| From developer contributions of capital assets  | \$ 7,924,636  | \$ -  |
| Increase (decrease) in fair value of investments  | (25,215)  | (6,732)   |

**CITY OF LEWISVILLE, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 SEPTEMBER 30, 2016**

**EXHIBIT 13**

|   | <b>Lewisville<br/>OPEB<br/>Liability Trust<br/>Fund</b> | <b>Castle Hills<br/>PID Debt<br/>Service<br/>Agency Fund</b> |
|---|---|--|
| <b>ASSETS</b>                             |   |  |
| Cash                                      | \$ 8,537  | \$ -   |
| Investments                               |   |  |
| Mutual funds - equity                     | 2,729,170   | -  |
| Mutual funds - fixed income               | 1,387,770   | 1,505,193  |
| Total investments                         | <u>4,116,940</u>  | <u>1,505,193</u>   |
| Interest receivable                       | 10  | 5  |
| Total assets                              | <u>4,125,487</u>  | <u>1,505,198</u>   |
| <b>LIABILITIES</b>                        |   |  |
| Accounts payable                          | 5,468   | -  |
| Due to debt holders                       | -   | 1,505,198  |
| Total liabilities                         | <u>5,468</u>  | <u>\$ 1,505,198</u>  |
| <b>NET POSITION</b>                       |   |  |
| Held in trust for retiree health benefits | 4,120,019   |  |
| Total net position                        | <u>\$ 4,120,019</u>                                     |  |

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

**CITY OF LEWISVILLE, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 14**

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|  | <b>Lewisville<br/>OPEB Liability<br/>Trust Fund</b> |
|--|---|
| <b>ADDITIONS</b>   |   |
| Employer contributions                                     | \$ 175,700  |
| Investment earnings, net of unrealized/realized gain(loss) | 367,064   |
| Total additions  | <u>542,764</u>                                      |
| <b>DEDUCTIONS</b>  |   |
| Benefits   | 273,800   |
| Total deductions   | <u>273,800</u>                                      |
| <b>CHANGE IN NET POSITION</b>                              | 268,964   |
| <b>NET POSITION - beginning</b>                            | 3,851,055   |
| <b>NET POSITION - ending</b>                               | <u><u>\$ 4,120,019</u></u>                          |

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

**CITY OF LEWISVILLE, TEXAS  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT 15**

|   | <b>Lewisville<br/>Housing<br/>Finance<br/>Corporation</b> | <b>Lewisville<br/>Industrial<br/>Development<br/>Authority, Inc.</b> | <b>Tax Increment<br/>Reinvestment<br/>Zone 1</b> | <b>Tax Increment<br/>Reinvestment<br/>Zone 2</b> | <b>Lewisville<br/>Parks &amp; Library<br/>Development<br/>Corporation</b> | <b>Total<br/>Component<br/>Units</b> |
|---|---|--|--|--|---|--------------------------------------|
| <b>ASSETS</b>   |   |  |  |  |   |                                      |
| Cash  | \$ 786  | \$ 1,127   | \$ 260,631                                       | \$ 135,343                                       | \$ 2,076,748  | \$ 2,474,635                         |
| Investments   | 4,030   | 5,785  | 1,338,257  | 694,941  | 10,661,556  | 12,704,569                           |
| Receivables (net of allowance for uncollectibles)             |   |  |  |  |   |                                      |
| Accounts  | -   | -  | -  | -  | 186   | 186                                  |
| Taxes   | -   | -  | -  | -  | 1,202,488   | 1,202,488                            |
| Interest  | 6   | 9  | 2,154  | 1,118  | 17,170  | 20,457                               |
| Capital assets  |   |  |  |  |   |                                      |
| Depreciable (net of accumulated depreciation)                 | -   | -  | 6,534,778  | -  | -   | 6,534,778                            |
| Total assets  | 4,822   | 6,921  | 8,135,820  | 831,402  | 13,958,148  | 22,937,113                           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |   |  |  |  |   |                                      |
| Pension contributions after measurement date                  | -   | -  | -  | -  | 116,074   | 116,074                              |
| Difference in projected and actual earnings on pension assets | -   | -  | -  | -  | 180,679   | 180,679                              |
| Total deferred outflows of resources                          | -   | -  | -  | -  | 296,753   | 296,753                              |
| <b>LIABILITIES</b>  |   |  |  |  |   |                                      |
| <b>Current</b>  |   |  |  |  |   |                                      |
| Accounts payable  | -   | -  | -  | -  | 178,674   | 178,674                              |
| Accrued liabilities   | -   | -  | -  | -  | 44,389  | 44,389                               |
| Accrued interest payable                                      | -   | -  | 37,833   | -  | 107,508   | 145,341                              |
| Contracts and retainable payable                              | -   | -  | -  | -  | 29,579  | 29,579                               |
| <b>Noncurrent liabilities</b>                                 |   |  |  |  |   |                                      |
| Due within one year   | -   | -  | 330,000  | -  | 1,955,815   | 2,285,815                            |
| Due in more than one year                                     | -   | -  | 5,905,000  | -  | 23,488,414  | 29,393,414                           |
| Total liabilities   | -   | -  | 6,272,833  | -  | 25,804,379  | 32,077,212                           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |   |  |  |  |   |                                      |
| Difference in projected and actual pension experience         | -   | -  | -  | -  | 32,054  | 32,054                               |
| Total deferred inflows of resources                           | -   | -  | -  | -  | 32,054  | 32,054                               |
| <b>NET POSITION (DEFICIT)</b>                                 |   |  |  |  |   |                                      |
| Net investment in capital assets                              | -   | -  | 300,787  | -  | -   | 300,787                              |
| Restricted for tax increment reinvestment zone                | -   | -  | 1,562,200  | 831,402  | -   | 2,393,602                            |
| Unrestricted  | 4,822   | 6,921  | -  | -  | (11,581,532)  | (11,569,789)                         |
| Total net position (deficit)                                  | \$ 4,822  | \$ 6,921   | \$ 1,862,987                                     | \$ 831,402                                       | \$ (11,581,532)   | \$ (8,875,400)                       |

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

**CITY OF LEWISVILLE, TEXAS  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT 16**

|   | <b>Governmental Activities</b>                            |  |   |   |   | <b>Total<br/>Component<br/>Units</b> |
|---|---|--|---|---|---|--------------------------------------|
|   | <b>Lewisville<br/>Housing<br/>Finance<br/>Corporation</b> | <b>Lewisville<br/>Industrial<br/>Development<br/>Authority, Inc.</b> | <b>Tax Increment<br/>Reinvestment<br/>Zone #1</b> | <b>Tax Increment<br/>Reinvestment<br/>Zone #2</b> | <b>Lewisville Parks<br/>and Library<br/>Development<br/>Corporation</b> |                                      |
| <b>EXPENSES</b>                             |   |  |   |   |   |                                      |
| General government                          | \$ (1,144)  |  | \$ (381,010)                                      |   | \$ (61,597)   | \$ (443,751)                         |
| Culture, parks and recreation               |   |  |   |   | (4,992,346)   | (4,992,346)                          |
| Interest on long term debt                  |   |  | (279,154)   |   | (937,270)   | (1,216,424)                          |
| Depreciation                                |   |  |   |   |   | -                                    |
| Total expenses                              | <u>(1,144)</u>  | <u>-</u>   | <u>(660,164)</u>                                  | <u>-</u>  | <u>(5,991,213)</u>  | <u>(6,652,521)</u>                   |
| <b>PROGRAM REVENUES</b>                     |   |  |   |   |   |                                      |
| Charges for services                        |   |  |   |   |   |                                      |
| Culture, parks and recreation               |   |  |   |   | 209,113   | 209,113                              |
| Capital grants and contributions            |   |  | 85,000  |   | 325,000   | 410,000                              |
| Total program revenues                      | <u>-</u>  | <u>-</u>   | <u>85,000</u>                                     | <u>-</u>  | <u>534,113</u>  | <u>619,113</u>                       |
| <b>GENERAL REVENUES</b>                     |   |  |   |   |   |                                      |
| Property taxes                              |   |  | 748,242   | 375,671   |   | 1,123,913                            |
| Sales taxes                                 |   |  |   |   | 6,900,056   | 6,900,056                            |
| Investment earnings                         | 28  | 38   | 9,627   | 4,785   | 70,200  | 84,678                               |
| Miscellaneous                               |   |  |   |   | 107   | 107                                  |
| Total general revenues                      | <u>28</u>   | <u>38</u>  | <u>757,869</u>                                    | <u>380,456</u>                                    | <u>6,970,363</u>  | <u>8,108,754</u>                     |
| <b>CHANGE IN NET POSITION<br/>(DEFICIT)</b> |   |  |   |   |   |                                      |
|   | (1,116)   | 38   | 182,705   | 380,456   | 1,513,263   | 2,075,346                            |
| Net position (deficit), beginning           | <u>5,938</u>  | <u>6,883</u>   | <u>1,680,282</u>                                  | <u>450,946</u>                                    | <u>(13,094,795)</u>   | <u>(10,950,746)</u>                  |
| Net position (deficit), ending              | <u>\$ 4,822</u>   | <u>\$ 6,921</u>  | <u>\$ 1,862,987</u>                               | <u>\$ 831,402</u>                                 | <u>\$ (11,581,532)</u>  | <u>\$ (8,875,400)</u>                |

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### A. Reporting Entity

The City of Lewisville is a municipal corporation governed by an elected mayor and a five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

#### Blended Component Units

- The Lewisville Health Benefit Trust was established by the City under the Texas Political Subdivision Employees Uniform Group Benefits Act (Chapter 172 Texas Local Government Code) to account for health insurance of employees, retirees and dependents. The City Council appoints a board and board members are removable by the City Council. The City Council approves the trust's annual budget. The activities of the Lewisville Health Benefit Trust are accounted for as a blended component unit and included with the internal service funds. The Health Benefit Trust is reported as a blended component unit since it provides services exclusively for the City of Lewisville.
- The Local Government Corporation was established July 2006 to assist in economic development initiatives. Allowable under Chapter 431 of the Texas Transportation Code, this corporation cannot incur any debt without City Council approval. The City Council appoints a board and board members are removable by the City Council. The existing four person board is comprised of current City Council members. The City Council approves the corporation's annual budget. In the event of dissolution, title to all assets transfer to the City. The activities of the Lewisville Local Government Corporation are accounted for as a blended component unit and included with the non-major governmental funds. The Local Government Corporation is reported as a blended component unit since its governing body is substantially the same as the City's and a financial benefit relationship exists.
- In November 2011, the City of Lewisville voters approved, in special election, the creation of the Lewisville Crime Control and Prevention District. The District was formed for the purpose of providing crime control and prevention programs derived from one-eighth cent sales tax within the City of Lewisville. Allowable under Chapter 363 of the Texas Local Government Code, the City Council appointed their own membership as the board of directors of the District. The City Council approves the district's annual budget. In the event of dissolution, title to all assets transfer to the City. The activities of the Lewisville Crime Control and Prevention District are accounted for as a blended component unit and included with the non-major governmental funds. The District is reported as a blended component unit since its governing body is the same as the City's and a financial benefit relationship exists.

- In November 2011, the City of Lewisville voters approved, in special election, the creation of the Lewisville Fire Control, Prevention, and Emergency Medical Services District. The District was formed for the purpose of providing fire safety and emergency medical service programs derived from one-eighth cent sales tax within the City of Lewisville. Allowable under Chapter 344 of the Texas Local Government Code, the City Council appointed their own membership as the board of directors of the District. The City Council approves the district's annual budget. In the event of dissolution, title to all assets transfer to the City. The activities of the Lewisville Fire Control, Prevention, and Emergency Medical Services District are accounted for as a blended component unit and included with the non-major governmental funds. The District is reported as a blended component unit since its governing body is the same as the City's and a financial benefit relationship exists.

#### Discretely Presented Component Units

The following entities are accounted for as discretely presented component units since the services provided are not entirely or exclusively for the City.

- The Lewisville Housing Finance Corporation has been established to assist in evaluating housing needs within the City. The City Council appoints a board and board members are removable by City Council. The City Council approves the Corporation's annual budget. In the event of dissolution, title to all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Housing Finance Corporation, P.O. Box 299002, Lewisville, Texas 75029.
- The Lewisville Industrial Development Authority, Inc. has been established to assist in evaluating and considering approval of applications for financial participation by the Authority in commercial development projects. The City Council appoints a board and board members are removable by City Council. The City Council approves the Authority's annual budget. In the event of dissolution, title to all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Industrial Development Authority, P.O. Box 299002, Lewisville, Texas 75029.
- The City of Lewisville, in conjunction with Denton County, created the Tax Increment Reinvestment Zone Number 1, City of Lewisville, Texas, to provide additional financing resources to further enhance the redevelopment of the Old Town area of the City. The City Council appoints a board, and board members are removable by the City Council. The City Council approves the Zone's annual budget. In the event of dissolution, title of all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Tax Increment Reinvestment Zone Number 1, P. O. Box 299002, Lewisville, Texas 75029.
- The City of Lewisville, in conjunction with Denton County, created the Tax Increment Reinvestment Zone Number 2, City of Lewisville, Texas, to provide additional financing resources to pay for infrastructure costs to facilitate a mixed-use development project on approximately 427 acres at the intersection of I-35 and SH121. The City Council appoints five

members of the board and an additional two positions are reserved for appointment by other taxing units levying taxes within the Zone. The City Council may remove board members and approves the Zone's annual budget. Financial statement information can be obtained by contacting the Lewisville Tax Increment Reinvestment Zone Number 2, P. O. Box 299002, Lewisville, Texas 75029.

- In September 2002 the City of Lewisville voters approved, in a special election, the creation of the Lewisville Parks and Library Development Corporation. The Corporation was formed for the purpose of funding public parks, recreation projects, and library projects from revenues derived from a one-quarter cent sales tax within the City of Lewisville. The City Council appoints a board and board members are removable by the City Council. The City Council approves the Corporation's annual budget. In the event of dissolution, title of all assets transfer to the City. Financial statement information can be obtained by contacting the Lewisville Parks and Library Development Corporation, P. O. Box 299002, Lewisville, Texas 75029.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a

liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The City’s Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation and certificates of obligation debt of governmental funds.

General Capital Projects Fund – The General Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City reports the following non-major governmental funds:

Special Revenue Funds – The City’s Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes. They include the Hotel/Motel Tax Fund, Recreation Activity Fund, Public, Education and Government (PEG) Programming Fund, Municipal Court Technology Fund, Municipal Court Security Fund, Juvenile Case Manager Fund, Law Enforcement Officer Standard Education Fund (LEOSE), Waters Ridge Public Improvement District (PID) Fund, Asset Forfeiture-State Fund, Asset Forfeiture-Federal Fund, Administrative Benevolent Fund, Community Activities and Training Fund, Grants Fund, Lewisville Crime Control and Prevention District, Lewisville Fire Control, Prevention, and Emergency Medical Services District, and Lewisville Local Government Corporation.

Castle Hills PID Capital Projects Fund – The City’s Castle Hills PID Capital Projects Fund accounts for the acquisition and construction of major capital facilities financed by the Castle Hills Public Improvement District.

The City reports the following major proprietary fund:

Water and Sewer Utility Enterprise Fund – The City’s Enterprise Fund is used to account for operations of the City’s sale of treated water and the disposal of sewage and solid waste for its citizens.

Additionally, the government reports the following fund types:

Internal Service Funds – The City’s Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the City.

- Maintenance and Replacement Fund – The City’s Maintenance and Replacement Fund provides fleet maintenance services for City departments and accounts for the purchase of vehicles and major equipment operated by the City. Departments pay semi-annual charges to provide funds for future replacement of capital outlay as well as to reimburse the fund for current fleet repairs and maintenance.
- Self-Insurance Risk Fund – The City’s Self-Insurance Risk Fund accounts for revenues from premium charges to the departments. Expenses include claim payments, administrative costs, and reinsurance premiums for workers’ compensation, unemployment, and liability/property casualty programs.
- Health Benefit Trust Fund – The City’s Health Benefit Fund accounts for revenues from premium charges to the departments, employee and retirees for insurance coverage. Expenses include claims payments, administrative costs, and reinsurance premiums for health and dental programs.

Agency and Trust Funds – The City’s agency fund is custodial in nature and does not involve measurement of results of operations. The City’s trust fund is used to account for assets held by the City in a trustee capacity.

- Castle Hills PID Debt Service Agency Fund – The City’s Castle Hills Public Improvement District Debt Service Agency Fund accounts for bond proceeds and related debt associated with the issuance of bonds held by the City as an agent for the Public Improvement District.

- *Lewisville OPEB Liability Trust Fund* – The City’s OPEB Liability Trust Fund accounts for the funding of post-employment healthcare benefits for retirees of the City and their dependents.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and sewer function and various other functions of the City and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the City’s Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Cash, Investments, and Deposits**

The government’s cash is considered to be cash on hand and demand deposits. The City pools idle cash from all funds for the purpose of increasing income through coordinated investment activities. The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Interest earnings are allocated to the respective funds based upon each fund’s relative balance in the pool.

Investments, except for the investment pools and U.S. Government Money Market Funds, for the City are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. In accordance with GASB 72, *Fair Value Measurement and Application* Money Market Funds are exempt from fair value measurement.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “interfund receivable/payable.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**F. Property Taxes**

Property taxes attach as an enforceable lien on property located in the City as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. The Denton County Tax Assessor/Collector’s office bills and collects the City’s property taxes. City property tax revenues are deferred when levied and are recognized as revenue when collected.

The statutes of the State of Texas do not prescribe a legal limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population that have adopted a Home Rule charter, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year ended September 30, 2016, the City had a tax margin of \$2.063914 per \$100 assessed valuation based upon the maximum rates described above.

**G. Inventories of Supplies**

Inventories of supplies are valued at weighted average cost and consist of warehouse supplies, postage and gasoline purchased by the City to use in its vehicles. The cost of the inventories is recorded as an expense when consumed rather than when purchased.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid per the consumption method in the government-wide and fund financial statements. These items consist primarily of software support, training registration, subscriptions, and prepaid insurance.

**I. Restricted Assets**

Certain proceeds of Enterprise Fund Revenue Bonds and other amounts designated for capital improvements, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

**J. Property, Plant, and Equipment**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$15,000 or more and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of the donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$373,804.

The City has established the Maintenance and Replacement Internal Service Fund to account for all City-owned vehicles. Charges for use of the vehicle in the form of lease payments are made by the City departments to the Maintenance and Replacement Internal Service Fund to provide for future acquisitions and replacement.

Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Water and sewer system  | 50           |
| Infrastructure          | 30           |
| Buildings               | 33           |
| Other improvements      | 4-50         |
| Machinery and equipment | 3-50         |
| Vehicles                | 2-20         |
| Servers                 | 3            |

**K. Compensated Absences**

It is the City's policy to permit employees to accumulate certain earned but unused vacation, comp time, and sick pay benefits. Sick leave can be accrued up to 200 days but the City will compensate only for hours in excess of 30 days up to a maximum of 90 days upon termination. All vacation pay is accrued when incurred in the government-wide, proprietary, and component unit fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

#### **L. Long-Term Obligations**

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **M. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

#### **N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

The City has a final item which arises only at the governmental fund level. Revenues that have been billed but not yet collected or notes receivable from a component unit that are not yet due are reported as unavailable resources. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. Please see Note 13 for a listing of deferred inflows.

#### **O. Fund Equity**

In the fund financial statements, governmental funds establish fund balance classifications that are comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported.

Fund balances classified as non-spendable represent amounts that are not in a spendable form (such as inventory). Fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City Manager or his designee. Unassigned fund balance is available for any purpose but is only reported in the General Fund.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

For further details of the various fund balance classifications refer to Note 14.

**P. Minimum Fund Balance Policy**

The City Council has adopted a policy that the General Fund and all funds with outstanding long term debt will maintain working capital resources at a minimum of 15% of the operating expenditure budget.

**Q. Budgets**

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General, Hotel/Motel Tax Special Revenue, Recreation Activity Special Revenue, Grant Special Revenue, Waters Ridge Public Improvement District (PID) Special Revenue, Municipal Court Security Special Revenue, Municipal Court Technology Special Revenue, Asset Forfeiture Special Revenue (State and Federal), Community Activities and Training Special Revenue, Law Enforcement Officer Standards and Education Special Revenue, Juvenile Case Manager Special Revenue, Lewisville Crime Control and Prevention District, Lewisville Fire Control, Prevention, and Emergency Medical Services District, Public, Education, and Government (PEG) Programming Fund, Debt Service, Water and Sewer Utility Enterprise, Self-Insurance Risk Internal Service, Health Benefits Trust Internal Service, Maintenance and Replacement Internal Service, Lewisville Parks and Library Development Corporation (4B Sales Tax), Lewisville OPEB Liability Trust, Old Town Tax Increment Reinvestment Zone 1 (Old Town), and Tax Increment Reinvestment Zone 2 Funds.

All annual appropriations lapse at fiscal year-end. Long range financial plans are adopted for all capital project funds with all capital project appropriation balances to roll forward.

**R. Deficit Net Position**

The Lewisville Parks and Library Development Corporation has an agreement with the City of Lewisville regarding the construction, maintenance and operation of improvements for public park and library projects that states all capital assets shall be owned and operated by the City. Therefore, all of the Corporation's capital assets are transferred to the City annually and recorded as contribution expense. The cumulative effects of these annual transfers along with results of operations have resulted in a deficit net asset balance of \$11,581,532 at September 30, 2016.

## 2. CASH, INVESTMENTS, AND DEPOSITS

At year end, the government's carrying amount of deposits was \$34,701,213 and the bank balance was \$35,214,311. All bank balances, including the bank balance of the discretely presented component units, were covered by Federal Depository Insurance or by collateral held by a third-party custodian. The custodian serves contractually as the City's agent.

Additionally, the City has an account under a safekeeping agreement with J.P. Morgan Chase Bank, NA. The U.S. Government Treasury and Agency investments clear via the Federal Reserve System through this account upon purchase, sale, or maturity. All assets in the account are held in the City's name.

The City is authorized to make direct investments in the following:

1. U.S. Treasury securities maturing in less than three years;
2. Short-term obligations of U.S. Government agencies which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
3. Repurchase agreements collateralized by U.S. Treasury or U.S. Government agency securities in accordance with a master repurchase agreement approved by the Investment Committee;
4. Direct or unconditionally guaranteed obligations of the State of Texas; and
5. Common trusts administered by Texas banks with assets consisting of all of the above except certificates of deposit.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments (excluding the OPEB Liability Trust) are as follows:

CITY OF LEWISVILLE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

|   | September 30,<br>2016 | Fair Value Measurements Using  |   |  | Percent of<br>Total<br>Investments | Weighted<br>Average<br>Maturity<br>(Days) |
|---|-----------------------|--|---|--|------------------------------------|---|
|   |                       | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |                                    |   |
| <i>Investments not Subject to Fair Value:</i> |                       |  |   |  |                                    |   |
| <b>Investment Pools:</b>                      |                       |  |   |  |                                    |   |
| Texpool                                       | \$ 32,785,228         | \$ -   | \$ -  | \$ -   | 17.77%                             | 44  |
| US Govt Money Markets                         | 7,355,991             | -  | -   | -  | 3.99%                              | NA  |
| <i>Investments by Fair Value Level:</i>       |                       |  |   |  |                                    |   |
| <b>U.S. Government Agency Securities:</b>     |                       |  |   |  |                                    |   |
| Federal Farm Credit Bank                      | 45,399,061            | -  | 45,399,061  | -  | 24.61%                             | 430                                       |
| Federal Home Loan Bank                        | 37,653,473            | -  | 37,653,473  | -  | 20.41%                             | 444                                       |
| Federal Home Loan Mortgage Corp               | 30,374,689            | -  | 30,374,689  | -  | 16.47%                             | 621                                       |
| Federal National Mortgage Assoc               | 29,942,549            | -  | 29,942,549  | -  | 16.23%                             | 710                                       |
| <b>US Treasury Bonds</b>                      | 934,792               | 934,792  | -   | -  | 0.51%                              | 426                                       |
| <b>Total Value</b>                            | <b>\$ 184,445,783</b> | <b>\$ 934,792</b>  | <b>\$ 143,369,772</b>                                     | <b>\$ -</b>  |                                    |   |

*Investment Pools* are measured at amortized cost and are exempt for fair value reporting.

*U.S. Government Agency Securities* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*U.S. Treasury Bonds* classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments at September 30, 2016 consisted of U.S. Government securities held by the City's agent in the City's name. The carrying amount of these investments at September 30, 2016 was \$151,660,555. At September 30, 2016, the City also had \$32,785,228 invested with TexPool, an investment pool for state and local governments in Texas. The City's portfolio average yield, including TexPool, was 0.6980% in 2016.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated

AAAm by Standard & Poors. As a requirement to maintain the weekly rating portfolio, information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TxPool shares.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investments with TexPool have maturities of less than one year or in U.S. government securities that are not highly sensitive to changes in interest rates. In accordance with its investment policy, the City further manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one and one-half years.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSROs). All investment pools policies require a rating of AA or better from a nationally recognized rating agency. While State law allows investments in commercial paper and corporate bonds that meet rating guidelines issued by NRSROs, the City's policy further restricts investments purchases, aside from those managed by pools, to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; and other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by, the full faith and credit of the State of Texas or the United States or its agencies and instrumentalities. The City's investments in U.S. Government Agency securities (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank) are rated AA+ by Standard & Poors, and AAA and Aaa by Fitch and Moody's, respectively. The investment in Texas Local Government Pools (TexPool) carried a credit rating of AAAm by Standard and Poor's as of September 30, 2016.

Concentration of Credit Risk

In accordance with the City's investment policy, investments are issued or explicitly guaranteed by the U.S. Government or in external investment pools which are not considered to provide a concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act of Texas and the City's investment policy requires that a financial institution secure deposits made by state or local government entities by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least the bank balances less FDIC insurance at all times. The City's investment policy further limits exposure to custodial risk on investments through the use of third party safekeeping agreements, delivery versus payment, and limiting types of investments listed earlier in this note.

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**3. RECEIVABLES**

Receivables as of year end, including the applicable allowances for uncollectable accounts, are as follows:

|                         | General              | Debt Service     | General Capital Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------------|----------------------|------------------|--------------------------|--------------------------|--------------------------|
| Receivables             |                      |                  |                          |                          |                          |
| Property taxes          | \$ 428,668           | \$ 162,789       | \$ -                     | \$ -                     | \$ 591,457               |
| Franchise taxes         | 1,880,315            | -                | -                        | -                        | 1,880,315                |
| Sales taxes             | 4,809,952            | -                | -                        | 1,126,941                | 5,936,893                |
| Mixed drink taxes       | 151,157              | -                | -                        | -                        | 151,157                  |
| Accounts                | 2,675,535            | 14,433           | 21,278                   | 1,370,519                | 4,081,765                |
| Unbilled trade accounts | 265,312              | -                | -                        | -                        | 265,312                  |
| Interest                | 46,081               | 3,745            | 111,209                  | 19,705                   | 180,740                  |
| Court                   | 1,344,592            | -                | -                        | -                        | 1,344,592                |
| Intergovernmental       | -                    | -                | 1,941,138                | 256,769                  | 2,197,907                |
| Ambulance               | 1,865,889            | -                | -                        | -                        | 1,865,889                |
| Gross receivables       | 13,467,501           | 180,967          | 2,073,625                | 2,773,934                | 18,496,027               |
| Less: allowance         | (2,846,260)          | (109,591)        | -                        | (351)                    | (2,956,202)              |
| Net total receivables   | <u>\$ 10,621,241</u> | <u>\$ 71,376</u> | <u>\$ 2,073,625</u>      | <u>\$ 2,773,583</u>      | <u>\$ 15,539,825</u>     |

|                         | Water and Sewer     | Internal Service | Total Proprietary Funds | Total All Funds      |
|-------------------------|---------------------|------------------|-------------------------|----------------------|
| Receivables             |                     |                  |                         |                      |
| Property taxes          | \$ -                | \$ -             | \$ -                    | \$ 591,457           |
| Franchise taxes         | -                   | -                | -                       | 1,880,315            |
| Sales taxes             | -                   | -                | -                       | 5,936,893            |
| Mixed drink taxes       | -                   | -                | -                       | 151,157              |
| Accounts                | 2,099,555           | 23,774           | 2,123,329               | 6,205,094            |
| Unbilled trade accounts | 3,063,705           | -                | 3,063,705               | 3,329,017            |
| Interest                | 92,034              | 15,008           | 107,042                 | 287,782              |
| Court                   | -                   | -                | -                       | 1,344,592            |
| Intergovernmental       | -                   | -                | -                       | 2,197,907            |
| Ambulance               | -                   | -                | -                       | 1,865,889            |
| Gross receivables       | 5,255,294           | 38,782           | 5,294,076               | 23,790,103           |
| Less: allowance         | (481,942)           | -                | (481,942)               | (3,438,144)          |
| Net total receivables   | <u>\$ 4,773,352</u> | <u>\$ 38,782</u> | <u>\$ 4,812,134</u>     | <u>\$ 20,351,959</u> |

#### 4. INTERFUND TRANSACTIONS

Interfund transactions and balances for the fiscal year 2016 were as follows:

##### Due to/from other funds

| Receivable Fund          | Payable Fund | Amount            | Purpose                               |
|--------------------------|--------------|-------------------|---------------------------------------|
| Nonmajor Governmental    | General Fund | \$ 98,571         | Properly classify revenue and expense |
| General Capital Projects | General Fund | 81,548            | Properly classify revenue and expense |
|                          |              | <u>\$ 180,119</u> |                                       |

##### Interfund Transfers

| Transfers In             | Transfers Out            | Amount               | Purpose   |
|--------------------------|--------------------------|----------------------|---|
| General                  | Water & Sewer Utility    | \$ 3,869,947         | Payments in lieu of taxes, franchise tax, and indirect cost reimbursement |
| General                  | General Capital Projects | 7,608,463            | Reimbursement of advanced funding   |
| General                  | Nonmajor Governmental    | 114,951              | Indirect cost reimbursement   |
| General Capital Projects | General Fund             | 18,912,766           | Financing of capital improvements   |
| General Capital Projects | Nonmajor Governmental    | 980,362              | Financing of capital improvements   |
| Nonmajor Governmental    | General Fund             | 115,733              | Matching funds and indirect cost reimbursements                           |
| Nonmajor Governmental    | Nonmajor Governmental    | 5,000                | Excess funds consolidation  |
| Internal Service Funds   | Internal Service Funds   | 300,000              | Excess funds transfer   |
| Internal Service Funds   | General Fund             | 100,000              | Indirect cost reimbursement   |
|                          |                          | <u>\$ 32,007,222</u> |   |

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016 was as follows:

|   | Beginning<br>Balance  | Increases            | Decreases           | Transfers           | Ending<br>Balance     |
|---|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| <b>Governmental Activities:</b>                   |                       |                      |                     |                     |                       |
| <u>Governmental Funds</u>                         |                       |                      |                     |                     |                       |
| Capital assets, not being depreciated:            |                       |                      |                     |                     |                       |
| Land  | \$ 53,433,614         | \$ 1,264,053         | \$ -                | \$ 1,764,846        | \$ 56,462,513         |
| Construction in progress                          | 29,101,620            | 26,474,560           | -                   | (30,804,970)        | 24,771,210            |
| Total capital assets, not being depreciated       | <u>82,535,234</u>     | <u>27,738,613</u>    | <u>-</u>            | <u>(29,040,124)</u> | <u>81,233,723</u>     |
| Capital assets, being depreciated:                |                       |                      |                     |                     |                       |
| Land improvements                                 | 340,863,459           | 10,768,743           | (23,196,781)        | 17,098,289          | 345,533,710           |
| Buildings   | 73,568,030            | -                    | -                   | 3,969,743           | 77,537,773            |
| Other improvements                                | 26,346,184            | 3,908,209            | -                   | 814,503             | 31,068,896            |
| Machinery and equipment                           | 31,428,912            | 850,456              | (40,092)            | 7,157,589           | 39,396,865            |
| Total capital assets being depreciated            | <u>472,206,585</u>    | <u>15,527,408</u>    | <u>(23,236,873)</u> | <u>29,040,124</u>   | <u>493,537,244</u>    |
| Accumulated depreciation:                         |                       |                      |                     |                     |                       |
| Land improvements                                 | (134,815,439)         | (11,623,043)         | 23,196,781          | -                   | (123,241,701)         |
| Buildings   | (29,379,473)          | (2,243,608)          | -                   | -                   | (31,623,081)          |
| Other improvements                                | (14,778,489)          | (2,441,055)          | -                   | -                   | (17,219,544)          |
| Machinery and equipment                           | (24,630,491)          | (1,965,079)          | 40,092              | -                   | (26,555,478)          |
| Total accumulated depreciation                    | <u>(203,603,892)</u>  | <u>(18,272,785)</u>  | <u>23,236,873</u>   | <u>-</u>            | <u>(198,639,804)</u>  |
| Total capital assets being depreciated, net       | <u>268,602,693</u>    | <u>(2,745,377)</u>   | <u>-</u>            | <u>29,040,124</u>   | <u>294,897,440</u>    |
| Total governmental funds capital assets, net      | <u>351,137,927</u>    | <u>24,993,236</u>    | <u>-</u>            | <u>-</u>            | <u>376,131,163</u>    |
| <u>Internal service funds</u>                     |                       |                      |                     |                     |                       |
| Capital assets, being depreciated:                |                       |                      |                     |                     |                       |
| Other improvements                                | 274,272               | 36,664               | -                   | -                   | 310,936               |
| Machinery and equipment                           | 27,764,710            | 3,137,706            | (1,344,511)         | -                   | 29,557,905            |
| Total internal service assets being depreciated   | <u>28,038,982</u>     | <u>3,174,370</u>     | <u>(1,344,511)</u>  | <u>-</u>            | <u>29,868,841</u>     |
| Accumulated depreciation:                         |                       |                      |                     |                     |                       |
| Other improvements                                | (159,761)             | (21,960)             | -                   | -                   | (181,721)             |
| Machinery and equipment                           | (22,539,834)          | (2,126,127)          | 1,336,812           | -                   | (23,329,149)          |
| Total accumulated depreciation                    | <u>(22,699,595)</u>   | <u>(2,148,087)</u>   | <u>1,336,812</u>    | <u>-</u>            | <u>(23,510,870)</u>   |
| Total internal services funds capital assets, net | <u>5,339,387</u>      | <u>1,026,283</u>     | <u>(7,699)</u>      | <u>-</u>            | <u>6,357,971</u>      |
| Governmental activities capital assets, net       | <u>\$ 356,477,314</u> | <u>\$ 26,019,519</u> | <u>\$ (7,699)</u>   | <u>\$ -</u>         | <u>\$ 382,489,134</u> |

**CITY OF LEWISVILLE, TEXAS**  
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|  | Beginning<br>Balance  | Increases            | Decreases   | Transfers           | Ending<br>Balance     |
|--|-----------------------|----------------------|-------------|---------------------|-----------------------|
| <b>Business-type activities:</b>             |                       |                      |             |                     |                       |
| Capital assets, not being depreciated:       |                       |                      |             |                     |                       |
| Land   | \$ 2,368,892          | \$ -                 | \$ -        | \$ -                | \$ 2,368,892          |
| Construction in progress                     | 25,052,147            | 11,544,057           | -           | (25,421,974)        | 11,174,230            |
| Total capital assets, not being depreciated  | <u>27,421,039</u>     | <u>11,544,057</u>    | <u>-</u>    | <u>(25,421,974)</u> | <u>13,543,122</u>     |
| Capital assets, being depreciated:           |                       |                      |             |                     |                       |
| Land improvements                            | 106,700               | -                    | -           | -                   | 106,700               |
| Buildings                                    | 1,131,504             | -                    | -           | -                   | 1,131,504             |
| Other improvements                           | 702,088               | -                    | -           | -                   | 702,088               |
| Water system                                 | 166,047,695           | 5,255,527            | -           | 12,928,456          | 184,231,678           |
| Sewer system                                 | 118,914,151           | 2,158,732            | -           | 12,493,518          | 133,566,401           |
| Machinery and equipment                      | 4,779,146             | -                    | -           | -                   | 4,779,146             |
| Total capital assets being depreciated       | <u>291,681,284</u>    | <u>7,414,259</u>     | <u>-</u>    | <u>25,421,974</u>   | <u>324,517,517</u>    |
| Accumulated depreciation:                    |                       |                      |             |                     |                       |
| Land improvements                            | (85,489)              | (2,379)              | -           | -                   | (87,868)              |
| Buildings                                    | (471,861)             | (28,601)             | -           | -                   | (500,462)             |
| Other improvements                           | (318,365)             | (47,802)             | -           | -                   | (366,167)             |
| Water system                                 | (49,852,373)          | (3,520,084)          | -           | -                   | (53,372,457)          |
| Sewer system                                 | (40,904,358)          | (2,540,782)          | -           | -                   | (43,445,140)          |
| Machinery and equipment                      | (4,027,682)           | (174,785)            | -           | -                   | (4,202,467)           |
| Total accumulated depreciation               | <u>(95,660,128)</u>   | <u>(6,314,433)</u>   | <u>-</u>    | <u>-</u>            | <u>(101,974,561)</u>  |
| Business-type activities capital assets, net |                       |                      |             |                     |                       |
| Total capital assets being depreciated, net  | 196,021,156           | 1,099,826            | -           | 25,421,974          | 222,542,956           |
| Total capital assets, net                    | <u>\$ 223,442,195</u> | <u>\$ 12,643,883</u> | <u>\$ -</u> | <u>\$ -</u>         | <u>\$ 236,086,078</u> |

**CITY OF LEWISVILLE, TEXAS**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

|  |                      |
|--|----------------------|
| Governmental activities:                             |                      |
| General government                                   | \$ 4,515,153         |
| Finance  | 81,412               |
| Community relations/tourism                          | 120,505              |
| Human resources                                      | 11,215               |
| Municipal court                                      | 12,477               |
| Information technology                               | 258,674              |
| Police   | 916,937              |
| Fire   | 383,254              |
| Public services                                      | 8,420,060            |
| Parks and recreation                                 | 3,288,018            |
| Development services                                 | 265,080              |
| Internal service funds                               | 2,148,087            |
| Total depreciation expense - governmental activities | <u>\$ 20,420,872</u> |
| Business-type activities:                            |                      |
| Water and sewer                                      | <u>\$ 6,314,433</u>  |

Outstanding commitments at September 30, 2016 under authorized construction contracts were approximately \$21.9 million. These outstanding commitments are to be financed by available cash and investment balances, which include proceeds from previous bond issuances.

## **6. EMPLOYEE RETIREMENT PLAN**

### Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677. In addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

In addition, the City granted on annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity.

The City elected to increase the annuities (annuity increases) of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year. The City has adopted annuity increases at the rate of 70% of the increase (if any) in the Consumer Price Index—all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

A summary of plan provisions for the City are as follows:

|                                   |  |
|-----------------------------------|--|
| Employee deposit rate             | 7%   |
| Matching ratio (City to employee) | 2 to 1   |
| Years required for vesting        | 5  |
| Service retirement eligibility    | 20 years at any age, 5 years at age 60 and above |
| Updated Service Credit            | 75% Repeating                                    |
| Annuity Increase to retirees      | 70% of CPI Repeating                             |

The City does not participate in Social Security.

CITY OF LEWISVILLE, TEXAS  
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At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

|   |              |
|---|--------------|
| Retirees or beneficiaries currently receiving benefits        | 342          |
| Inactive employees entitled to but not yet receiving benefits | 273          |
| Active employees  | <u>735</u>   |
|   | <u>1,350</u> |

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lewisville were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2016, the City made contributions of 16.88% for the months in 2015 and 16.27% for the months in 2016 which were the actuarially required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.5% per year   |
| Overall payroll growth    | 3.0% per year   |
| Investment Rate of Return | 6.75%, net of pension plan investment expense,<br>including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both male and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the TMRS Board of Trustees amended the long-term expected rate of return on pension plan investments from 7% to 6.75% effective January 1, 2016.

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class           | Target<br>Allocation | Long-term<br>Expected Real<br>Rate of Return<br>(Arithmetic) |
|-----------------------|----------------------|--|
| Domestic Equity       | 17.5%                | 4.55%  |
| International Equity  | 17.5%                | 6.10%  |
| Core Fixed Income     | 10.0%                | 1.00%  |
| Non-Core Fixed Income | 20.0%                | 3.65%  |
| Real Return           | 10.0%                | 4.03%  |
| Real Estate           | 10.0%                | 5.00%  |
| Absolute Return       | 10.0%                | 4.00%  |
| Private Equity        | 5.0%                 | 8.00%  |
| Total                 | 100.0%               |  |

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Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

|  | Increase (Decrease)                       |   |   |
|--|---|---|---|
|  | <u>Total Pension<br/>Liability</u><br>(a) | <u>Plan Fiduciary<br/>Net Position</u><br>(b) | <u>Net Pension<br/>Liability</u><br>(a) - (b) |
| Balance at 12/31/2014  | \$ 249,146,016                            | \$ 213,879,443                                | \$ 35,266,573                                 |
| Changes for the year   |   |   | -   |
| Service cost   | 7,706,342                                 |   | 7,706,342                                     |
| Interest   | 17,422,312                                |   | 17,422,312                                    |
| Change in benefit terms  | -   |   | -   |
| Difference between expected<br>and actual experience             | (1,045,357)                               |   | (1,045,357)                                   |
| Changes in assumptions   | (91,547)                                  |   | (91,547)                                      |
| Contributions-employer   |   | 7,822,183                                     | (7,822,183)                                   |
| Contributions-employee   |   | 3,244,700                                     | (3,244,700)                                   |
| Net investment income  |   | 315,625                                       | (315,625)                                     |
| Benefit payments, including refunds<br>of employee contributions | (8,218,045)                               | (8,218,045)                                   | -   |
| Administrative expense   |   | (192,227)                                     | 192,227                                       |
| Other changes  |   | (9,494)                                       | 9,494   |
| Net changes  | 15,773,705                                | 2,962,742                                     | 12,810,963                                    |
| Balance at 12/31/2015  | <u>\$ 264,919,721</u>                     | <u>\$ 216,842,185</u>                         | <u>\$ 48,077,536</u>                          |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount

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rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

|                    | 1% Decrease<br>5.75% | Current Single Rate<br>Assumption 6.75% | 1% Increase<br>7.75% |
|--------------------|----------------------|---|----------------------|
| Primary Government | \$86,276,638         | \$47,625,910                            | \$15,648,641         |
| Component Unit     | \$1,212,091          | \$451,626                               | \$219,846            |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$9,772,907 related to the Primary Government. For the same period, the City recognized pension expense of \$137,298 related to a component unit, Lewisville Parks and Library Development Corporation (LPLDC).

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

|  | Primary Government                |                                  | LPLDC                             |                                  |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Pension contributions after measurement date                         | \$ 8,262,154                      | \$ -                             | \$ 116,074                        | \$ -                             |
| Difference in expected and actual pension experience                 | -                                 | 2,499,542                        | -                                 | 32,054                           |
| Changes in actuarial assumptions used to determine pension liability | -                                 | -                                | -                                 | -                                |
| Difference in projected and actual earnings on pension assets        | 13,079,246                        | -                                | 180,679                           | -                                |
| Total  | <u>\$ 21,341,400</u>              | <u>\$ 2,499,542</u>              | <u>\$ 296,753</u>                 | <u>\$ 32,054</u>                 |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,378,228 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the city's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement<br>Year Ended |    |                   |
|---------------------------|----|-------------------|
| <u>Dec 31</u>             |    |                   |
| 2016                      | \$ | 2,796,091         |
| 2017                      |    | 2,796,091         |
| 2018                      |    | 2,796,089         |
| 2019                      |    | 2,428,157         |
| 2020                      |    | (88,099)          |
| Total                     | \$ | <u>10,728,329</u> |

## 7. COMMITMENTS AND CONTINGENCIES

### Water Contract

The City purchases all of its raw water from the City of Dallas. The raw water rate for this contract during the fiscal year was \$0.8335 per 1,000 gallons. The City of Dallas reserves the right and power during the term of this contract to set reasonable revised rates from time to time.

### Legal

The City is a party to various lawsuits. Although the outcome of these lawsuits is presently not determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

### Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agreement. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial position.

## 8. OTHER POST EMPLOYMENT BENEFITS

The City provides \$15,000 in life insurance upon retirement for employees with ten years of service with the City of Lewisville. Prior to October 1, 2013, the City purchased fully paid life insurance policies upon retirement for eligible employees. Beginning October 1, 2013, the City began purchasing life insurance through the City's group life insurance vendor. Premiums are now paid monthly for the coverage at a rate of \$1.50 per \$1,000 of coverage or \$22.50 per month. The City had 46 eligible retirees in fiscal year 2015-16 resulting in an annual expenditure of \$10,080.

Lewisville OPEB Liability Trust Fund

The City established an irrevocable trust in 2008 for the systematic funding of post-employment health benefits as a single-employer, defined benefit plan. Plan assets may be used only for the payment or reimbursement of benefits provided to retirees, in accordance with the terms of the plan.

*Summary of Significant Accounting Policies*

Financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized when due. The City's contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

*Plan Descriptions and Contribution Information*

The City provides comprehensive group medical benefits for employees at retirement who meet the eligibility requirements for postretirement benefits. Eligibility requirements are (1) age 60 and 5 years of service with the City, or (2) 20 years of service with Texas Municipal Retirement System, the City's pension provider. Election must be made at time of retirement to remain in the plan. Continuation of coverage is subject to the payment of required contributions by participating retirees and dependents. The City contributes a fixed amount toward each retiree's monthly premium, based on the tenure with the City. The City's substantive plan places a zero percent (0%) cap on future contribution increases. The employee remains on the plan until age 65 when they are moved to a fully insured Medicare supplement plan. The City contributes a flat \$50 per month toward the retiree's fully insured premium.

Membership of the plan consists of the following at October 1, 2015, the date of the latest actuarial valuation:

|   |     |
|---|-----|
| Number of retirees and beneficiaries receiving benefits | 56  |
| Active plan members                                     | 656 |

*Funding Status and Funding Progress*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Schedule of Funding Status and Funding Progress**

|   | <u>10/1/2015</u> | <u>10/1/2014</u> | <u>10/1/2013</u> |
|---|------------------|------------------|------------------|
| Actuarial Valuation Date                |                  |                  |                  |
| Actuarial Value of Assets               | \$3,856,600      | \$4,202,400      | \$3,743,700      |
| Actuarial Accrued Liability (AAL)       | \$4,640,600      | \$4,536,100      | \$4,614,500      |
| Unfunded AAL (UAAL)                     | \$784,000        | \$333,700        | \$870,800        |
| Funded Ratio                            | 83.1%            | 92.6%            | 81.1%            |
| Covered Payroll                         | \$44,613,514     | \$43,130,733     | \$42,175,565     |
| UAAL as a Percentage of Covered Payroll | 1.8%             | 0.8%             | 2.1%             |

The schedule of employer contributions present trend information about the amounts contributed to the plan by the City in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**Schedule of Employer Contributions and Net OPEB Obligation**

|  | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|--|------------------|------------------|------------------|
| Contribution Year                              |                  |                  |                  |
| Annual Required Contribution                   | \$ 200,300       | \$ 175,700       | \$ 224,000       |
| Interest on net OPEB obligation                | -                | -                | -                |
| Adjustment to annual required contribution     | -                | -                | -                |
| Annual OPEB cost                               | \$ 200,300       | \$ 175,700       | \$ 224,000       |
| Contributions made                             | 200,300          | 175,700          | 224,000          |
| Change in OPEB obligation                      | \$ -             | \$ -             | \$ -             |
| Net OPEB obligation (asset), beginning of year | -                | -                | -                |
| Net OPEB obligation (asset), end of year       | \$ -             | \$ -             | \$ -             |
| Percentage of annual OPEB cost contributed     | 100.0%           | 100.0%           | 100.0%           |

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspectives of the calculations.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

**Actuarial Assumptions**

|                            | 10/1/2015             | 10/1/2014             | 10/1/2013             |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Valuation date             | 10/1/2015             | 10/1/2014             | 10/1/2013             |
| Actuarial cost method      | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |
| Amortization method        | Level dollar, open    | Level dollar, open    | Level dollar, open    |
| Amortization period        | 30 years              | 30 years              | 30 years              |
| Asset valuation method     | Moving Average        | Market                | Market                |
| Actuarial assumptions:     |                       |                       |                       |
| Investment rate of return* | 7.0%                  | 7.5%                  | 7.5%                  |
| General Inflation          | 3.0%                  | 3.0%                  | 3.0%                  |

\*The rate of return was changed for the current valuation to 7.0%, being developed using a three-year moving average approach based on historic rate of returns of the OPEB trust.

Healthcare cost trend rate is assumed to be greater than 3% annually, however is not applicable for purposes of this valuation, since the City's future costs are set at a fixed amount.

The Lewisville OPEB Liability Trust Fund does not issue a separate financial report. Additional information can be found in the Agency and Trust Funds section of this report.

**9. COMPONENTS OF RESTRICTED ASSETS**

Restricted assets reported in the Enterprise Funds statement of net position at September 30, 2016 are comprised of the following:

|  |                     |
|--|---------------------|
| Deposits                                   | \$ 1,703,238        |
| Money held in escrow                       | 107,627             |
| Revenue bond current debt service accounts | 3,319,778           |
| Revenue bond future debt service accounts  | 3,446,277           |
| Revenue bond construction accounts         | <u>31,803,095</u>   |
| Total                                      | <u>\$40,380,015</u> |

The related liabilities payable from restricted assets at September 30, 2016 are as follows:

|  |                    |
|--|--------------------|
| Deposits payable                           | \$1,703,238        |
| Escrow payable                             | 107,627            |
| Accrued interest payable                   | 237,897            |
| Accounts, contracts, and retainage payable | 491,979            |
| Current maturities of bonds payable        | <u>5,105,000</u>   |
| Total                                      | <u>\$7,645,741</u> |

The ordinance authorizing the Waterworks and Sewer System Revenue Bonds requires that the City establish a sinking fund (recorded in the revenue bond current debt service accounts) in an amount not less than the amount required to fully pay principal and interest payments as they come

due. In addition, the ordinance requires that the City establish a reserve fund (recorded in the revenue bond future debt service accounts) to provide for payment of principal and interest in the event that other funds available for such purposes are insufficient. At September 30, 2016, the balances in both the sinking and reserve funds are sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of the Revenue Bonds be expended for making improvements and extensions to the City’s combined waterworks and sanitary sewer system. The proceeds are maintained in the revenue bond and capital projects construction accounts until such time as needed to fund the construction program.

The amount of net position restricted for revenue bond retirements is detailed as follows:

|  |                    |
|--|--------------------|
| Revenue bond current debt service accounts | \$3,319,778        |
| Revenue bond future debt service accounts  | <u>3,446,277</u>   |
|  | 6,766,055          |
| Less:                                      |                    |
| Accrued interest payable                   | <u>237,897</u>     |
| Restricted for revenue bond retirement     | <u>\$6,528,158</u> |

## 10. DEFERRED COMPENSATION PLAN

The City offers its employees a choice between two deferred compensation plans (the Plan) created in accordance with Internal Revenue Code Section 457. One plan is administered and investments managed by Nationwide Retirement Solutions (NRS) while another plan is administered by AIG Valic. The assets and liabilities amounted to \$31,641,262 for Nationwide and \$41,290,827 for AIG Valic at September 30, 2016. The plans include numerous types of investments as participants elect how their salary deferrals are invested. Investment options include the following: fixed annuities, variable annuities, and life insurance.

The Plan is available to all City employees and permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City’s management that the City has no liability for those losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The City provides limited administrative duties.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the deferred compensation plans are not included in the financial statements of the City.

## 11. LONG TERM LIABILITIES

### General Obligation Bonds and Tax Notes

General Obligation Bonds and Tax Notes are direct obligations and pledge the full faith and credit of the City. Bonds generally are issued as 16-year serial bonds, except for refunding issues, with level debt service requirements each year. General Obligation Bonds and Tax Notes outstanding as of September 30, 2016 are as follows:

| <u>Purpose</u>     | <u>Interest Rates</u> | <u>Governmental<br/>Activities<br/>Amount</u> | <u>Business-Type<br/>Activities<br/>Amount</u> |
|--------------------|-----------------------|---|--|
| General Government | 1.50% - 5.00%         | \$ 84,785,000                                 | \$ 1,875,000                                   |

General Obligation Bonds are authorized by a referendum election prior to issuance. The City's last election that authorized the issuance of these bonds was held on November 3, 2015. The authorized and remaining balances as of September 30, 2016 are as follows:

| <u>Purpose</u>     | <u>Date<br/>Authorized</u> | <u>Amount<br/>Authorized</u> | <u>Unissued<br/>Balance</u> |
|--------------------|----------------------------|------------------------------|-----------------------------|
| Streets            | 11/3/2015                  | \$ 71,600,000                | \$ 70,250,000               |
| Parks & Recreation | 11/3/2015                  | 39,900,000                   | 37,005,000                  |
| Police & Fire      | 11/3/2015                  | 10,500,000                   | 10,500,000                  |
| Aquatic Center     | 11/3/2015                  | 13,000,000                   | 11,500,000                  |
| Total              |                            | <u>\$ 135,000,000</u>        | <u>\$ 129,255,000</u>       |

### Certificates of Obligation

Certificates of Obligation are direct obligations of the City, payable from a combination of ad valorem taxes and a limited pledge of surplus revenues of the City's waterworks and sewer system. Certificates of Obligation outstanding as of September 30, 2016 are as follows:

| <u>Purpose</u>                 | <u>Interest Rates</u> | <u>Governmental<br/>Activities<br/>Amount</u> |
|--------------------------------|-----------------------|---|
| Parks and Library Improvements | 4.00% - 5.00%         | \$ 2,070,000                                  |
| General Government             | 4.50%                 | 330,000                                       |
|                                |                       | <u>\$ 2,400,000</u>                           |

CITY OF LEWISVILLE, TEXAS  
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Annual debt service requirements to maturity for Government Activities General Obligation Bonds, Tax Notes and Certificates of Obligation, including interest of \$19,626,858 are as follows:

| Year Ended<br>September 30 | Governmental Activities Bonds |                      | Total                 |
|----------------------------|-------------------------------|----------------------|-----------------------|
|                            | Principal                     | Interest             |                       |
| 2017                       | \$ 11,135,000                 | \$ 3,441,774         | \$ 14,576,774         |
| 2018                       | 10,065,000                    | 2,943,406            | 13,008,406            |
| 2019                       | 8,690,000                     | 2,554,038            | 11,244,038            |
| 2020                       | 8,550,000                     | 2,193,231            | 10,743,231            |
| 2021                       | 7,560,000                     | 1,855,106            | 9,415,106             |
| 2022-2026                  | 27,775,000                    | 5,319,378            | 33,094,378            |
| 2027-2031                  | 12,015,000                    | 1,286,700            | 13,301,700            |
| 2032                       | 1,395,000                     | 33,225               | 1,428,225             |
|                            | <u>\$ 87,185,000</u>          | <u>\$ 19,626,858</u> | <u>\$ 106,811,858</u> |

During the year, the City issued \$15,300,000 of General Obligation Refunding and Improvement Bonds and \$8,670,000 of Tax Notes plus a cash contribution of \$219,418 for the purpose of refunding a portion of the City's outstanding general obligation and certificates of obligation debt; for designing and constructing improvements to the City's streets, sidewalks, bridges and other public ways; for acquiring, developing, and constructing improvements to the City's parks, trails, indoor aquatic center, park, pool and recreation facilities, open spaces, including acquiring, constructing and installing related public art; and acquiring and installing public safety equipment including a public safety digital radio system. As a result of the refunding, the City decreased its aggregate debt service payment to maturity by \$727,944 and realized an economic gain (difference between the present value of debt service payment on the old debt and the new debt) of \$681,242.

Revenue Bonds

The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue Bonds outstanding, at September 30, 2016, are as follows:

| Purpose  | Interest Rates | Amount              |
|--|----------------|---------------------|
| Water supply and waste water treatment                 | 1.50% - 5.00%  | \$46,880,000        |
| Less-Current maturities payable from restricted assets |                | 4,495,000           |
|  |                | <u>\$42,385,000</u> |

Annual debt service requirements to maturity, for Business-type Activities Revenue Bonds and General Obligation Bonds, including interest of \$11,040,054 are as follows:

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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| Year Ended<br>September 30 | Business Type Activities Bonds |                      | Total                |
|----------------------------|--------------------------------|----------------------|----------------------|
|                            | Principal                      | Interest             |                      |
| 2017                       | \$ 5,105,000                   | \$ 1,772,341         | \$ 6,877,341         |
| 2018                       | 5,310,000                      | 1,546,680            | 6,856,680            |
| 2019                       | 4,750,000                      | 1,385,835            | 6,135,835            |
| 2020                       | 3,875,000                      | 1,240,585            | 5,115,585            |
| 2021                       | 4,030,000                      | 1,093,185            | 5,123,185            |
| 2022-2026                  | 17,015,000                     | 3,235,184            | 20,250,184           |
| 2027-2031                  | 8,090,000                      | 754,644              | 8,844,644            |
| 2032                       | 580,000                        | 11,600               | 591,600              |
|                            | <u>\$ 48,755,000</u>           | <u>\$ 11,040,054</u> | <u>\$ 59,795,054</u> |

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2016, the City was in compliance with all limitations and restrictions.

During the year, the City issued \$10,880,000 of Waterworks and Sewer System Revenue Refunding and Improvement Bonds for the purposes of refunding a portion of the City's outstanding Waterworks and Sewer System debt and constructing, acquiring, and installing improvements, additions, and extensions to the System. As a result of the refunding, the City decreased its aggregate debt service payment to maturity by \$306,864 and realized an economic gain (difference between the present value of debt service payment on the old debt and the new debt) of \$284,572.

In the current year, the City defeased certain general obligation, certificates of obligation, and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At September 30, 2016, \$5,835,000 of outstanding general obligation bonds, \$12,975,000 of certificates of obligation, and \$4,200,000 of revenue bonds are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

|                             | Beginning<br>Balance  | Additions            | Reductions             | Ending<br>Balance     | Due Within<br>One Year |
|-----------------------------|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Governmental activities:    |                       |                      |                        |                       |                        |
| Bonds and notes payable and |                       |                      |                        |                       |                        |
| Certificates of obligation  | \$ 83,115,000         | \$ 23,970,000        | \$ (19,900,000)        | \$ 87,185,000         | \$ 11,135,000          |
| Premium                     | 5,974,411             | 2,097,808            | (615,404)              | 7,456,815             | -                      |
| Compensated absences        | 8,347,077             | 4,905,142            | (5,063,721)            | 8,188,498             | 5,291,042              |
| Net pension obligation      | 31,168,466            | 11,430,899           | -                      | 42,599,365            | -                      |
| Governmental activity       |                       |                      |                        |                       |                        |
| long-term liabilities       | <u>\$ 128,604,954</u> | <u>\$ 42,403,849</u> | <u>\$ (25,579,125)</u> | <u>\$ 145,429,678</u> | <u>\$ 16,426,042</u>   |
| Business type activities:   |                       |                      |                        |                       |                        |
| Bonds payable               | \$ 47,365,000         | \$ 10,880,000        | \$ (9,490,000)         | 48,755,000            | \$ 5,105,000           |
| Premium                     | 1,921,299             | 1,445,947            | 169,683                | 3,197,562             | -                      |
| Discount                    | (92,558)              | -                    | 10,434                 | (82,124)              | -                      |
| Compensated absences        | 831,590               | 431,588              | (528,553)              | 734,625               | 404,142                |
| Net pension obligation      | 3,823,967             | 1,202,578            | -                      | 5,026,545             | -                      |
| Business type activity:     |                       |                      |                        |                       |                        |
| long-term liabilities       | <u>\$ 53,849,298</u>  | <u>\$ 13,960,113</u> | <u>\$ (9,838,436)</u>  | <u>\$ 57,631,608</u>  | <u>\$ 5,509,142</u>    |

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

Component Unit Bonded Indebtedness

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

Proceeds of Certificates of Obligation issued in 2004 were utilized to finance the construction of park facilities and library improvements for LPLDC. Certificates of Obligation issued in 2007 for the LPLDC and the Tax Increment Reinvestment Zone Number 1 (TIRZ, also known as Old Town) component units were utilized for constructing an athletic complex, an arts activity center, parking lot and related improvements. A portion of the proceeds of the 2016 Tax Notes were issued for LPLDC for construction and acquisition of park and recreation facilities and improvements.

Note Payable to Primary Government / Note Receivable from Component Unit

The Lewisville Park and Library Development Corporation (“LPLDC”) has entered into agreements to reimburse the City for annual debt service costs associated with the Series 2004 and Series 2007A Combination Tax and Revenue Certificates of Obligation, a portion of the Series 2016 Tax Notes as well as costs associated with defeasing said bonds. The Tax Increment

**CITY OF LEWISVILLE, TEXAS**  
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Reinvestment Zone (“TIRZ”) has entered into agreements to reimburse the City for annual debt service costs associated with the Series 2007B Combination Tax and Revenue Certificates of Obligation as well as costs associated with defeasing said bonds. The outstanding obligations as of September 30, 2016, have been recorded as a non-current liability of the LPLDC and TIRZ in the amount of \$24,945,000 and \$6,235,000 respectively, and as a non-current asset of the governmental activities in the statement of net position.

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

| Year Ended<br>September 30 | LPLDC - Note Payable |                     |                      |
|----------------------------|----------------------|---------------------|----------------------|
|                            | Principal            | Interest            | Total                |
| 2017                       | \$ 1,925,000         | \$ 1,046,621        | \$ 2,971,621         |
| 2018                       | 1,910,000            | 946,394             | 2,856,394            |
| 2019                       | 1,995,000            | 860,669             | 2,855,669            |
| 2020                       | 2,090,000            | 770,944             | 2,860,944            |
| 2021                       | 2,180,000            | 680,319             | 2,860,319            |
| 2022-2026                  | 8,690,000            | 2,079,009           | 10,769,009           |
| 2027-2031                  | 5,020,000            | 804,100             | 5,824,100            |
| 2032                       | 1,135,000            | 28,025              | 1,163,025            |
|                            | <u>\$ 24,945,000</u> | <u>\$ 7,216,081</u> | <u>\$ 32,161,081</u> |

| Year Ended<br>September 30 | TIRZ - Note Payable |                     |                     |
|----------------------------|---------------------|---------------------|---------------------|
|                            | Principal           | Interest            | Total               |
| 2017                       | \$ 330,000          | \$ 309,229          | \$ 639,229          |
| 2018                       | 350,000             | 286,500             | 636,500             |
| 2019                       | 400,000             | 267,750             | 667,750             |
| 2020                       | 460,000             | 246,250             | 706,250             |
| 2021                       | 470,000             | 223,000             | 693,000             |
| 2022-2026                  | 3,320,000           | 678,750             | 3,998,750           |
| 2027                       | 905,000             | 22,625              | 927,625             |
|                            | <u>\$ 6,235,000</u> | <u>\$ 2,034,104</u> | <u>\$ 8,269,104</u> |

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

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|                                      | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|--------------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| LPLDC activities:                    |                      |                     |                       |                      |                        |
| Notes payable:                       |                      |                     |                       |                      |                        |
| Notes payable to Primary Government  | \$ 25,490,000        | \$ 4,535,000        | \$ (5,080,000)        | \$ 24,945,000        | \$ 1,925,000           |
| Compensated absences                 | 68,123               | 36,452              | (56,972)              | 47,603               | 30,815                 |
| Net pension obligation               | 274,140              | 177,486             | -                     | 451,626              | -                      |
| LPLDC activities total:              | <u>25,832,263</u>    | <u>4,748,938</u>    | <u>(5,136,972)</u>    | <u>25,444,229</u>    | <u>1,955,815</u>       |
| TIRZ activities:                     |                      |                     |                       |                      |                        |
| Notes payable:                       |                      |                     |                       |                      |                        |
| Notes payable to Primary Government  | 6,615,000            | 1,210,000           | (1,590,000)           | 6,235,000            | 330,000                |
| TIRZ activities total:               | <u>6,615,000</u>     | <u>1,210,000</u>    | <u>(1,590,000)</u>    | <u>6,235,000</u>     | <u>330,000</u>         |
| Component unit long-term liabilities | <u>\$ 32,447,263</u> | <u>\$ 5,958,938</u> | <u>\$ (6,726,972)</u> | <u>\$ 31,679,229</u> | <u>\$ 2,285,815</u>    |

Bonded Indebtedness of Which the City Has No Liability

In addition to the outstanding General Obligation Bonds of the City and the Water and Sewer System Revenue Bonds, all of which are included in the financial statements of the City, the City is the Issuer of the following Public Improvement Bond issues:

\$19,000,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 1998 (District No. 1 Project)

\$20,000,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Capital Improvement Bonds, Series 2008 (District No. 4 Project)

\$2,840,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding and Utility System Bonds, Series 2011 (District No. 3 Project)

\$2,965,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2011 (District No. 4 Project)

\$5,355,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Road System Bonds, Series 2011 (District No. 4 Project)

\$14,300,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2013 (District No. 2 Project)

**CITY OF LEWISVILLE, TEXAS**  
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\$3,255,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014 (District No. 5 Project)

\$4,495,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014 (District No. 5 Project)

\$1,360,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014 (District No. 7 Project)

\$1,405,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014 (District No. 7 Project)

\$3,680,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014 (District No. 4 Project)

\$7,310,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014 (District No. 6 Project)

\$1,200,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014 (District No. 6 Project)

\$4,580,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2015 (District No. 1 Project)

\$8,490,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2015 (District No. 2 Project)

\$19,535,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2015 (District No. 3 Project)

\$10,950,000 City of Lewisville, Texas Combination Contract Revenue and Special Assessment Road System Bonds, Series 2015 (District No. 5 Project)

These issues, are not direct obligations of the City of Lewisville, but rather, are revenue bonds issued for the Castle Hills Public Improvement District located in the City's extraterritorial jurisdiction.

For all issues pertaining to Districts 1-3, the principal and interest payment on the bonds is from ad valorem taxes (contract revenues, billed and collected by the Denton County Fresh Water District). For issues pertaining to District 4, no more than 90% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 10% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. For the remaining issues pertaining to Districts 5 through 7, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is

payable from special assessment revenues and subject to special mandatory redemption prior to maturity.

In the event contract revenues were ever insufficient to pay principal and interest, the City would levy and collect special assessments from property owners in the public improvement district.

At September 30, 2016, City of Lewisville, Texas Contract Revenue and Special Assessment Improvement Bonds outstanding aggregated was \$114,605,000.

## **12. RISK MANAGEMENT**

The City established a limited risk management program for workers' compensation and healthcare coverage in 1988. Beginning September 1, 1990, liability and property and casualty risk funding was established within the Self-Insurance Risk Internal Service Fund. Life, accidental death and dismemberment and long-term disability coverage are fully insured but accounted for within the fund. Premiums are transferred into the Self-Insurance Risk Internal Service Fund from all other operating funds and are available to pay claims, claim reserves, reinsurance excess coverage premiums, and any other premiums or administrative costs associated with the programs. During FY 2015-16, a total of \$1,103,017 was paid in life insurance and long-term disability premiums, reinsurance premiums, and administrative costs for workers' compensation, liability, and property/casualty claims. Workers' compensation liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not reported claims. The workers' compensation reinsurance provided excess coverage of \$500,000 per occurrence for all positions. Settled claims have not exceeded this commercial coverage in any of the past several years. In July 1999, the property and casualty and liability insurance coverages were moved to a deductible program. Each line of coverage has a deductible per occurrence ranging from \$500-\$50,000.

During FY 2001-02, the City established a Health Benefit Trust under Chapter 172 of the Texas Local Government Code. Since the establishment of the Trust, premiums for healthcare have been transferred into the Trust from all other operating funds and are available to pay claims, claim reserves, reinsurance excess coverage premiums, and the administrative costs of the medical/dental plan. For the plan year beginning October 1, 2015, the healthcare reinsurance provided excess coverage (beyond \$150,000 per occurrence) and an annual aggregate stop loss of approximately \$7,632,648 per plan year limit. The healthcare liabilities include the reserve for unpaid claims and a calculated reserve for incurred but not reported claims. During FY 2015-16, total expenses for claims, reinsurance premiums, and administrative costs for healthcare amounted to \$11,090,053.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated annually by an outside actuary who takes into consideration recently settled claims, the frequency of claims, and other economic and social factors.

**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

Changes in the balances of claims liabilities for the years ended September 30, 2016 and 2015 are as follows:

|                                   | <u>2016</u>         | <u>2015</u>         |
|-----------------------------------|---------------------|---------------------|
| Claims payable, beginning of year | \$ 1,873,609        | \$ 1,693,507        |
| Incurred claims                   | 8,927,030           | 9,597,151           |
| Claims payments                   | <u>(8,878,279)</u>  | <u>(9,417,049)</u>  |
| Claims payable, end of year       | <u>\$ 1,922,360</u> | <u>\$ 1,873,609</u> |

**13. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At the end of the current fiscal year, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds were as follows:

|   | <u>General<br/>Fund</u> | <u>Debt Service<br/>Fund</u> | <u>General Capital<br/>Projects<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|---|-------------------------|------------------------------|--|--|----------------------|
| <u>Deferred inflows of resources:</u>   |                         |                              |  |  |                      |
| Property taxes                          | \$ 140,083              | \$ 53,197                    | \$ -   | \$ -                                       | \$ 193,280           |
| Court fines                             | 250,670                 | -                            | -  | -  | 250,670              |
| Ambulance                               | 1,138,698               | -                            | -  | -  | 1,138,698            |
| Intergovernmental                       | -                       | -                            | 1,941,138                                    | 20,311                                     | 1,961,449            |
| Notes receivable from<br>component unit | -                       | 31,180,000                   | -  | -  | 31,180,000           |
| Other                                   | 74,588                  | -                            | -  | 30,904                                     | 105,492              |
| Total                                   | <u>\$ 1,604,039</u>     | <u>\$ 31,233,197</u>         | <u>\$ 1,941,138</u>                          | <u>\$ 51,215</u>                           | <u>\$ 34,829,589</u> |
| <u>Unearned revenue:</u>                |                         |                              |  |  |                      |
| Advance construction payment            | <u>\$ -</u>             | <u>\$ -</u>                  | <u>\$ 37,006,482</u>                         | <u>\$ -</u>                                | <u>\$ 37,006,482</u> |

#### 14. FUND BALANCE CLASSIFICATIONS

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non Spendable Fund Balance

This represents the portion of fund balance that is not in a spendable form (such as inventory or prepaid items) or is required to be maintained intact pursuant to legal or contractual requirements.

- Restricted Fund Balance

This represents the portion of fund balance that is subject to externally enforceable legal restrictions. These restrictions are typically imposed by parties outside the government such as grantors, creditors, or other government entities through laws and regulations.

- Committed Fund Balance

This represents the portion of fund balance that is constrained by limitations that the governing body imposed upon itself at the highest level of decision making (City Council) and remains binding unless removed in the same manner. Any changes must take place before the end of the reporting period.

- Assigned Fund Balance

This portion of fund balance reflects the government's intended use of resources. Such intent would have to be established at either the highest level of decision making or by a body (committee) or official designated for that purpose. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the General Fund would automatically be assigned here.

- Unassigned Fund Balance

Only the General Fund can have a positive "unassigned" fund balance. This balance represents any residual which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

A schedule of Governmental Fund Balances is provided on the following page.

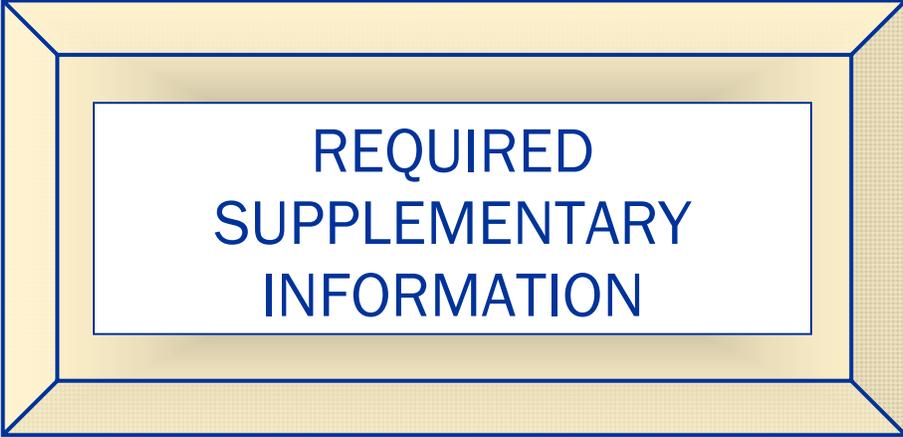
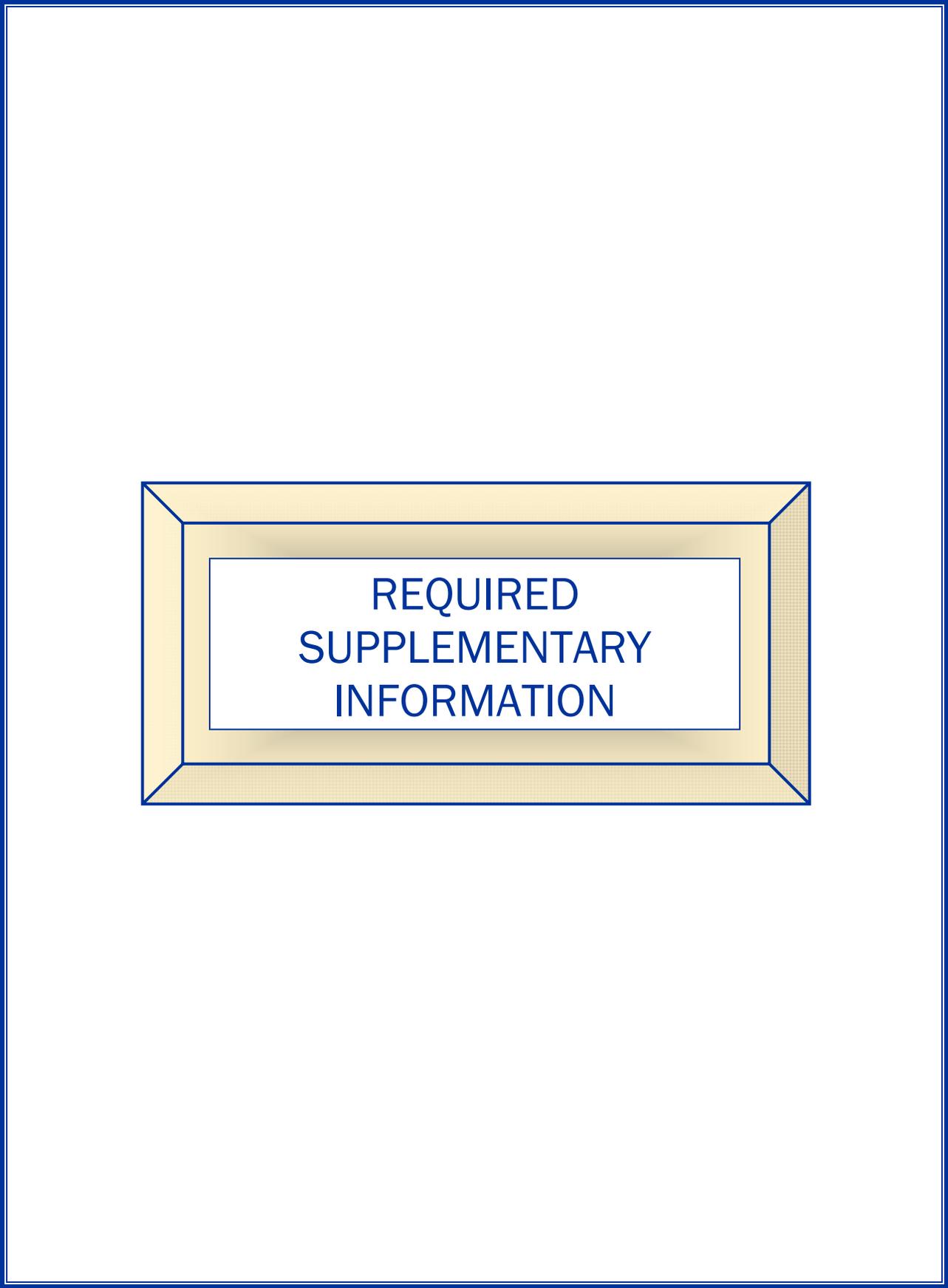
**CITY OF LEWISVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

| <b>GOVERNMENTAL FUNDS</b>                       |                      |                         |  |                                |                                |
|---|----------------------|-------------------------|--|--------------------------------|--------------------------------|
|   | General<br>Fund      | Debt<br>Service<br>Fund | General<br>Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| <b>FUND BALANCE:</b>                            |                      |                         |  |                                |                                |
| <b>Non Spendable:</b>                           |                      |                         |  |                                |                                |
| Prepaid items                                   | \$ 419,587           | \$ -                    | \$ -                                   | \$ 1,537,789                   | \$ 1,957,376                   |
| <b>Spendable:</b>                               |                      |                         |  |                                |                                |
| <b>Restricted for:</b>                          |                      |                         |  |                                |                                |
| Debt service                                    | -                    | 2,801,894               | -                                      | -                              | 2,801,894                      |
| Capital projects - Streets & Drainage           | -                    | -                       | 17,998,764                             | -                              | 17,998,764                     |
| Capital projects - Parks & Recreation           | -                    | -                       | 4,306,203                              | -                              | 4,306,203                      |
| Capital projects - Other                        | -                    | -                       | 1,513,065                              | -                              | 1,513,065                      |
| Hotel/Motel Tax Fund                            | -                    | -                       | 763,809                                | 5,957,128                      | 6,720,937                      |
| Grant Funds                                     | -                    | -                       | -                                      | 110,266                        | 110,266                        |
| Waters Ridge PID Fund                           | -                    | -                       | -                                      | 267,424                        | 267,424                        |
| Municipal Court Security Fund                   | -                    | -                       | -                                      | 60,211                         | 60,211                         |
| Municipal Court Technology Fund                 | -                    | -                       | 36,671                                 | 210,597                        | 247,268                        |
| Police Forfeitures Fund (State)                 | -                    | -                       | 40,000                                 | 107,068                        | 147,068                        |
| LEOSE Fund                                      | -                    | -                       | -                                      | 6,282                          | 6,282                          |
| Police Forfeitures Fund (Federal)               | -                    | -                       | -                                      | 205,181                        | 205,181                        |
| Juvenile Case Manager Fund                      | -                    | -                       | -                                      | 154,528                        | 154,528                        |
| PEG Programming Fund                            | -                    | -                       | -                                      | 684,804                        | 684,804                        |
| Crime Control & Prevention District             | -                    | -                       | 81,541                                 | 2,462,698                      | 2,544,239                      |
| Fire Control, Prevention, and Emergency         | -                    | -                       | -                                      | -                              | -                              |
| Medical Services District                       | -                    | -                       | 177,294                                | 5,075,642                      | 5,252,936                      |
| Castle Hills Capital Projects                   | -                    | -                       | -                                      | 3,194,479                      | 3,194,479                      |
| <b>Subtotal - Restricted for:</b>               | <b>-</b>             | <b>2,801,894</b>        | <b>24,917,347</b>                      | <b>18,496,308</b>              | <b>46,215,549</b>              |
| <b>Committed to:</b>                            |                      |                         |  |                                |                                |
| Capital projects - Streets                      | -                    | -                       | 3,232,137                              | -                              | 3,232,137                      |
| Capital projects - Parks                        | -                    | -                       | 474,787                                | -                              | 474,787                        |
| Capital projects - Landscape & Tree Mitigation  | -                    | -                       | 393,067                                | -                              | 393,067                        |
| Capital projects - Screening Walls              | -                    | -                       | 334,586                                | -                              | 334,586                        |
| Recreation Fund                                 | -                    | -                       | -                                      | 338,732                        | 338,732                        |
| Community Activities & Public Safety Training F | -                    | -                       | -                                      | 366,606                        | 366,606                        |
| Lewisville Local Government                     | -                    | -                       | -                                      | -                              | -                              |
| Corporation                                     | -                    | -                       | -                                      | 9,085                          | 9,085                          |
| <b>Subtotal - Committed to:</b>                 | <b>-</b>             | <b>-</b>                | <b>4,434,577</b>                       | <b>714,423</b>                 | <b>5,149,000</b>               |
| <b>Assigned to:</b>                             |                      |                         |  |                                |                                |
| Capital projects - Streets & Other              | -                    | -                       | 12,953,822                             | -                              | 12,953,822                     |
| Capital projects - Risk Management              | -                    | -                       | 911,873                                | -                              | 911,873                        |
| Capital projects - Recreation                   | -                    | -                       | 443,625                                | -                              | 443,625                        |
| Other   | 870,323              | -                       | -                                      | -                              | 870,323                        |
| Employee Benevolent Fund                        | -                    | -                       | -                                      | 29,523                         | 29,523                         |
| <b>Subtotal - Assigned to:</b>                  | <b>870,323</b>       | <b>-</b>                | <b>14,309,320</b>                      | <b>29,523</b>                  | <b>15,209,166</b>              |
| <b>Unassigned:</b>                              | <b>36,616,542</b>    | <b>-</b>                | <b>-</b>                               | <b>-</b>                       | <b>36,616,542</b>              |
| <b>TOTAL FUND BALANCES:</b>                     | <b>\$ 37,906,452</b> | <b>\$ 2,801,894</b>     | <b>\$ 43,661,244</b>                   | <b>\$ 20,778,043</b>           | <b>\$ 105,147,633</b>          |

## 15. SUBSEQUENT EVENTS

On February 22, 2017, the City of Lewisville issued \$14,365,000 General Obligation Bonds, Series 2017. Proceeds from the sale of the Bonds will be used to provide funds to design, develop, construct, improve, extend, and expand streets, thoroughfares, sidewalks, bridges, and other public ways of the city, including streetlighting, right-of-way protection, and related storm drainage improvements; and including acquiring, constructing, and installing related public art; to design, construct, reconstruct, improve, renovate, expand, equip and furnish public safety facilities, including fire station facilities, emergency services facilities and police administrative facilities, including the acquisition of land in connection with such public improvements; and to pay the costs associated with the issuance of the Bonds.

On February 22, 2017, the City of Lewisville issued \$11,025,000 Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2017. Proceeds from the sale of the Bonds will be used for the purpose of refunding a portion of the City's outstanding waterworks and sewer system debt in order to lower the overall debt service requirements of the City; construction, acquiring and installing improvements, additions and extension to the City's waterworks and sewer system; and paying the costs of issuing the Bonds.



REQUIRED  
SUPPLEMENTARY  
INFORMATION

**CITY OF LEWISVILLE, TEXAS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 (PREVIOUS YEARS ARE NOT AVAILABLE)  
 (UNAUDITED)**

**EXHIBIT A-1**

|   | <b>Measurement<br/>Year<br/>2014</b> | <b>Measurement<br/>Year<br/>2015</b> |
|---|--------------------------------------|--------------------------------------|
| Total pension liability   |                                      |                                      |
| Service cost  | \$ 7,057,241                         | \$ 7,706,342                         |
| Interest  | 16,497,518                           | 17,422,312                           |
| Changes in benefit terms  | -                                    | -                                    |
| Differences between expected<br>and actual experience                     | (2,478,575)                          | (1,045,357)                          |
| Change in assumptions   | -                                    | (91,547)                             |
| Benefit payments, incl. refunds<br>of employee contributions              | (8,160,747)                          | (8,218,045)                          |
| Net change in total pension liability                                     | 12,915,437                           | 15,773,705                           |
| Total pension liability - beginning                                       | 236,230,579                          | 249,146,016                          |
| Total pension liability - ending  | 249,146,016                          | 264,919,721                          |
| Plan fiduciary net position   |                                      |                                      |
| Contributions - employer  | 7,599,062                            | 7,822,183                            |
| Contributions - employee  | 3,052,739                            | 3,244,700                            |
| Net investment income   | 11,446,366                           | 315,625                              |
| Benefit payments, incl. refunds<br>of employee contributions              | (8,160,747)                          | (8,218,045)                          |
| Administrative expense  | (119,494)                            | (192,227)                            |
| Other   | (9,824)                              | (9,494)                              |
| Net change in plan fiduciary net position                                 | 13,808,102                           | 2,962,742                            |
| Plan fiduciary net position - beginning                                   | 200,071,341                          | 213,879,443                          |
| Plan fiduciary net position - ending                                      | 213,879,443                          | 216,842,185                          |
| Net pension liability - ending  | <u>\$ 35,266,573</u>                 | <u>\$ 48,077,536</u>                 |
| <br>  |                                      |                                      |
| Plan fiduciary net position as a<br>percentage of total pension liability | 85.85%                               | 81.85%                               |
| <br>  |                                      |                                      |
| Covered employee payroll  | \$ 43,597,704                        | \$ 46,340,001                        |
| <br>  |                                      |                                      |
| Net pension liability as a percentage<br>of covered employee payroll      | 80.89%                               | 103.75%                              |

Note: Measurement year as of December 31  
 Schedule will expand to include ten years of data per GASB68

**CITY OF LEWISVILLE, TEXAS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SCHEDULE OF CONTRIBUTIONS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**EXHIBIT A-2**

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| Fiscal Year | (1)<br>Actuarially<br>Determined<br>Contribution | (2)<br>Contribution<br>in Relation to<br>the actuarially<br>Determined<br>Contribution | (3)<br>Contribution<br>Excess<br>(Deficiency)<br>(2) - (1) | (4)<br>Covered<br>Employee<br>Payroll | (5)<br>Actuarially<br>Determined<br>Contribution as<br>a Percentage<br>of Covered<br>Employee<br>Payroll<br>(1) / (4) | (6)<br>Contributions<br>as a<br>Percentage<br>of Covered<br>Employee<br>Payroll<br>(2) / (4) |
|-------------|--|--|--|---------------------------------------|---|--|
| 2007        | 4,387,314  | 4,387,314  | -  | 34,600,268                            | 12.68%  | 12.68%   |
| 2008        | 4,871,746  | 4,871,746  | -  | 36,991,239                            | 13.17%  | 13.17%   |
| 2009        | 6,816,614  | 5,409,954  | (1,406,660)  | 38,868,039                            | 17.54%  | 13.92%   |
| 2010        | 7,903,067  | 5,997,951  | (1,905,116)  | 39,581,047                            | 19.97%  | 15.15%   |
| 2011        | 8,535,905  | 6,813,495  | (1,722,410)  | 41,107,984                            | 20.76%  | 16.57%   |
| 2012        | 7,838,904  | 6,811,107  | (1,027,797)  | 40,159,830                            | 19.52%  | 16.96%   |
| 2013        | 7,552,936  | 7,459,191  | (93,745)   | 42,175,565                            | 17.91%  | 17.69%   |
| 2014        | 7,530,047  | 7,606,524  | 76,477   | 43,130,733                            | 17.46%  | 17.64%   |
| 2015        | 7,589,980  | 7,589,980  | -  | 44,613,514                            | 17.01%  | 17.01%   |
| 2016        | 7,769,882  | 7,761,668  | (8,214)  | 47,287,476                            | 16.43%  | 16.41%   |

**Notes to Schedules:**

Valuation Date: Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rate for 2016:

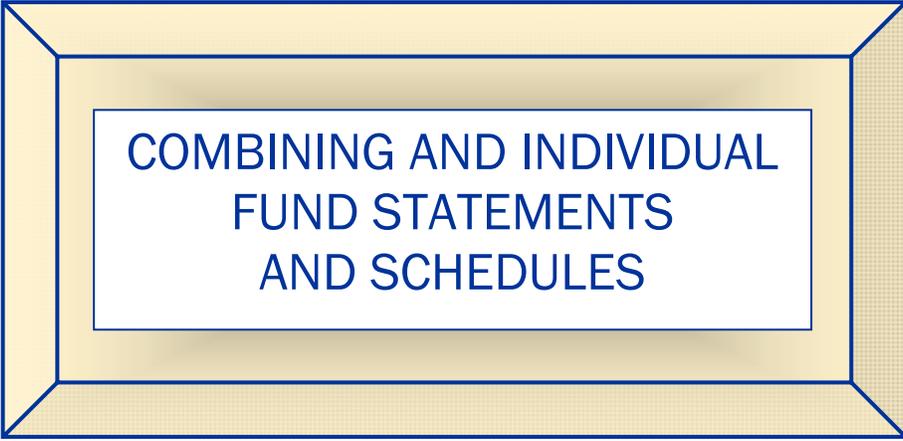
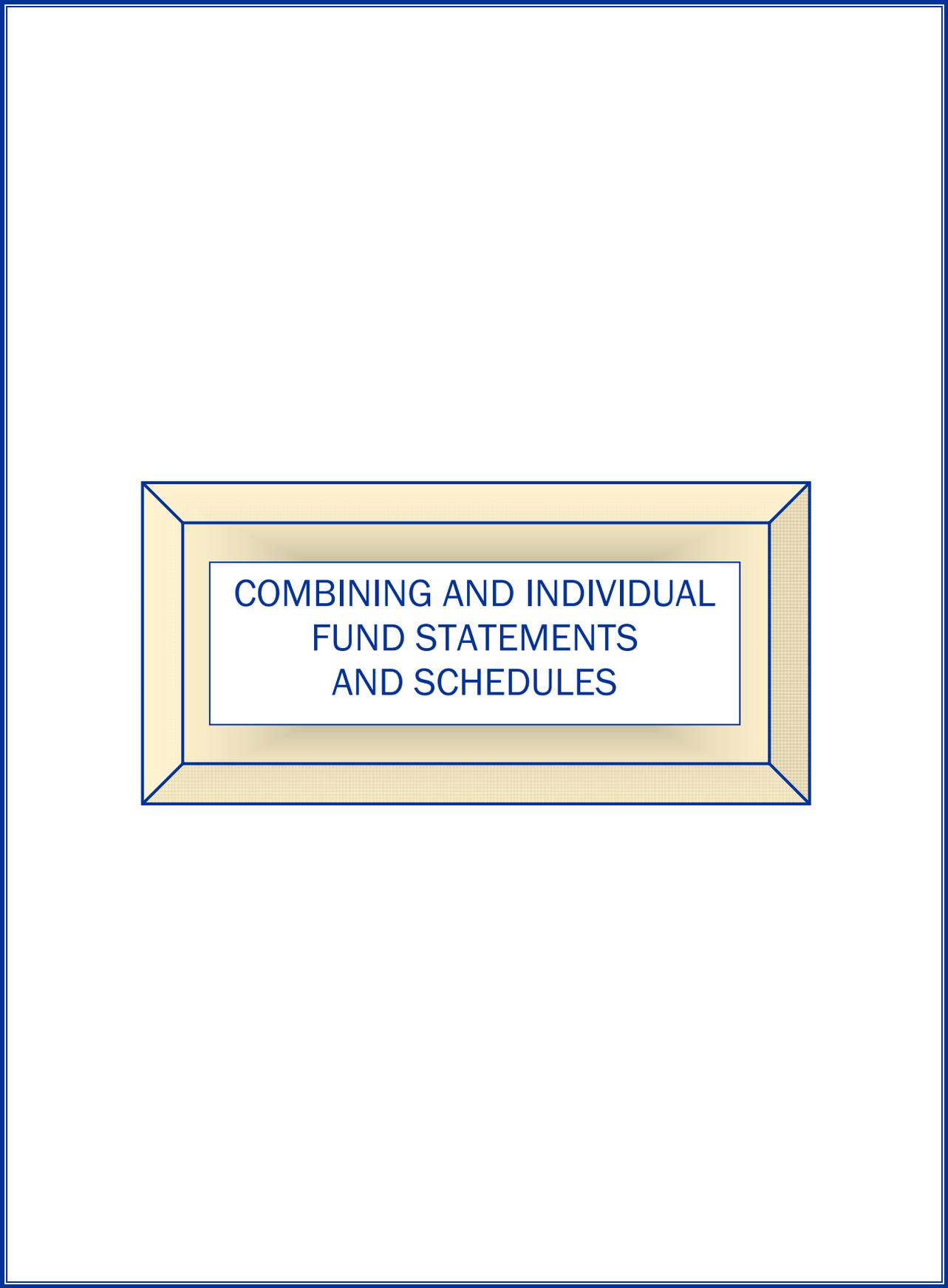
|                               |   |
|-------------------------------|---|
| Actuarial Cost Method         | Entry Age Normal  |
| Amortization Method           | Level Percentage of Payroll, Closed   |
| Remaining Amortization Period | 30 Years  |
| Asset Valuation Method        | 10 Years smoothed market; 15% soft corridor   |
| Inflation                     | 2.5%  |
| Salary Increases              | 3.5% to 10.5% including inflation   |
| Investment Rate of Return     | 6.75%   |
| Retirement Age                | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.                |
| Mortality                     | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

Assumption Differences for Fiscal Years Prior to 2016:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Unit Credit for fiscal years 2006 and 2007, Projected Unit Credit for fiscal years 2008 to 2013.   |
| Remaining Amortization Period | 15 Years   |
| Inflation                     | 3.0%   |
| Investment Rate of Return     | 7.00%  |
| Retirement Age                | Prior to fiscal year 2016, experience-based table of rates that were specific to the City's plan of benefits. Previously updated for the 2010 valuation pursuant to an experience study of the period 2005-2009. |
| Mortality                     | Prior to fiscal year 2014, Gender Distinct RP2000 Combined Healthy Mortality Table projected to the year 2003 by scale AA.   |

Other Information:

Fiscal year 2008 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2009.  
 Fiscal year 2009 and forward actuarial accrued liability adjusted for plan changes adopted effective January 1, 2010.  
 Fiscal years 2012 and forward includes the impact of Senate Bill 350 enacted by the Texas Legislature in June 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010. Previously reported amounts included only Employee Savings Fund and Municipal Accumulation Fund but excluded the City's portion of the Current Service Annuity Fund (CSARF) in which costs for all retirees were shared. The legislation eliminated the CSARF returning both liabilities and assets for retirees to the respective employer accounts.



COMBINING AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES

## MAJOR GOVERNMENTAL FUNDS

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### **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation, and certificates of obligation principal, and interest indebtedness for general governmental resources.

**CITY OF LEWISVILLE, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT B-1**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual Amounts</b> | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|-----------------------|---|
|  | <b>Original</b>         | <b>Final</b>        |                       |   |
| <b>REVENUES</b>  |                         |                     |                       |   |
| Property and other taxes   | \$ 9,433,490            | \$ 9,433,490        | \$ 9,629,174          | \$ 195,684  |
| Intergovernmental  | 3,221,304               | 3,221,304           | 3,193,166             | (28,138)  |
| Investment earnings  | 7,758                   | 7,758               | 21,236                | 13,478  |
| Miscellaneous  | -                       | -                   | 14,434                | 14,434  |
| Total revenues   | <u>12,662,552</u>       | <u>12,662,552</u>   | <u>12,858,010</u>     | <u>195,458</u>  |
| <b>EXPENDITURES</b>  |                         |                     |                       |   |
| Debt service   |                         |                     |                       |   |
| Principal  | 9,105,788               | 9,105,788           | 9,345,000             | (239,212)   |
| Interest and fiscal charges  | 3,409,594               | 3,409,594           | 3,304,937             | 104,657   |
| Total expenditures   | <u>12,515,382</u>       | <u>12,515,382</u>   | <u>12,649,937</u>     | <u>(134,555)</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>147,170</u>          | <u>147,170</u>      | <u>208,073</u>        | <u>60,903</u>   |
| Other financing sources (uses)                                       |                         |                     |                       |   |
| Premium (discount) on issuance of bonds                              | -                       | -                   | 1,105,545             | 1,105,545   |
| Issuance of refunding bonds  | -                       | -                   | 9,905,000             | 9,905,000   |
| Payment to refunding bond escrow agent                               | -                       | -                   | (10,873,240)          | (10,873,240)  |
| Total other financing sources (uses)                                 | <u>-</u>                | <u>-</u>            | <u>137,305</u>        | <u>137,305</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 147,170                 | 147,170             | 345,378               | 198,208   |
| <b>FUND BALANCES, beginning</b>                                      | 2,456,516               | 2,456,516           | 2,456,516             | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 2,603,686</u>     | <u>\$ 2,603,686</u> | <u>\$ 2,801,894</u>   | <u>\$ 198,208</u>   |

## **NON-MAJOR GOVERNMENTAL FUNDS**

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally or otherwise restricted to expenditures for particular purposes. The City has thirteen Special Revenue Funds as follows:

### **HOTEL/MOTEL TAX FUND**

To account for tax revenue collected as a percentage of gross receipts for all temporary room rentals in all hotel and motel establishments within the City. Funds are expended to promote tourism and culture in the City.

### **RECREATION ACTIVITY FUND**

To account for revenues collected from recreation users for specific events. Funds are expended on costs associated with the specific events' operations.

### **PEG PROGRAMMING FUND**

To account for Public, Education and Government (PEG) programming fees received by cable franchise entities used for capital costs associated with PEG production.

### **MUNICIPAL COURT TECHNOLOGY FUND**

To account for Municipal Court fees assessed to finance the purchase of technological enhancements for Municipal Court.

### **MUNICIPAL COURT SECURITY FUND**

To account for Municipal Court fees assessed to provide for court security.

### **JUVENILE CASE MANAGER FUND**

To account for Municipal Court fees used to fund a portion of the juvenile case manager position.

### **LAW ENFORCEMENT OFFICER STANDARD AND EDUCATION FUND**

To account for grant revenue received from the Comptroller's Office exclusively for the training of police officers. Uses can include materials, classes, registration costs, etc.

### **WATERS RIDGE PUBLIC IMPROVEMENT DISTRICT (PID) FUND**

To account for special revenue for an area-specific purpose. Funds are expended on costs associated with the specified improvements.

### **ASSET FORFEITURE – STATE FUND**

To account for funds received under the Controlled Substances Act of the State of Texas with expenditures restricted to use solely in the investigation of any alleged violations of the criminal laws of the state and donations for the same purpose.

### **ASSET FORFEITURE - FEDERAL FUND**

To account for federally forfeited cash, property, proceeds, and any interest earned thereon received as part of the Federal Equitable Sharing Agreement between local law enforcement agencies, the Department of Justice, and the Department of Treasury for cooperating in investigations with respect to asset forfeiture and money laundering investigations and prosecutions.

## NON-MAJOR GOVERNMENTAL FUNDS

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### **ADMINISTRATIVE BENEVOLENT FUND**

To account for funds received from employee concessions with expenditures controlled by employee committee.

### **COMMUNITY ACTIVITIES AND TRAINING FUND**

To account for revenues related to special events, sponsorships, certain naming rights, community contributions, as well as revenues and donations associated with police and fire training.

### **GRANTS FUND**

To account for revenues derived from federal and state granting agencies. The funds are expended for grant-related purposes.

Additionally, three blended component units and one capital project fund are included as Non-Major Governmental Funds:

### **LEWISVILLE CRIME CONTROL AND PREVENTION DISTRICT**

To account for one-eighth cent sales tax revenues to fund crime control and prevention programs.

### **LEWISVILLE FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL SERVICES DISTRICT**

To account for one-eighth cent sales tax revenues to fund fire safety and emergency medical service programs.

### **LEWISVILLE LOCAL GOVERNMENT CORPORATION FUND**

To account for assistance efforts in economic development initiatives.

### **CASTLE HILLS PID CAPITAL PROJECTS FUND**

To account for acquisition and construction of major capital facilities financed by the Castle Hills Public Improvement District.

**CITY OF LEWISVILLE, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2016**

| <b>Special Revenue Funds</b>   |                                 |   |                                     |  |  |   |                       |                                      |
|--|---------------------------------|---|-------------------------------------|--|--|---|-----------------------|--------------------------------------|
|  | <b>Hotel/Motel<br/>Tax Fund</b> | <b>Recreation<br/>Activity<br/>Fund</b> | <b>PEG<br/>Programming<br/>Fund</b> | <b>Municipal<br/>Court<br/>Technology<br/>Fund</b> | <b>Municipal<br/>Court<br/>Security Fund</b> | <b>Juvenile<br/>Case<br/>Manager<br/>Fund</b> | <b>LEOSE<br/>Fund</b> | <b>Waters<br/>Ridge PID<br/>Fund</b> |
| <b>ASSETS</b>  |                                 |   |                                     |  |  |   |                       |                                      |
| Cash   | \$ 824,224                      | \$ 56,461                               | \$ 99,811                           | \$ 36,161  | \$ 10,214                                    | \$ 26,188                                     | \$ 1,023              | \$ 43,534                            |
| Investments  | 3,975,371                       | 289,905                                 | 512,498                             | 179,645  | 52,444                                       | 134,467                                       | 5,251                 | 223,530                              |
| Receivables (net of allowances<br>for uncollectibles)                        |                                 |   |                                     |  |  |   |                       |                                      |
| Taxes  | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Accounts   | 1,187,800                       | -                                       | 71,671                              | -  | -  | -   | -                     | -                                    |
| Interest   | 7,404                           | 603                                     | 824                                 | 283  | 81   | 211   | 8                     | 360                                  |
| Other  | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Due from other funds   | 98,000                          | -                                       | -                                   | -  | -  | 571   | -                     | -                                    |
| Prepaid items  | 1,520,270                       | -                                       | -                                   | -  | 150  | -   | -                     | -                                    |
| Total assets   | <u>\$ 7,613,069</u>             | <u>\$ 346,969</u>                       | <u>\$ 684,804</u>                   | <u>\$ 216,089</u>                                  | <u>\$ 62,889</u>                             | <u>\$ 161,437</u>                             | <u>\$ 6,282</u>       | <u>\$ 267,424</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND<br/>BALANCES</b> |                                 |   |                                     |  |  |   |                       |                                      |
| <b>Liabilities</b>   |                                 |   |                                     |  |  |   |                       |                                      |
| Accounts and contracts payable   | 115,688                         | 6,591                                   | -                                   | 1,819  | 2,528  | -   | -                     | -                                    |
| Accrued liabilities  | 19,983                          | 1,646                                   | -                                   | 3,673  | -  | 2,207   | -                     | -                                    |
| Deposits payable   | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Money held in escrow   | -                               | -                                       | -                                   | -  | -  | 4,702   | -                     | -                                    |
| Total liabilities  | <u>135,671</u>                  | <u>8,237</u>                            | <u>-</u>                            | <u>5,492</u>                                       | <u>2,528</u>                                 | <u>6,909</u>                                  | <u>-</u>              | <u>-</u>                             |
| <b>Deferred inflows of resources<br/>unavailable resources</b>               |                                 |   |                                     |  |  |   |                       |                                      |
|  | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Total deferred inflows<br>of resources                                       | <u>-</u>                        | <u>-</u>                                | <u>-</u>                            | <u>-</u>   | <u>-</u>                                     | <u>-</u>                                      | <u>-</u>              | <u>-</u>                             |
| <b>Fund balances</b>   |                                 |   |                                     |  |  |   |                       |                                      |
| Nonspendable   | 1,520,270                       | -                                       | -                                   | -  | 150  | -   | -                     | -                                    |
| Restricted for   |                                 |   |                                     |  |  |   |                       |                                      |
| Capital projects   | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Other purposes   | 5,957,128                       | -                                       | 684,804                             | 210,597  | 60,211                                       | 154,528                                       | 6,282                 | 267,424                              |
| Committed to other purposes  | -                               | 338,732                                 | -                                   | -  | -  | -   | -                     | -                                    |
| Assigned to other purposes   | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Total fund balances  | <u>7,477,398</u>                | <u>338,732</u>                          | <u>684,804</u>                      | <u>210,597</u>                                     | <u>60,361</u>                                | <u>154,528</u>                                | <u>6,282</u>          | <u>267,424</u>                       |
| Total liabilities, deferred<br>inflows of resources, and<br>fund balances    | <u>\$ 7,613,069</u>             | <u>\$ 346,969</u>                       | <u>\$ 684,804</u>                   | <u>\$ 216,089</u>                                  | <u>\$ 62,889</u>                             | <u>\$ 161,437</u>                             | <u>\$ 6,282</u>       | <u>\$ 267,424</u>                    |

| Special Revenue Funds       |                               |                                |  |                   |  |  |   | Capital Projects                  |                                   |
|-----------------------------|-------------------------------|--------------------------------|--|-------------------|--|--|---|-----------------------------------|-----------------------------------|
| Asset Forfeiture-State Fund | Asset Forfeiture-Federal Fund | Administrative Benevolent Fund | Community Activities and Training Fund | Grants Fund       | Lewisville Crime Control and Prevention District | Lewisville Fire Control, Prevention, and Emergency Medical Services District | Lewisville Local Government Corporation | Castle Hills PID Capital Projects | Total Nonmajor Governmental Funds |
| \$ 32,994                   | \$ 33,395                     | \$ 4,818                       | \$ 69,203                              | \$ 2,516          | \$ 326,187                                       | \$ 739,522   | \$ 1,479                                | \$ -                              | \$ 2,307,730                      |
| 93,759                      | 171,473                       | 24,739                         | 355,334                                | 12,922            | 1,674,854  | 3,797,186  | 7,594                                   | 7,862,662                         | 19,373,634                        |
| -                           | -                             | -                              | -                                      | -                 | 563,521  | 563,420  | -                                       | -                                 | 1,126,941                         |
| 4,450                       | -                             | -                              | 27,896                                 | 256,769           | -  | -  | -                                       | -                                 | 1,548,586                         |
| 151                         | 313                           | 39                             | 614                                    | -                 | 2,649  | 6,081  | 12                                      | 72                                | 19,705                            |
| -                           | -                             | -                              | 78,351                                 | -                 | -  | -  | -                                       | -                                 | 78,351                            |
| -                           | -                             | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 98,571                            |
| -                           | 17,369                        | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 1,537,789                         |
| <u>\$ 131,354</u>           | <u>\$ 222,550</u>             | <u>\$ 29,596</u>               | <u>\$ 531,398</u>                      | <u>\$ 272,207</u> | <u>\$ 2,567,211</u>                              | <u>\$ 5,106,209</u>  | <u>\$ 9,085</u>                         | <u>\$ 7,862,734</u>               | <u>\$ 26,091,307</u>              |
| 24,286                      | -                             | 73                             | 113,623                                | 128,352           | 8,533  | 7,780  | -                                       | 4,668,255                         | 5,077,528                         |
| -                           | -                             | -                              | 6,756                                  | 13,278            | 95,980   | 22,787   | -                                       | -                                 | 166,310                           |
| -                           | -                             | -                              | 13,509                                 | -                 | -  | -  | -                                       | -                                 | 13,509                            |
| -                           | -                             | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 4,702                             |
| <u>24,286</u>               | <u>-</u>                      | <u>73</u>                      | <u>133,888</u>                         | <u>141,630</u>    | <u>104,513</u>                                   | <u>30,567</u>  | <u>-</u>                                | <u>4,668,255</u>                  | <u>5,262,049</u>                  |
| -                           | -                             | -                              | 30,904                                 | 20,311            | -  | -  | -                                       | -                                 | 51,215                            |
| -                           | -                             | -                              | 30,904                                 | 20,311            | -  | -  | -                                       | -                                 | 51,215                            |
| -                           | 17,369                        | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 1,537,789                         |
| -                           | -                             | -                              | -                                      | -                 | -  | -  | -                                       | 3,194,479                         | 3,194,479                         |
| 107,068                     | 205,181                       | -                              | -                                      | 110,266           | 2,462,698  | 5,075,642  | -                                       | -                                 | 15,301,829                        |
| -                           | -                             | -                              | 366,606                                | -                 | -  | -  | 9,085                                   | -                                 | 714,423                           |
| -                           | -                             | 29,523                         | -                                      | -                 | -  | -  | -                                       | -                                 | 29,523                            |
| <u>107,068</u>              | <u>222,550</u>                | <u>29,523</u>                  | <u>366,606</u>                         | <u>110,266</u>    | <u>2,462,698</u>                                 | <u>5,075,642</u>   | <u>9,085</u>                            | <u>3,194,479</u>                  | <u>20,778,043</u>                 |
| <u>\$ 131,354</u>           | <u>\$ 222,550</u>             | <u>\$ 29,596</u>               | <u>\$ 531,398</u>                      | <u>\$ 272,207</u> | <u>\$ 2,567,211</u>                              | <u>\$ 5,106,209</u>  | <u>\$ 9,085</u>                         | <u>\$ 7,862,734</u>               | <u>\$ 26,091,307</u>              |

**CITY OF LEWISVILLE, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

| <b>Special Revenue Funds</b>   |                                 |   |                                     |  |  |   |                       |                                      |
|--|---------------------------------|---|-------------------------------------|--|--|---|-----------------------|--------------------------------------|
|  | <b>Hotel/Motel<br/>Tax Fund</b> | <b>Recreation<br/>Activity<br/>Fund</b> | <b>PEG<br/>Programming<br/>Fund</b> | <b>Municipal<br/>Court<br/>Technology<br/>Fund</b> | <b>Municipal<br/>Court Security<br/>Fund</b> | <b>Juvenile<br/>Case<br/>Manager<br/>Fund</b> | <b>LEOSE<br/>Fund</b> | <b>Waters<br/>Ridge PID<br/>Fund</b> |
| <b>REVENUES</b>  |                                 |   |                                     |  |  |   |                       |                                      |
| Property and other taxes   | \$ 2,667,652                    | \$ -                                    | \$ 293,262                          | \$ -   | \$ -   | \$ -  | \$ -                  | \$ 15,022                            |
| Intergovernmental  | -                               | -                                       | -                                   | -  | -  | -   | 10,038                | -                                    |
| Charges for services   | -                               | 1,349                                   | -                                   | -  | -  | -   | -                     | -                                    |
| Recreation   | -                               | 366,432                                 | -                                   | -  | -  | -   | -                     | -                                    |
| Fines  | -                               | -                                       | -                                   | 78,376   | 58,786                                       | 96,907  | -                     | -                                    |
| Investment earnings  | 29,762                          | 4,082                                   | 3,907                               | 1,142  | 338  | 802   | 46                    | 1,502                                |
| Contributions and donations  | -                               | 158,529                                 | -                                   | -  | -  | -   | -                     | -                                    |
| Miscellaneous  | -                               | 185                                     | -                                   | -  | -  | -   | -                     | -                                    |
| Total revenues   | <u>2,697,414</u>                | <u>530,577</u>                          | <u>297,169</u>                      | <u>79,518</u>                                      | <u>59,124</u>                                | <u>97,709</u>                                 | <u>10,084</u>         | <u>16,524</u>                        |
| <b>EXPENDITURES</b>  |                                 |   |                                     |  |  |   |                       |                                      |
| Current  |                                 |   |                                     |  |  |   |                       |                                      |
| General government   | 1,702,279                       | -                                       | -                                   | -  | -  | -   | -                     | 3,100                                |
| Culture, parks and recreation  | -                               | 358,598                                 | -                                   | -  | -  | -   | -                     | -                                    |
| Public safety  | -                               | -                                       | -                                   | 110,537  | 21,365                                       | 60,165  | 8,962                 | -                                    |
| Public & development services  | -                               | -                                       | -                                   | -  | -  | -   | -                     | -                                    |
| Capital outlay   | -                               | -                                       | 153,998                             | -  | -  | -   | -                     | -                                    |
| Total expenditures   | <u>1,702,279</u>                | <u>358,598</u>                          | <u>153,998</u>                      | <u>110,537</u>                                     | <u>21,365</u>                                | <u>60,165</u>                                 | <u>8,962</u>          | <u>3,100</u>                         |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                                 |   |                                     |  |  |   |                       |                                      |
|  | 995,135                         | 171,979                                 | 143,171                             | (31,019)   | 37,759                                       | 37,544  | 1,122                 | 13,424                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                                 |   |                                     |  |  |   |                       |                                      |
| Transfers in   |                                 |   |                                     |  |  |   |                       |                                      |
| Transfers in   | -                               | -                                       | -                                   | 40,000   | -  | -   | -                     | -                                    |
| Transfers out  |                                 |   |                                     |  |  |   |                       |                                      |
| Transfers out  | (675,130)                       | (111,100)                               | -                                   | -  | (60,563)                                     | (17,438)                                      | -                     | -                                    |
| Total other financing sources (uses)                                 | <u>(675,130)</u>                | <u>(111,100)</u>                        | <u>-</u>                            | <u>40,000</u>                                      | <u>(60,563)</u>                              | <u>(17,438)</u>                               | <u>-</u>              | <u>-</u>                             |
| <b>NET CHANGES IN FUND BALANCES</b>                                  |                                 |   |                                     |  |  |   |                       |                                      |
|  | 320,005                         | 60,879                                  | 143,171                             | 8,981  | (22,804)                                     | 20,106  | 1,122                 | 13,424                               |
| <b>FUND BALANCES, beginning</b>                                      |                                 |   |                                     |  |  |   |                       |                                      |
|  | 7,157,393                       | 277,853                                 | 541,633                             | 201,616  | 83,165                                       | 134,422                                       | 5,160                 | 254,000                              |
| <b>FUND BALANCES, ending</b>   |                                 |   |                                     |  |  |   |                       |                                      |
|  | <u>\$ 7,477,398</u>             | <u>\$ 338,732</u>                       | <u>\$ 684,804</u>                   | <u>\$ 210,597</u>                                  | <u>\$ 60,361</u>                             | <u>\$ 154,528</u>                             | <u>\$ 6,282</u>       | <u>\$ 267,424</u>                    |

| Special Revenue Funds       |                               |                                |  |                   |  |  |   | Capital Projects Funds            | Total Nonmajor Governmental Funds |
|-----------------------------|-------------------------------|--------------------------------|--|-------------------|--|--|---|-----------------------------------|-----------------------------------|
| Asset Forfeiture-State Fund | Asset Forfeiture-Federal Fund | Administrative Benevolent Fund | Community Activities and Training Fund | Grants Fund       | Lewisville Crime Control and Prevention District | Lewisville Fire Control, Prevention, and Emergency Medical Services District | Lewisville Local Government Corporation | Castle Hills PID Capital Projects |                                   |
| \$ -                        | \$ -                          | \$ -                           | \$ -                                   | \$ -              | \$ 3,231,268                                     | \$ 3,235,711   | \$ -                                    | \$ -                              | \$ 9,442,915                      |
| 33,567                      | 85,436                        | -                              | 52,771                                 | 822,577           | -  | -  | -                                       | -                                 | 1,004,389                         |
| -                           | -                             | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 1,349                             |
| -                           | -                             | -                              | 179,836                                | -                 | -  | -  | -                                       | -                                 | 546,268                           |
| -                           | -                             | -                              | -                                      | -                 | -  | -  | -                                       | -                                 | 234,069                           |
| 829                         | 1,468                         | 160                            | 2,783                                  | -                 | 10,600   | 30,291   | 50                                      | 866                               | 88,628                            |
| -                           | -                             | -                              | 421,987                                | -                 | -  | -  | -                                       | 9,191,208                         | 9,771,724                         |
| 2,575                       | -                             | 5,122                          | 78,000                                 | -                 | -  | 55,001   | 457                                     | -                                 | 141,340                           |
| <u>36,971</u>               | <u>86,904</u>                 | <u>5,282</u>                   | <u>735,377</u>                         | <u>822,577</u>    | <u>3,241,868</u>                                 | <u>3,321,003</u>   | <u>507</u>                              | <u>9,192,074</u>                  | <u>21,230,682</u>                 |
| -                           | -                             | 3,935                          | -                                      | -                 | 185,196  | 75,071   | -                                       | 231,677                           | 2,201,258                         |
| -                           | -                             | -                              | 644,190                                | -                 | -  | -  | -                                       | -                                 | 1,002,788                         |
| 46,645                      | 120,922                       | -                              | 90,781                                 | 374,313           | 2,272,256  | 1,076,911  | -                                       | -                                 | 4,182,857                         |
| -                           | -                             | -                              | 5,361                                  | 471,980           | 210,605  | -  | -                                       | -                                 | 687,946                           |
| 32,075                      | 110,790                       | -                              | 107,590                                | 21,412            | 266,259  | 63,500   | -                                       | 9,570,070                         | 10,325,694                        |
| <u>78,720</u>               | <u>231,712</u>                | <u>3,935</u>                   | <u>847,922</u>                         | <u>867,705</u>    | <u>2,934,316</u>                                 | <u>1,215,482</u>   | <u>-</u>                                | <u>9,801,747</u>                  | <u>18,400,543</u>                 |
| (41,749)                    | (144,808)                     | 1,347                          | (112,545)                              | (45,128)          | 307,552  | 2,105,521  | 507                                     | (609,673)                         | 2,830,139                         |
| -                           | -                             | -                              | 5,000                                  | 75,733            | -  | -  | -                                       | -                                 | 120,733                           |
| (40,000)                    | -                             | -                              | (25,000)                               | -                 | (104,832)  | (66,250)   | -                                       | -                                 | (1,100,313)                       |
| <u>(40,000)</u>             | <u>-</u>                      | <u>-</u>                       | <u>(20,000)</u>                        | <u>75,733</u>     | <u>(104,832)</u>                                 | <u>(66,250)</u>  | <u>-</u>                                | <u>-</u>                          | <u>(979,580)</u>                  |
| (81,749)                    | (144,808)                     | 1,347                          | (132,545)                              | 30,605            | 202,720  | 2,039,271  | 507                                     | (609,673)                         | 1,850,559                         |
| 188,817                     | 367,358                       | 28,176                         | 499,151                                | 79,661            | 2,259,978  | 3,036,371  | 8,578                                   | 3,804,152                         | 18,927,484                        |
| <u>\$ 107,068</u>           | <u>\$ 222,550</u>             | <u>\$ 29,523</u>               | <u>\$ 366,606</u>                      | <u>\$ 110,266</u> | <u>\$ 2,462,698</u>                              | <u>\$ 5,075,642</u>  | <u>\$ 9,085</u>                         | <u>\$ 3,194,479</u>               | <u>\$ 20,778,043</u>              |

**CITY OF LEWISVILLE, TEXAS  
HOTEL/MOTEL TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-3**

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| <b>REVENUES</b>  |                     |                     |                     |   |
| Property and other taxes   | \$ 1,896,565        | \$ 1,896,565        | \$ 2,667,652        | \$ 771,087  |
| Investment earnings  | 9,281               | 9,281               | 29,762              | 20,481  |
| Total revenues   | <u>1,905,846</u>    | <u>1,905,846</u>    | <u>2,697,414</u>    | <u>791,568</u>  |
| <b>EXPENDITURES</b>  |                     |                     |                     |   |
| Current  |                     |                     |                     |   |
| General government   |                     |                     |                     |   |
| Community relations/tourism  | 1,731,894           | 1,702,788           | 1,702,279           | 509   |
| Total expenditures   | <u>1,731,894</u>    | <u>1,702,788</u>    | <u>1,702,279</u>    | <u>509</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>173,952</u>      | <u>203,058</u>      | <u>995,135</u>      | <u>792,077</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                     |   |
| Transfers out  | (577,138)           | (675,130)           | (675,130)           | -   |
| Total other financing sources (uses)                                 | <u>(577,138)</u>    | <u>(675,130)</u>    | <u>(675,130)</u>    | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (403,186)           | (472,072)           | 320,005             | 792,077   |
| <b>FUND BALANCES, beginning</b>                                      | 7,157,393           | 7,157,393           | 7,157,393           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 6,754,207</u> | <u>\$ 6,685,321</u> | <u>\$ 7,477,398</u> | <u>\$ 792,077</u>                                       |

**CITY OF LEWISVILLE, TEXAS  
RECREATION ACTIVITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-4**

|  | Budgeted Amounts |            | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------|------------|---|
|  | Original         | Final      |            |   |
| <b>REVENUES</b>  |                  |            |            |   |
| Charges for services   | \$ 1,000         | \$ 1,000   | \$ 1,349   | \$ 349  |
| Recreation   | 283,000          | 359,220    | 366,432    | 7,212   |
| Investment earnings  | 909              | 909        | 4,082      | 3,173   |
| Contributions and donations  | 181,200          | 181,200    | 158,529    | (22,671)  |
| Miscellaneous  | -                | -          | 185        | 185   |
| Total revenues   | 466,109          | 542,329    | 530,577    | (11,752)  |
| <b>EXPENDITURES</b>  |                  |            |            |   |
| Current  |                  |            |            |   |
| Culture, parks and recreation  |                  |            |            |   |
| Parks and recreation   | 353,100          | 429,088    | 358,598    | 70,490  |
| Total expenditures   | 353,100          | 429,088    | 358,598    | 70,490  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | 113,009          | 113,241    | 171,979    | 58,738  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                  |            |            |   |
| Transfers out  | (118,100)        | (106,100)  | (111,100)  | (5,000)   |
| Total other financing sources (uses)                                 | (118,100)        | (106,100)  | (111,100)  | (5,000)   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (5,091)          | 7,141      | 60,879     | 53,738  |
| <b>FUND BALANCES, beginning</b>                                      | 277,853          | 277,853    | 277,853    | -   |
| <b>FUND BALANCES, ending</b>   | \$ 272,762       | \$ 284,994 | \$ 338,732 | \$ 53,738   |

CITY OF LEWISVILLE, TEXAS  
 PEG PROGRAMMING SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-5

|                                    | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------|-------------------|-------------------|---|
|                                    | Original          | Final             |                   |   |
| <b>Revenues</b>                    |                   |                   |                   |   |
| Property and other taxes           | \$ 277,775        | \$ 277,775        | \$ 293,262        | \$ 15,487   |
| Investment earnings                | 627               | 627               | 3,907             | 3,280   |
| Total revenues                     | <u>278,402</u>    | <u>278,402</u>    | <u>297,169</u>    | <u>18,767</u>   |
| <b>Expenditures</b>                |                   |                   |                   |   |
| Current                            |                   |                   |                   |   |
| General government                 |                   |                   |                   |   |
| Community relations/tourism        | 20,000            | 20,000            | -                 | 20,000  |
| Capital outlay                     | 80,000            | 205,803           | 153,998           | 51,805  |
| Total expenditures                 | <u>100,000</u>    | <u>225,803</u>    | <u>153,998</u>    | <u>71,805</u>   |
| <b>NET CHANGE IN FUND BALANCES</b> | 178,402           | 52,599            | 143,171           | 90,572  |
| <b>FUND BALANCES, beginning</b>    | 541,633           | 541,633           | 541,633           | -   |
| <b>FUND BALANCES, ending</b>       | <u>\$ 720,035</u> | <u>\$ 594,232</u> | <u>\$ 684,804</u> | <u>\$ 90,572</u>  |

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-6**

|  | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>      |                   |   |
| <b>REVENUES</b>  |                         |                   |                   |   |
| Fines  | \$ 121,208              | \$ 121,208        | \$ 78,376         | \$ (42,832)   |
| Investment earnings  | 713                     | 713               | 1,142             | 429   |
| Total revenues   | <u>121,921</u>          | <u>121,921</u>    | <u>79,518</u>     | <u>(42,403)</u>   |
| <b>EXPENDITURES</b>  |                         |                   |                   |   |
| Current  |                         |                   |                   |   |
| Public safety  |                         |                   |                   |   |
| Municipal court  | 123,471                 | 123,471           | 110,537           | 12,934  |
| Total expenditures   | <u>123,471</u>          | <u>123,471</u>    | <u>110,537</u>    | <u>12,934</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(1,550)</u>          | <u>(1,550)</u>    | <u>(31,019)</u>   | <u>(29,469)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                   |                   |   |
| Transfers in   | -                       | -                 | 40,000            | 40,000  |
| Total other financing sources (uses)                                 | <u>-</u>                | <u>-</u>          | <u>40,000</u>     | <u>40,000</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (1,550)                 | (1,550)           | 8,981             | 10,531  |
| <b>FUND BALANCES, beginning</b>                                      | 201,616                 | 201,616           | 201,616           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 200,066</u>       | <u>\$ 200,066</u> | <u>\$ 210,597</u> | <u>\$ 10,531</u>  |

**CITY OF LEWISVILLE, TEXAS  
MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-7**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>    | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|------------------|---|
|  | <b>Original</b>         | <b>Final</b>     |                  |   |
| <b>REVENUES</b>  |                         |                  |                  |   |
| Fines  | \$ 56,698               | \$ 56,698        | \$ 58,786        | \$ 2,088  |
| Investment earnings  | 175                     | 175              | 338              | 163   |
| Total revenues   | <u>56,873</u>           | <u>56,873</u>    | <u>59,124</u>    | <u>2,251</u>  |
| <b>EXPENDITURES</b>  |                         |                  |                  |   |
| Current  |                         |                  |                  |   |
| Public safety  |                         |                  |                  |   |
| Municipal court  | 21,790                  | 21,790           | 21,365           | 425   |
| Total expenditures   | <u>21,790</u>           | <u>21,790</u>    | <u>21,365</u>    | <u>425</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>35,083</u>           | <u>35,083</u>    | <u>37,759</u>    | <u>2,676</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                  |                  |   |
| Transfers out  | (33,513)                | (60,563)         | (60,563)         | -   |
| Total other financing sources (uses)                                 | <u>(33,513)</u>         | <u>(60,563)</u>  | <u>(60,563)</u>  | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 1,570                   | (25,480)         | (22,804)         | 2,676   |
| <b>FUND BALANCES, beginning</b>                                      | 83,165                  | 83,165           | 83,165           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 84,735</u>        | <u>\$ 57,685</u> | <u>\$ 60,361</u> | <u>\$ 2,676</u>   |

**CITY OF LEWISVILLE, TEXAS  
 JUVENILE CASE MANAGER SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-8**

|  | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>      |                   |   |
| <b>REVENUES</b>  |                         |                   |                   |   |
| Fines  | \$ 92,555               | \$ 92,555         | \$ 96,907         | \$ 4,352  |
| Investment earnings  | 230                     | 230               | 802               | 572   |
| Total revenues   | <u>92,785</u>           | <u>92,785</u>     | <u>97,709</u>     | <u>4,924</u>  |
| <b>EXPENDITURES</b>  |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Public safety  |                         |                   |                   |   |
| Municipal court  | 60,242                  | 60,242            | 60,165            | 77  |
| Total expenditures   | <u>60,242</u>           | <u>60,242</u>     | <u>60,165</u>     | <u>77</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>32,543</u>           | <u>32,543</u>     | <u>37,544</u>     | <u>5,001</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                   |                   |   |
| Transfers out  | (17,438)                | (17,438)          | (17,438)          | -   |
| Total other financing sources (uses)                                 | <u>(17,438)</u>         | <u>(17,438)</u>   | <u>(17,438)</u>   | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 15,105                  | 15,105            | 20,106            | 5,001   |
| <b>FUND BALANCES, beginning</b>                                      | 134,422                 | 134,422           | 134,422           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 149,527</u>       | <u>\$ 149,527</u> | <u>\$ 154,528</u> | <u>\$ 5,001</u>   |

**CITY OF LEWISVILLE, TEXAS  
 LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-9**

|                                     | Budgeted Amounts |          | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|------------------|----------|-----------|---|
|                                     | Original         | Final    |           |   |
| <b>REVENUES</b>                     |                  |          |           |   |
| Intergovernmental                   | \$ 9,000         | \$ 9,000 | \$ 10,038 | \$ 1,038  |
| Investment earnings                 | -                | -        | 46        | 46  |
| Total revenues                      | 9,000            | 9,000    | 10,084    | 1,084   |
| <b>EXPENDITURES</b>                 |                  |          |           |   |
| Current                             |                  |          |           |   |
| Public safety                       |                  |          |           |   |
| Police                              | 9,000            | 9,000    | 8,962     | 38  |
| Total expenditures                  | 9,000            | 9,000    | 8,962     | 38  |
| <b>NET CHANGES IN FUND BALANCES</b> | -                | -        | 1,122     | 1,122   |
| <b>FUND BALANCES, beginning</b>     | 5,160            | 5,160    | 5,160     | -   |
| <b>FUND BALANCES, ending</b>        | \$ 5,160         | \$ 5,160 | \$ 6,282  | \$ 1,122  |

**CITY OF LEWISVILLE, TEXAS  
WATERS RIDGE PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-10**

|                                    | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|------------------------------------|-------------------------|-------------------|-------------------|---|
|                                    | <b>Original</b>         | <b>Final</b>      |                   |   |
| <b>REVENUES</b>                    |                         |                   |                   |   |
| Property and other taxes           | \$ 15,031               | \$ 15,031         | \$ 15,022         | \$ (9)  |
| Investment earnings                | 642                     | 642               | 1,502             | 860   |
| Total revenues                     | <u>15,673</u>           | <u>15,673</u>     | <u>16,524</u>     | <u>851</u>  |
| <b>EXPENDITURES</b>                |                         |                   |                   |   |
| Current                            |                         |                   |                   |   |
| General government                 |                         |                   |                   |   |
| General government                 | 15,000                  | 15,000            | 3,100             | 11,900  |
| Total expenditures                 | <u>15,000</u>           | <u>15,000</u>     | <u>3,100</u>      | <u>11,900</u>   |
| <b>NET CHANGE IN FUND BALANCES</b> | 673                     | 673               | 13,424            | 12,751  |
| <b>FUND BALANCES, beginning</b>    | 254,000                 | 254,000           | 254,000           | -   |
| <b>FUND BALANCES, ending</b>       | <u>\$ 254,673</u>       | <u>\$ 254,673</u> | <u>\$ 267,424</u> | <u>\$ 12,751</u>  |

**CITY OF LEWISVILLE, TEXAS  
ASSET FORFEITURE - STATE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-11**

|  | <b>Budgeted Amounts</b> |                  | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>     |                   |   |
| <b>REVENUES</b>  |                         |                  |                   |   |
| Intergovernmental  | \$ 4,700                | \$ 4,700         | \$ 33,567         | \$ 28,867   |
| Investment earnings  | -                       | -                | 829               | 829   |
| Miscellaneous  | 3,475                   | 3,475            | 2,575             | (900)   |
| Total revenues   | 8,175                   | 8,175            | 36,971            | 28,796  |
| <b>EXPENDITURES</b>  |                         |                  |                   |   |
| Current  |                         |                  |                   |   |
| Public safety  |                         |                  |                   |   |
| Police   | 143,047                 | 70,972           | 46,645            | 24,327  |
| Capital outlay   | -                       | 32,075           | 32,075            |   |
| Total expenditures   | 143,047                 | 103,047          | 78,720            | 24,327  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(134,872)</u>        | <u>(94,872)</u>  | <u>(41,749)</u>   | <u>53,123</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                  |                   |   |
| Transfers out  | -                       | (40,000)         | (40,000)          | -   |
| Total other financing sources (uses)                                 | -                       | (40,000)         | (40,000)          | -   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | (134,872)               | (134,872)        | (81,749)          | 53,123  |
| <b>FUND BALANCES, beginning</b>                                      | 188,817                 | 188,817          | 188,817           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 53,945</u>        | <u>\$ 53,945</u> | <u>\$ 107,068</u> | <u>\$ 53,123</u>  |

**CITY OF LEWISVILLE, TEXAS  
ASSET FORFEITURE - FEDERAL SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-12**

|                                    | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|-------------------|-------------------|-------------------|---|
|                                    | Original          | Final             |                   |   |
| <b>REVENUES</b>                    |                   |                   |                   |   |
| Intergovernmental                  | \$ 200,000        | \$ 200,000        | \$ 85,436         | \$ (114,564)  |
| Investment earnings                | 1,674             | 1,674             | 1,468             | (206)   |
| Total revenues                     | <u>201,674</u>    | <u>201,674</u>    | <u>86,904</u>     | <u>(114,770)</u>  |
| <b>EXPENDITURES</b>                |                   |                   |                   |   |
| Current                            |                   |                   |                   |   |
| Public safety                      |                   |                   |                   |   |
| Police                             | 24,266            | 110,900           | 120,922           | (10,022)  |
| Capital outlay                     | 104,844           | 227,853           | 110,790           | 117,063   |
| Total expenditures                 | <u>129,110</u>    | <u>338,753</u>    | <u>231,712</u>    | <u>107,041</u>  |
| <b>NET CHANGE IN FUND BALANCES</b> | 72,564            | (137,079)         | (144,808)         | (7,729)   |
| <b>FUND BALANCES, beginning</b>    | 367,358           | 367,358           | 367,358           | -   |
| <b>FUND BALANCES, ending</b>       | <u>\$ 439,922</u> | <u>\$ 230,279</u> | <u>\$ 222,550</u> | <u>\$ (7,729)</u>                                       |

**CITY OF LEWISVILLE, TEXAS  
COMMUNITY ACTIVITIES AND TRAINING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-13**

|  | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>      |                   |   |
| <b>REVENUES</b>  |                         |                   |                   |   |
| Intergovernmental  | \$ 30,851               | \$ 66,689         | \$ 52,771         | \$ (13,918)   |
| Recreation   | 299,088                 | 383,421           | 179,836           | (203,585)   |
| Investment earnings  | 1,040                   | 1,040             | 2,783             | 1,743   |
| Contributions and donations  | 410,450                 | 511,305           | 421,987           | (89,318)  |
| Miscellaneous  | -                       | -                 | 78,000            | 78,000  |
| <b>Total revenues</b>  | <b>741,429</b>          | <b>962,455</b>    | <b>735,377</b>    | <b>(227,078)</b>  |
| <b>EXPENDITURES</b>  |                         |                   |                   |   |
| Current  |                         |                   |                   |   |
| Culture, parks and recreation  |                         |                   |                   |   |
| Parks and recreation   | 653,101                 | 711,751           | 644,190           | 67,561  |
| Public safety  |                         |                   |                   |   |
| Police   | 42,948                  | 34,304            | 32,489            | 1,815   |
| Fire   | -                       | 17,572            | 58,292            | (40,720)  |
| Public & development services  |                         |                   |                   |   |
| Development services   | -                       | 4,994             | 5,361             | (367)   |
| Capital outlay   | -                       | 107,590           | 107,590           |   |
| <b>Total expenditures</b>  | <b>696,049</b>          | <b>876,211</b>    | <b>847,922</b>    | <b>28,289</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>45,380</b>           | <b>86,244</b>     | <b>(112,545)</b>  | <b>(198,789)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                   |                   |   |
| Transfers in   | -                       | -                 | 5,000             | 5,000   |
| Transfers out  | (80,797)                | (25,000)          | (25,000)          | -   |
| <b>Total other financing sources (uses)</b>                          | <b>(80,797)</b>         | <b>(25,000)</b>   | <b>(20,000)</b>   | <b>5,000</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>(35,417)</b>         | <b>61,244</b>     | <b>(132,545)</b>  | <b>(198,789)</b>  |
| <b>FUND BALANCES, beginning</b>                                      | <b>499,151</b>          | <b>499,151</b>    | <b>499,151</b>    | <b>-</b>  |
| <b>FUND BALANCES, ending</b>   | <b>\$ 463,734</b>       | <b>\$ 560,395</b> | <b>\$ 366,606</b> | <b>\$ (193,789)</b>   |

**CITY OF LEWISVILLE, TEXAS  
GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-14**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>     | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>        |                   |   |
| <b>REVENUES</b>  |                         |                     |                   |   |
| Intergovernmental  | \$ 1,075,471            | \$ 1,718,803        | \$ 822,577        | \$ (896,226)  |
| Investment earnings  | 330                     | 530                 | -                 | (530)   |
| Miscellaneous  | 6,594                   | 6,594               | -                 | (6,594)   |
| Total revenues   | <u>1,082,395</u>        | <u>1,725,927</u>    | <u>822,577</u>    | <u>(903,350)</u>  |
| <b>EXPENDITURES</b>  |                         |                     |                   |   |
| Current  |                         |                     |                   |   |
| Public safety  |                         |                     |                   |   |
| Police   | 218,700                 | 268,744             | 176,999           | 91,745  |
| Fire   | 200,000                 | 580,443             | 75,830            | 504,613   |
| Emergency management   | 41,760                  | 124,356             | 121,484           | 2,872   |
| Public & development services  |                         |                     |                   |   |
| Public services  | -                       | -                   | 1,427             | (1,427)   |
| Development services   | 697,663                 | 1,509,934           | 470,553           | 1,039,381   |
| Capital outlay   | -                       | 90,281              | 21,412            | 68,869  |
| Total expenditures   | <u>1,158,123</u>        | <u>2,573,758</u>    | <u>867,705</u>    | <u>1,706,053</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(75,728)</u>         | <u>(847,831)</u>    | <u>(45,128)</u>   | <u>802,703</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                     |                   |   |
| Transfers in   | <u>75,728</u>           | <u>75,728</u>       | <u>75,733</u>     | <u>5</u>  |
| Total other financing sources (uses)                                 | <u>75,728</u>           | <u>75,728</u>       | <u>75,733</u>     | <u>5</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | -                       | (772,103)           | 30,605            | 802,708   |
| <b>FUND BALANCES, beginning</b>                                      | 79,661                  | 79,661              | 79,661            | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 79,661</u>        | <u>\$ (692,442)</u> | <u>\$ 110,266</u> | <u>\$ 802,708</u>   |

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE CRIME CONTROL AND PREVENTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-15**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|---------------------|---|
|  | <b>Original</b>         | <b>Final</b>        |                     |   |
| <b>REVENUES</b>  |                         |                     |                     |   |
| Property and other taxes   | \$ 2,914,466            | \$ 2,914,466        | \$ 3,231,268        | \$ 316,802  |
| Investment earnings  | 2,713                   | 2,713               | 10,600              | 7,887   |
| Miscellaneous  |                         |                     |                     | -   |
| Total revenues   | <u>2,917,179</u>        | <u>2,917,179</u>    | <u>3,241,868</u>    | <u>324,689</u>  |
| <b>EXPENDITURES</b>  |                         |                     |                     |   |
| Current  |                         |                     |                     |   |
| General government   |                         |                     |                     |   |
| Information technology services                                      | 162,623                 | 162,623             | 185,196             | (22,573)  |
| Public safety  |                         |                     |                     |   |
| Police   | 2,253,147               | 2,301,570           | 2,272,256           | 29,314  |
| Public & development services  |                         |                     |                     |   |
| Development services   | 219,892                 | 219,892             | 210,605             | 9,287   |
| Capital outlay   | 254,134                 | 271,358             | 266,259             | 5,099   |
| Total expenditures   | <u>2,889,796</u>        | <u>2,955,443</u>    | <u>2,934,316</u>    | <u>21,127</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>27,383</u>           | <u>(38,264)</u>     | <u>307,552</u>      | <u>345,816</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                     |                     |   |
| Transfers out  | <u>(30,000)</u>         | <u>(104,832)</u>    | <u>(104,832)</u>    | <u>-</u>  |
| Total other financing sources (uses)                                 | <u>(30,000)</u>         | <u>(104,832)</u>    | <u>(104,832)</u>    | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <u>(2,617)</u>          | <u>(143,096)</u>    | <u>202,720</u>      | <u>345,816</u>  |
| <b>FUND BALANCES, beginning</b>                                      | <u>2,259,978</u>        | <u>2,259,978</u>    | <u>2,259,978</u>    | <u>-</u>  |
| <b>FUND BALANCES, ending</b>   | <u>\$ 2,257,361</u>     | <u>\$ 2,116,882</u> | <u>\$ 2,462,698</u> | <u>\$ 345,816</u>   |

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE FIRE CONTROL, PREVENTION AND EMERGENCY MEDICAL SERVICES DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT C-16**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|---------------------|---|
|  | <b>Original</b>         | <b>Final</b>        |                     |   |
| <b>REVENUES</b>  |                         |                     |                     |   |
| Property and other taxes   | \$ 2,916,364            | \$ 2,916,364        | \$ 3,235,711        | \$ 319,347  |
| Investment earnings  | 5,050                   | 5,050               | 30,291              | 25,241  |
| Miscellaneous  | -                       | -                   | 55,001              | 55,001  |
| Total revenues   | <u>2,921,414</u>        | <u>2,921,414</u>    | <u>3,321,003</u>    | <u>399,589</u>  |
| <b>EXPENDITURES</b>  |                         |                     |                     |   |
| Current  |                         |                     |                     |   |
| General government   |                         |                     |                     |   |
| Information technology services                                      | 78,792                  | 78,792              | 75,071              | 3,721   |
| Public safety  |                         |                     |                     |   |
| Fire   | 1,061,768               | 1,063,268           | 1,046,708           | 16,560  |
| Emergency management   | 28,658                  | 28,658              | 30,203              | (1,545)   |
| Capital outlay   | 101,250                 | 63,500              | 63,500              | -   |
| Total expenditures   | <u>1,270,468</u>        | <u>1,234,218</u>    | <u>1,215,482</u>    | <u>18,736</u>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>1,650,946</u>        | <u>1,687,196</u>    | <u>2,105,521</u>    | <u>418,325</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                         |                     |                     |   |
| Transfers out  | (30,000)                | (66,250)            | (66,250)            | -   |
| Total other financing sources (uses)                                 | <u>(30,000)</u>         | <u>(66,250)</u>     | <u>(66,250)</u>     | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 1,620,946               | 1,620,946           | 2,039,271           | 418,325   |
| <b>FUND BALANCES, beginning</b>                                      | 3,036,371               | 3,036,371           | 3,036,371           | -   |
| <b>FUND BALANCES, ending</b>   | <u>\$ 4,657,317</u>     | <u>\$ 4,657,317</u> | <u>\$ 5,075,642</u> | <u>\$ 418,325</u>   |

## **INTERNAL SERVICE FUNDS**

---

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a user charge basis.

### **MAINTENANCE AND REPLACEMENT FUND**

To provide for fleet maintenance services for City departments and account for the purchase of vehicles, major equipment, computers, and servers for the City. Departments pay monthly charges to provide the funds for future replacement of these capital assets, as well as reimburse fund for current fleet repairs and maintenance and certain technology services.

### **SELF-INSURANCE RISK FUND**

To account for the funds accumulated for defined risk of workers' compensation, unemployment and liability/property casualty programs. Revenues are from premiums charged to departments, and funds are disbursed accordingly to program expenses such as claim payments, administrative costs and reinsurance premiums.

### **HEALTH BENEFIT TRUST**

To account for the funds accumulated from premium charges to departments and employees for health and dental coverage programs. Expenses include claim payments, administrative costs, and reinsurance premiums.

**CITY OF LEWISVILLE, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT D-1**

|   | <b>Maintenance<br/>and<br/>Replacement<br/>Fund</b> | <b>Self-Insurance<br/>Risk Fund</b> | <b>Health Benefit<br/>Trust Fund</b> | <b>Total Internal<br/>Service Funds</b> |
|---|---|-------------------------------------|--------------------------------------|---|
| <b>ASSETS</b>                                     |   |                                     |                                      |   |
| Current assets                                    |   |                                     |                                      |   |
| Cash  | \$ 541,276  | \$ 800,717                          | \$ 498,981                           | \$ 1,840,974                            |
| Investments                                       | 2,779,263   | 3,983,036                           | 1,565,972                            | 8,328,271                               |
| Receivables (net of allowance for uncollectibles) |   |                                     |                                      |   |
| Accounts  | -   | -                                   | 23,774                               | 23,774                                  |
| Interest receivable                               | 4,558   | 8,107                               | 2,343                                | 15,008                                  |
| Inventory of supplies, at cost                    | 114,986   | -                                   | -                                    | 114,986                                 |
| Prepaid items                                     | 330   | 148,778                             | 55,700                               | 204,808                                 |
| Total current assets                              | <u>3,440,413</u>                                    | <u>4,940,638</u>                    | <u>2,146,770</u>                     | <u>10,527,821</u>                       |
| Noncurrent assets                                 |   |                                     |                                      |   |
| Capital assets                                    |   |                                     |                                      |   |
| Other improvements                                | -   | 310,936                             | -                                    | 310,936                                 |
| Machinery and equipment                           | 5,594,479   | 701,248                             | -                                    | 6,295,727                               |
| Motor vehicles                                    | 23,262,178  | -                                   | -                                    | 23,262,178                              |
| Less accumulated depreciation                     | (22,752,900)  | (757,970)                           | -                                    | (23,510,870)                            |
| Total noncurrent assets                           | <u>6,103,757</u>                                    | <u>254,214</u>                      | <u>-</u>                             | <u>6,357,971</u>                        |
| Total assets                                      | <u>9,544,170</u>                                    | <u>5,194,852</u>                    | <u>2,146,770</u>                     | <u>16,885,792</u>                       |
| <b>LIABILITIES</b>                                |   |                                     |                                      |   |
| Current liabilities                               |   |                                     |                                      |   |
| Accounts payable                                  | 53,342  | 69,988                              | 76,800                               | 200,130                                 |
| Incurred but not reported claim reserve           | -   | 971,047                             | 951,313                              | 1,922,360                               |
| Accrued liabilities                               | 25,994  | -                                   | 4,180                                | 30,174                                  |
| Compensated absences                              | 54,399  | -                                   | -                                    | 54,399                                  |
| Total current liabilities                         | <u>133,735</u>                                      | <u>1,041,035</u>                    | <u>1,032,293</u>                     | <u>2,207,063</u>                        |
| Noncurrent liabilities                            |   |                                     |                                      |   |
| Compensated absences                              | 44,485  | -                                   | -                                    | 44,485                                  |
| Total noncurrent liabilities                      | <u>44,485</u>                                       | <u>-</u>                            | <u>-</u>                             | <u>44,485</u>                           |
| Total liabilities                                 | <u>178,220</u>                                      | <u>1,041,035</u>                    | <u>1,032,293</u>                     | <u>2,251,548</u>                        |
| <b>NET POSITION</b>                               |   |                                     |                                      |   |
| Net investment in capital assets                  | 6,103,757   | 254,214                             | -                                    | 6,357,971                               |
| Unrestricted                                      | 3,262,193   | 3,899,603                           | 1,114,477                            | 8,276,273                               |
| Total net position                                | <u>\$ 9,365,950</u>                                 | <u>\$ 4,153,817</u>                 | <u>\$ 1,114,477</u>                  | <u>\$ 14,634,244</u>                    |

**CITY OF LEWISVILLE, TEXAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

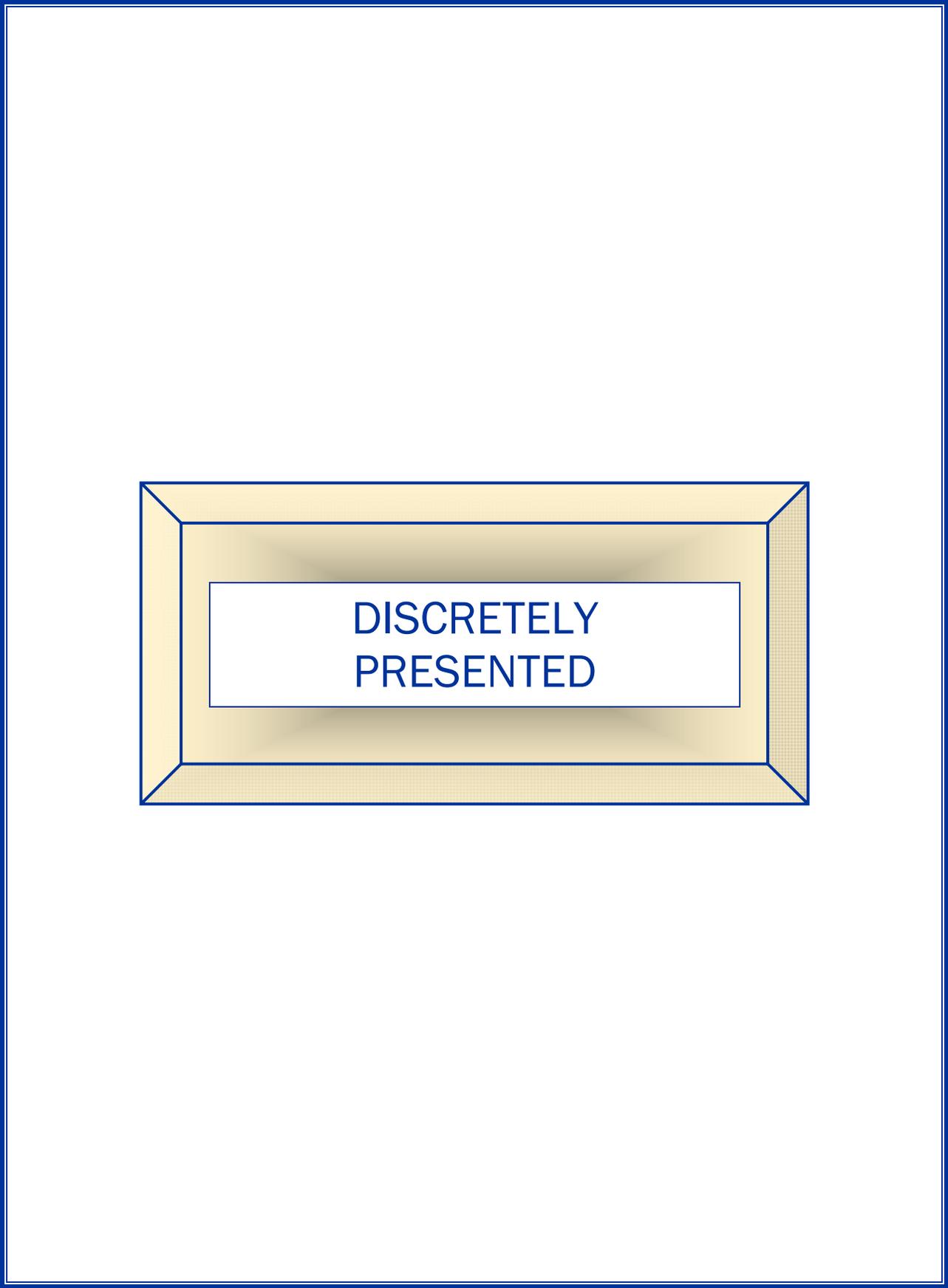
**EXHIBIT D-2**

|   | <b>Maintenance<br/>and<br/>Replacement<br/>Fund</b> | <b>Self-Insurance<br/>Risk Fund</b> | <b>Health Benefit<br/>Trust Fund</b> | <b>Total Internal<br/>Service Funds</b> |
|---|---|-------------------------------------|--------------------------------------|---|
| <b>OPERATING REVENUES</b>                         |   |                                     |                                      |   |
| Charges for sales and services                    | \$ 2,359,143  | \$ 1,611,696                        | \$ 9,682,961                         | \$ 13,653,800                           |
| Miscellaneous                                     | 1,069   | 7,306                               | 780                                  | 9,155                                   |
| Total operating revenues                          | <u>2,360,212</u>                                    | <u>1,619,002</u>                    | <u>9,683,741</u>                     | <u>13,662,955</u>                       |
| <b>OPERATING EXPENSES</b>                         |   |                                     |                                      |   |
| Cost of sales and services, net of reimbursements | 1,454,134   | 1,328,680                           | 10,704,771                           | 13,487,585                              |
| Personal services and administrative              | 517,743   | 158,439                             | 385,282                              | 1,061,464                               |
| Depreciation                                      | 2,098,530   | 49,557                              | -                                    | 2,148,087                               |
| Total operating expenses                          | <u>4,070,407</u>                                    | <u>1,536,676</u>                    | <u>11,090,053</u>                    | <u>16,697,136</u>                       |
| Operating income (loss)                           | <u>(1,710,195)</u>                                  | <u>82,326</u>                       | <u>(1,406,312)</u>                   | <u>(3,034,181)</u>                      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>           |   |                                     |                                      |   |
| Investment earnings                               | 23,547  | 33,742                              | 16,636                               | 73,925                                  |
| Gain on disposal of capital assets                | 237,130   | -                                   | -                                    | 237,130                                 |
| Total nonoperating revenues (expenses)            | <u>260,677</u>                                      | <u>33,742</u>                       | <u>16,636</u>                        | <u>311,055</u>                          |
| Income (loss) before contributions and transfers  | <u>(1,449,518)</u>                                  | <u>116,068</u>                      | <u>(1,389,676)</u>                   | <u>(2,723,126)</u>                      |
| Transfers and capital contributions               |   |                                     |                                      |   |
| Transfers in                                      | 100,000   | -                                   | 300,000                              | 400,000                                 |
| Transfers out                                     | -   | (300,000)                           | -                                    | (300,000)                               |
| <b>CHANGE IN NET POSITION</b>                     | <u>(1,349,518)</u>                                  | <u>(183,932)</u>                    | <u>(1,089,676)</u>                   | <u>(2,623,126)</u>                      |
| <b>NET POSITION, beginning</b>                    | 10,715,468  | 4,337,749                           | 2,204,153                            | 17,257,370                              |
| <b>NET POSITION, ending</b>                       | <u>\$ 9,365,950</u>                                 | <u>\$ 4,153,817</u>                 | <u>\$ 1,114,477</u>                  | <u>\$ 14,634,244</u>                    |

**CITY OF LEWISVILLE, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT D-3**

|   | <b>Maintenance and<br/>Replacement Fund</b> | <b>Self-<br/>Insurance<br/>Risk Fund</b> | <b>Health Benefit<br/>Trust Fund</b> | <b>Total Internal<br/>Service<br/>Funds</b> |
|---|---|--|--------------------------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |  |                                      |   |
| Cash received from transactions with other funds  | \$ 2,359,366                                | \$ 1,609,487                             | \$ 9,679,423                         | \$ 13,648,276                               |
| Cash paid to employees for services   | (513,795)                                   | -  | -                                    | (513,795)                                   |
| Cash paid for goods and services  | (795,466)                                   | (1,109,681)                              | (2,574,155)                          | (4,479,302)                                 |
| Cash paid for claims  | -   | (456,356)                                | (8,421,923)                          | (8,878,279)                                 |
| Cash received for miscellaneous items   | 1,069                                       | 34,637                                   | 780                                  | 36,486                                      |
| Net cash provided by (used in) operating activities   | <u>1,051,174</u>                            | <u>78,087</u>                            | <u>(1,315,875)</u>                   | <u>(186,614)</u>                            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |   |  |                                      |   |
| Transfers in from other funds   | 100,000                                     | -  | 300,000                              | 400,000                                     |
| Transfers out to other funds  | -   | (300,000)                                | -                                    | (300,000)                                   |
| Net cash provided by (used in) noncapital financing activities  | <u>100,000</u>                              | <u>(300,000)</u>                         | <u>300,000</u>                       | <u>100,000</u>                              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |   |  |                                      |   |
| Acquisition and construction of capital assets  | (3,072,385)                                 | (101,986)                                | -                                    | (3,174,371)                                 |
| Proceeds from the sale of equipment   | 244,829                                     | -  | -                                    | 244,829                                     |
| Net cash provided by (used in) capital and related financing activities                                 | <u>(2,827,556)</u>                          | <u>(101,986)</u>                         | <u>-</u>                             | <u>(2,929,542)</u>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |  |                                      |   |
| Purchase of investments   | (2,214,839)                                 | (3,174,144)                              | (1,247,948)                          | (6,636,931)                                 |
| Proceeds from sale and maturities of investments  | 2,964,849                                   | 2,773,985                                | 1,718,760                            | 7,457,594                                   |
| Interest received   | 23,547                                      | 33,742                                   | 16,636                               | 73,925                                      |
| Net cash provided by (used in) investing activities   | <u>773,557</u>                              | <u>(366,417)</u>                         | <u>487,448</u>                       | <u>894,588</u>                              |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | <b>(902,825)</b>                            | <b>(690,316)</b>                         | <b>(528,427)</b>                     | <b>(2,121,568)</b>                          |
| <b>CASH, beginning of year</b>  | <b>1,444,101</b>                            | <b>1,491,033</b>                         | <b>1,027,408</b>                     | <b>3,962,542</b>                            |
| <b>CASH, end of year</b>  | <b>\$ 541,276</b>                           | <b>\$ 800,717</b>                        | <b>\$ 498,981</b>                    | <b>\$ 1,840,974</b>                         |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b> |   |  |                                      |   |
| Operating income (loss)   | \$ (1,710,195)                              | \$ 82,326                                | \$ (1,406,312)                       | \$ (3,034,181)                              |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |   |  |                                      |   |
| Depreciation  | 2,098,530                                   | 49,557                                   | -                                    | 2,148,087                                   |
| Change in assets and liabilities  |   |  |                                      |   |
| (Increase) decrease in accounts receivable  | 223   | (2,209)                                  | (3,538)                              | (5,524)                                     |
| (Increase) decrease in inventory  | (19,137)                                    | -  | -                                    | (19,137)                                    |
| (Increase) decrease in prepaid expenses   | 646,762                                     | (23,053)                                 | (22,339)                             | 601,370                                     |
| Increase (decrease) in accounts and claims payable  | (11,737)                                    | (28,534)                                 | 115,731                              | 75,460                                      |
| Increase (decrease) in accrued liabilities  | 46,728                                      | -  | 583                                  | 47,311                                      |
| Total adjustments   | <u>2,761,369</u>                            | <u>(4,239)</u>                           | <u>90,437</u>                        | <u>2,847,567</u>                            |
| Net cash provided by (used in) operating activities   | <u>\$ 1,051,174</u>                         | <u>\$ 78,087</u>                         | <u>\$ (1,315,875)</u>                | <u>\$ (186,614)</u>                         |
| <b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>  |   |  |                                      |   |
| Increase (decrease) in fair value of investments  | (2,536)                                     | (2,450)                                  | (1,746)                              | (6,732)                                     |



DISCRETELY  
PRESENTED

## **DISCRETELY PRESENTED COMPONENT UNITS**

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### **LEWISVILLE HOUSING FINANCE CORPORATION**

To account for certain housing needs within the City of Lewisville. There is no separate presentation in this section for this component unit due to no perspective differences from schedules already presented.

### **LEWISVILLE INDUSTRIAL DEVELOPMENT AUTHORITY**

To account for certain financial participation by the Authority in commercial development projects. There is no separate presentation in this section for this component unit due to no perspective differences from schedules already presented.

### **TAX INCREMENT REINVESTMENT ZONE NUMBER 1**

To account for and provide additional financing resources to enhance the redevelopment of the Old Town area of the City.

### **TAX INCREMENT REINVESTMENT ZONE NUMBER 2**

To account for and provide additional financing resources to pay for infrastructure costs to facilitate a mixed-use development project near the intersection of I-35E and SH-121. There is no separate presentation in this section for this component unit due to no perspective differences from schedules already presented.

### **LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION**

To account for one-quarter cent sales tax revenues to fund public parks, recreation, and library projects and operations.

CITY OF LEWISVILLE, TEXAS  
LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION  
BALANCE SHEET  
SEPTEMBER 30, 2016

EXHIBIT E-1

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|   | <b>Lewisville Parks and<br/>Library Development<br/>Corporation</b> |
|---|---|
| <b>ASSETS</b>                             |   |
| Cash                                      | \$ 2,076,748  |
| Investments                               | 10,661,556  |
| Receivables                               | <u>1,219,844</u>  |
| <b>Total assets</b>                       | <u>\$ 13,958,148</u>  |
| <b>LIABILITIES</b>                        |   |
| Accounts and contracts payable            | \$ 208,253  |
| Accrued liabilities                       | <u>44,389</u>   |
| <b>Total liabilities</b>                  | <u>252,642</u>  |
| <b>FUND BALANCE</b>                       |   |
| Unassigned                                | <u>13,705,506</u>   |
| <b>Total fund balance</b>                 | <u>13,705,506</u>   |
| <b>Total liabilities and fund balance</b> | <u>\$ 13,958,148</u>  |

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION  
RECONCILIATION OF FUND BALANCE TO NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT E-2**

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|   |                               |
|---|-------------------------------|
| Total fund balance - Lewisville Parks and Library Development Corporation   | \$ 13,705,506                 |
| Amounts reported in the Statement of Net Position are different because:  |                               |
| Long-term liabilities, including notes payable, net pension liability, and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.          | (25,444,229)                  |
| Accrued interest payable does not require the use of current financial resources; therefore, it is not reported as a liability in governmental funds.   | (107,508)                     |
| Deferred inflows of \$296,753 and outflows of (\$32,054) associated with net pension liability are not reported on governmental funds. This amount is the net effect of the deferred inflows and outflows of resources. | <u>264,699</u>                |
| <b>NET POSITION (DEFICIT) OF LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION</b>   | <b><u>\$ (11,581,532)</u></b> |

**CITY OF LEWISVILLE, TEXAS  
LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT E-3**

|  | <u>Lewisville Parks and<br/>Library Development<br/>Corporation</u> |
|--|---|
| <b>REVENUES</b>                                  |   |
| Taxes  |   |
| General sales and use taxes                      | 6,900,056   |
| Charges for service                              | 209,113   |
| Interest   | 70,200  |
| Other revenues                                   | 107   |
| <b>Total revenues</b>                            | <u>7,179,476</u>  |
| <b>EXPENDITURES</b>                              |   |
| Current  |   |
| Culture, parks and recreation                    | 3,983,680   |
| Debt service                                     |   |
| Principal  | 1,655,000   |
| Interest and other fiscal charges                | 963,004   |
| Capital outlay                                   | 1,077,781   |
| <b>Total expenditures</b>                        | <u>7,679,465</u>  |
| <b>Deficiency of revenues under expenditures</b> | (499,989)   |
| Other financing sources (uses):                  |   |
| Issuance of debt                                 | 1,435,000   |
| <b>Total other financing sources (uses)</b>      | <u>1,435,000</u>  |
| <b>Net change in fund balance</b>                | 935,011   |
| Fund balance, beginning of year                  | <u>12,770,495</u>   |
| <b>Fund balance, end of year</b>                 | <u><u>\$ 13,705,506</u></u>   |

**CITY OF LEWISVILLE, TEXAS  
 LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT E-4**

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|  |                            |
|--|----------------------------|
| Net change in fund balances - Lewisville Parks and Library Development Corporation   | \$ 935,011                 |
| Amounts reported for component units in the statement of activities are different because:   |                            |
| The forgiveness of a long-term liability is reported as revenue in the government-wide financial statements.   | \$ 325,000                 |
| 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, however, has any effect on net position. This amount (bond principal payments of \$1,655,000 and \$25,734 change in accrued interest less \$1,435,000 issuance of new notes) is the net effect of these differences in the treatment of long term debt and related items. | 245,734                    |
| Current year changes in the long term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.   | 20,520                     |
| Current year changes in the long term liability for net pension benefit obligations do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds. The amount represents the difference between current year pension expense (\$137,298) and contributions (\$124,296) made after the measurement date.   | <u>(13,002)</u>            |
| <b>CHANGE IN NET POSITION OF LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION</b>  | <u><u>\$ 1,513,263</u></u> |

CITY OF LEWISVILLE, TEXAS  
TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)  
BALANCE SHEET  
SEPTEMBER 30, 2016

EXHIBIT E-5

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|   | <u>Tax Increment<br/>Reinvestment Zone 1<br/>(Old Town)</u> |
|---|---|
| <b>ASSETS</b>                             |   |
| Cash                                      | \$ 260,631  |
| Investments                               | 1,338,257   |
| Receivables                               | <u>2,154</u>  |
| <b>Total assets</b>                       | <u>\$ 1,601,042</u>   |
| <b>LIABILITIES</b>                        |   |
| Accrued interest payable                  | <u>\$ -</u>   |
| <b>Total liabilities</b>                  | <u>-</u>  |
| <b>FUND BALANCE</b>                       |   |
| Restricted                                | <u>1,601,042</u>  |
| <b>Total fund balance</b>                 | <u>1,601,042</u>  |
| <b>Total liabilities and fund balance</b> | <u>\$ 1,601,042</u>   |

**CITY OF LEWISVILLE, TEXAS  
TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)  
RECONCILIATION OF FUND BALANCE TO NET POSITION  
SEPTEMBER 30, 2016**

**EXHIBIT E-6**

---

|  |                            |
|--|----------------------------|
| Total fund balance - Tax Increment Reinvestment Zone 1 (Old Town)  | \$ 1,601,042               |
| Amounts reported in the Statement of Net Position are different because:   |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.                     | 6,534,778                  |
| Accrued interest payable does not require the use of current financial resources; therefore, it is not reported as a liability in governmental funds.          | (37,833)                   |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements. | <u>(6,235,000)</u>         |
| <b>NET POSITION OF TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)</b>  | <b><u>\$ 1,862,987</u></b> |

**CITY OF LEWISVILLE, TEXAS  
TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT E-7**

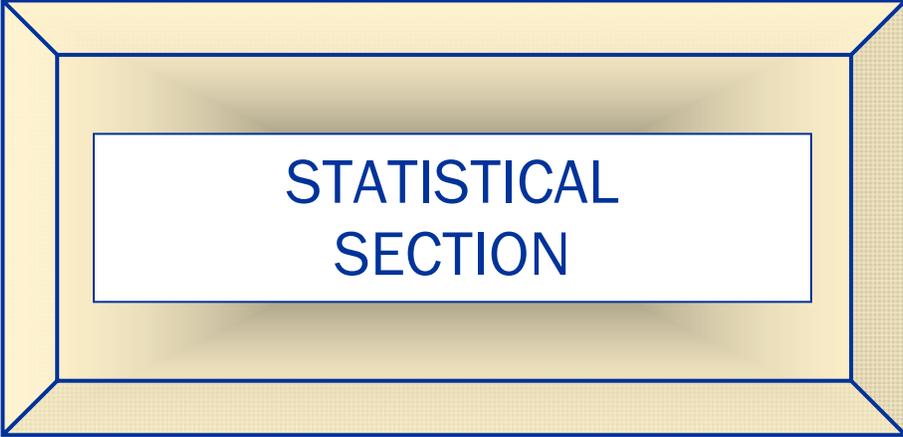
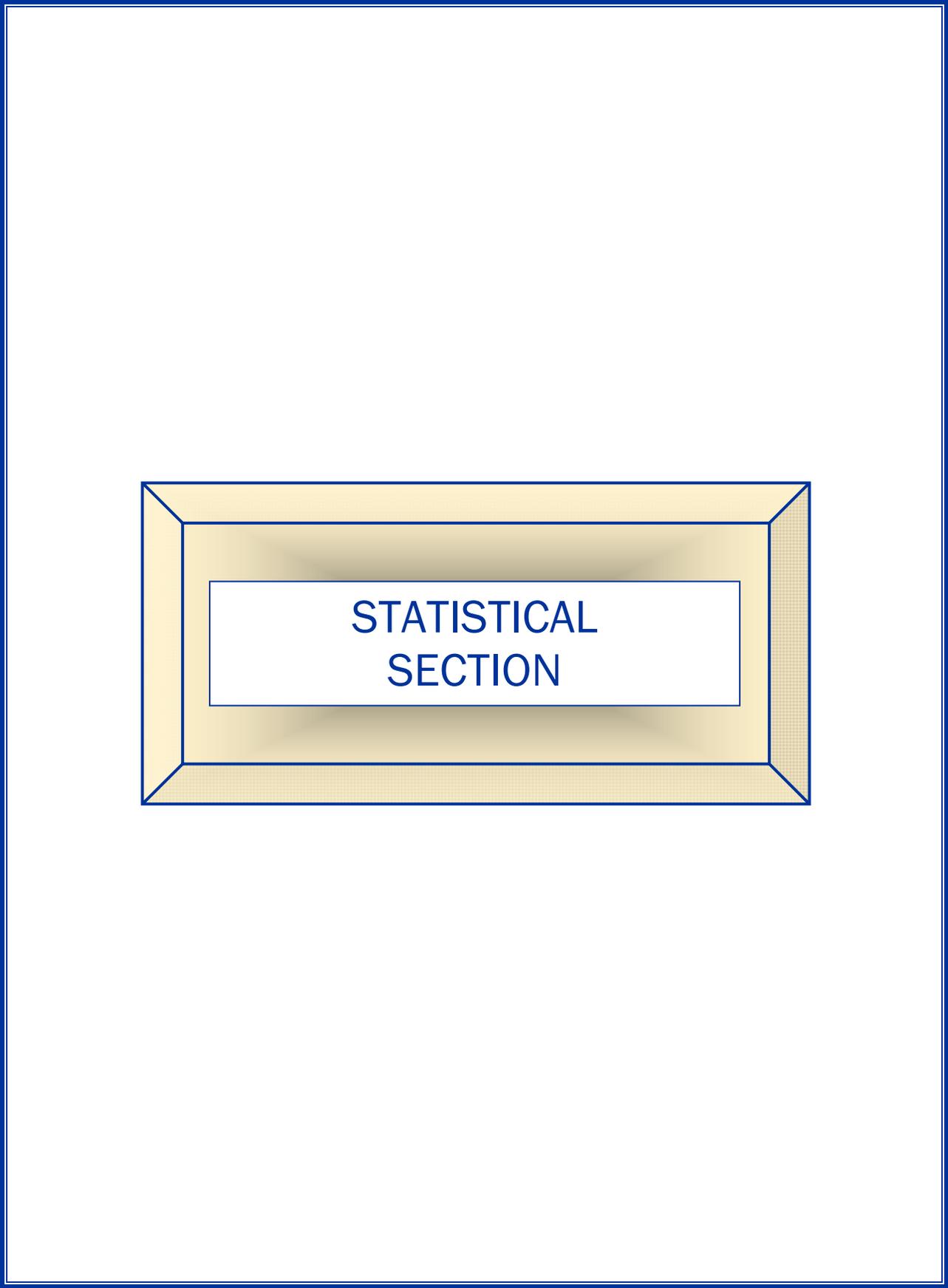
|   | <b>Tax Increment<br/>Reinvestment Zone 1<br/>(Old Town)</b> |
|---|---|
| <b>REVENUES</b>                           |   |
| Taxes                                     |   |
| Property taxes                            | \$ 748,242  |
| Interest                                  | 9,627   |
| <b>Total revenues</b>                     | <u>757,869</u>  |
| <b>EXPENDITURES</b>                       |   |
| Current                                   |   |
| Culture, parks and recreation             | 160   |
| Debt service                              |   |
| Principal                                 | 295,000   |
| Interest and other fiscal charges         | 280,162   |
| <b>Total expenditures</b>                 | <u>575,322</u>  |
| <br>                                      |   |
| <b>Net changes in fund balance</b>        | 182,547   |
| <br>                                      |   |
| Fund balance, beginning of year, restated | <u>1,418,495</u>  |
| <br>                                      |   |
| <b>Fund balance, end of year</b>          | <u><u>\$ 1,601,042</u></u>                                  |

**CITY OF LEWISVILLE, TEXAS  
TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**EXHIBIT E-8**

---

|   |                          |
|---|--------------------------|
| Net change in fund balances - Tax Increment Reinvestment Zone 1 (Old Town)  | \$ 182,547               |
| Amounts reported for component unit funds in the statement of activities are different because:   |                          |
| The forgiveness of a long-term liability is reported as revenue in the government-wide financial statements.  | 85,000                   |
| 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, however, has any effect on net position. This amount (bond principal payments of \$295,000 and \$1,007 change in accrued interest is the net effect of these differences in the treatment of long term debt and related items. | 296,007                  |
| Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.   | <u>(380,849)</u>         |
| <b>CHANGE IN NET POSITION OF TAX INCREMENT REINVESTMENT ZONE 1 (OLD TOWN)</b>   | <u><u>\$ 182,705</u></u> |



STATISTICAL  
SECTION

## STATISTICAL SECTION

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This part of the City of Lewisville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| <b>Contents</b>  | <b>Table</b> |
|--|--------------|
| Financial Trends<br><i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed</i>  | 1-4          |
| Revenue Capacity<br><i>These schedules contain information to help the reader assess the government's most significant local revenue source, property and sales tax.</i>   | 5-11         |
| Debt Capacity<br><i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>                            | 12-16        |
| Demographic and Economic Information<br><i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>  | 17-18        |
| Operating Information<br><i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | 19-21        |

**CITY OF LEWISVILLE, TEXAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(Unaudited)**

|  | Fiscal Year           |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2007                  | 2008                  | 2009                  | 2010                  |
| Governmental activities                    |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 256,515,336        | \$ 287,096,412        | \$ 308,190,669        | \$ 311,014,889        |
| Restricted                                 | 1,725,352             | 1,756,591             | 1,867,844             | 1,324,264             |
| Unrestricted                               | 44,731,063            | 50,443,168            | 49,358,449            | 48,721,698            |
| Total governmental activities net position | <u>\$ 302,971,751</u> | <u>\$ 339,296,171</u> | <u>\$ 359,416,962</u> | <u>\$ 361,060,851</u> |
| Business-type activities                   |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 145,843,454        | \$ 159,684,492        | \$ 166,895,435        | \$ 172,162,748        |
| Restricted                                 | 2,075,929             | 2,024,478             | 1,914,446             | 2,147,527             |
| Unrestricted                               | 36,677,712            | 38,090,009            | 35,940,547            | 33,568,393            |
| Total business-type activities             | <u>\$ 184,597,095</u> | <u>\$ 199,798,979</u> | <u>\$ 204,750,428</u> | <u>\$ 207,878,668</u> |
| Primary government                         |                       |                       |                       |                       |
| Net investment in capital assets           | \$ 402,358,790        | \$ 446,780,904        | \$ 475,086,104        | \$ 483,177,637        |
| Restricted                                 | 3,801,281             | 3,781,069             | 3,782,290             | 3,471,791             |
| Unrestricted                               | 81,408,775            | 88,533,177            | 85,298,996            | 82,290,091            |
| Total primary government                   | <u>\$ 487,568,846</u> | <u>\$ 539,095,150</u> | <u>\$ 564,167,390</u> | <u>\$ 568,939,519</u> |

**Source:** Comprehensive Annual Financial Reports

TABLE-1

| Fiscal Year           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  |
| \$ 305,260,721        | \$ 298,329,672        | \$ 314,990,028        | \$ 265,767,485        | \$ 290,955,249        | \$ 313,408,098        |
| 1,016,096             | 1,012,020             | 10,755,866            | 63,693,205            | 55,416,109            | 54,396,250            |
| 47,005,244            | 59,368,657            | 33,848,899            | 49,679,277            | 29,709,258            | 35,771,493            |
| <u>\$ 353,282,061</u> | <u>\$ 358,710,349</u> | <u>\$ 359,594,793</u> | <u>\$ 379,139,967</u> | <u>\$ 376,080,616</u> | <u>\$ 403,575,841</u> |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 181,476,154        | \$ 181,437,600        | \$ 186,611,050        | \$ 193,138,892        | \$ 203,627,543        | \$ 216,339,053        |
| 1,939,786             | 1,975,308             | 1,688,303             | 1,805,958             | 6,277,950             | 6,528,158             |
| 28,480,396            | 35,270,129            | 35,383,205            | 34,648,469            | 26,912,182            | 25,770,201            |
| <u>\$ 211,896,336</u> | <u>\$ 218,683,037</u> | <u>\$ 223,682,558</u> | <u>\$ 229,593,319</u> | <u>\$ 236,817,675</u> | <u>\$ 248,637,412</u> |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 486,736,875        | \$ 479,767,272        | \$ 501,601,078        | \$ 458,906,377        | \$ 494,582,792        | \$ 529,747,151        |
| 2,955,882             | 2,987,328             | 12,444,169            | 65,499,163            | 61,694,059            | 60,924,408            |
| 75,485,640            | 94,638,786            | 69,232,104            | 84,327,746            | 56,621,440            | 61,541,694            |
| <u>\$ 565,178,397</u> | <u>\$ 577,393,386</u> | <u>\$ 583,277,351</u> | <u>\$ 608,733,286</u> | <u>\$ 612,898,291</u> | <u>\$ 652,213,253</u> |

**CITY OF LEWISVILLE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(Unaudited)**

|   | <b>Fiscal Year</b>     |                       |                        |                        |
|---|------------------------|-----------------------|------------------------|------------------------|
|   | <b>2007</b>            | <b>2008</b>           | <b>2009</b>            | <b>2010</b>            |
| <b>Expenses</b>                                 |                        |                       |                        |                        |
| Governmental activities                         |                        |                       |                        |                        |
| General government                              | \$ 9,848,489           | \$ 10,697,346         | \$ 10,746,552          | \$ 10,760,138          |
| Culture, parks and recreation                   | 7,139,298              | 7,927,455             | 8,667,117              | 9,299,504              |
| Public safety                                   | 30,491,917             | 33,721,041            | 35,349,800             | 37,628,477             |
| Public & development services                   | 18,569,013             | 19,409,072            | 20,313,784             | 22,404,173             |
| Interest on long-term debt                      | 2,257,685              | 3,581,167             | 2,673,325              | 2,753,817              |
| Total governmental activities expenses          | <u>68,306,402</u>      | <u>75,336,081</u>     | <u>77,750,578</u>      | <u>82,846,109</u>      |
| Business-type activities                        |                        |                       |                        |                        |
| Water and sewer                                 | 19,676,760             | 20,378,432            | 20,822,278             | 21,521,566             |
| Total business-type activities expenses         | <u>19,676,760</u>      | <u>20,378,432</u>     | <u>20,822,278</u>      | <u>21,521,566</u>      |
| Total primary government expenses               | <u>87,983,162</u>      | <u>95,714,513</u>     | <u>98,572,856</u>      | <u>104,367,675</u>     |
| <b>Program Revenues</b>                         |                        |                       |                        |                        |
| Governmental activities                         |                        |                       |                        |                        |
| Charges for services                            |                        |                       |                        |                        |
| General government                              | 3,622,179              | 3,995,292             | 3,386,580              | 3,306,827              |
| Culture, parks & recreation                     | 1,537,244              | 1,794,574             | 1,741,591              | 1,696,101              |
| Public safety                                   | 4,560,499              | 5,422,367             | 5,929,457              | 5,000,197              |
| Public & development services                   | 2,118,574              | 2,067,879             | 1,516,232              | 1,656,995              |
| Operating grants and contributions              | 2,109,623              | 1,136,855             | 1,202,143              | 2,228,626              |
| Capital grants and contributions                | 12,977,908             | 35,595,714            | 23,865,801             | 11,183,861             |
| Total governmental activities program revenues  | <u>26,926,027</u>      | <u>50,012,681</u>     | <u>37,641,804</u>      | <u>25,072,607</u>      |
| Business-type activities                        |                        |                       |                        |                        |
| Charges for services                            |                        |                       |                        |                        |
| Water and sewer                                 | 23,449,079             | 25,340,886            | 25,657,454             | 26,146,670             |
| Capital grants and contributions                | 4,608,716              | 11,228,765            | 1,823,269              | 1,470,699              |
| Total business-type activities program revenues | <u>28,057,795</u>      | <u>36,569,651</u>     | <u>27,480,723</u>      | <u>27,617,369</u>      |
| Total primary government program revenues       | <u>54,983,822</u>      | <u>86,582,332</u>     | <u>65,122,527</u>      | <u>52,689,976</u>      |
| <b>Net (Expense)/Revenue</b>                    |                        |                       |                        |                        |
| Governmental activities                         | (41,380,375)           | (25,323,400)          | (40,108,774)           | (57,773,502)           |
| Business-type activities                        | 8,381,035              | 16,191,219            | 6,658,445              | 6,095,803              |
| Total primary government net expense            | <u>\$ (32,999,340)</u> | <u>\$ (9,132,181)</u> | <u>\$ (33,450,329)</u> | <u>\$ (51,677,699)</u> |

(Continued)

**TABLE-2**  
**(Continued)**

| <b>Fiscal Year</b>     |                        |                        |                        |                        |                        |  |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--|
| <b>2011</b>            | <b>2012</b>            | <b>2013</b>            | <b>2014</b>            | <b>2015</b>            | <b>2016</b>            |  |
| \$ 10,997,464          | \$ 11,987,014          | \$ 13,005,019          | \$ 14,937,012          | \$ 14,889,822          | \$ 16,558,383          |  |
| 9,585,769              | 9,487,780              | 9,377,831              | 9,453,483              | 10,590,147             | 11,595,165             |  |
| 38,558,345             | 39,275,855             | 40,983,264             | 42,102,487             | 43,314,229             | 48,023,020             |  |
| 24,634,802             | 25,527,286             | 25,089,041             | 26,636,252             | 24,838,325             | 24,054,096             |  |
| 2,603,426              | 2,666,807              | 2,602,891              | 3,929,397              | 4,630,523              | 3,007,969              |  |
| <u>86,379,806</u>      | <u>88,944,742</u>      | <u>91,058,046</u>      | <u>97,058,631</u>      | <u>98,263,046</u>      | <u>103,238,633</u>     |  |
|                        |                        |                        |                        |                        |                        |  |
| 23,055,596             | 22,170,962             | 22,238,910             | 23,374,088             | 23,966,776             | 25,719,450             |  |
| <u>23,055,596</u>      | <u>22,170,962</u>      | <u>22,238,910</u>      | <u>23,374,088</u>      | <u>23,966,776</u>      | <u>25,719,450</u>      |  |
|                        |                        |                        |                        |                        |                        |  |
| 109,435,402            | 111,115,704            | 113,296,956            | 120,432,719            | 122,229,822            | 128,958,083            |  |
|                        |                        |                        |                        |                        |                        |  |
| 3,348,523              | 3,447,957              | 3,383,721              | 3,430,722              | 4,078,959              | 4,552,123              |  |
| 1,631,629              | 1,615,228              | 1,558,232              | 1,602,387              | 1,511,452              | 1,694,567              |  |
| 5,665,379              | 5,390,583              | 6,021,116              | 6,626,569              | 6,426,736              | 7,051,806              |  |
| 1,947,382              | 1,512,075              | 2,161,083              | 2,164,718              | 2,719,160              | 2,804,823              |  |
| 2,190,754              | 2,517,289              | 2,415,909              | 3,439,677              | 2,112,550              | 2,459,898              |  |
| 3,579,450              | 15,090,545             | 4,745,018              | 23,980,160             | 17,073,948             | 27,519,322             |  |
| <u>18,363,117</u>      | <u>29,573,677</u>      | <u>20,285,079</u>      | <u>41,244,233</u>      | <u>33,922,805</u>      | <u>46,082,539</u>      |  |
|                        |                        |                        |                        |                        |                        |  |
| 28,072,610             | 28,375,842             | 27,797,951             | 27,164,770             | 26,928,510             | 29,392,347             |  |
| 2,643,208              | 4,254,018              | 2,851,893              | 6,316,430              | 10,094,171             | 11,561,859             |  |
| <u>30,715,818</u>      | <u>32,629,860</u>      | <u>30,649,844</u>      | <u>33,481,200</u>      | <u>37,022,681</u>      | <u>40,954,206</u>      |  |
|                        |                        |                        |                        |                        |                        |  |
| 49,078,935             | 62,203,537             | 50,934,923             | 74,725,433             | 70,945,486             | 87,036,745             |  |
|                        |                        |                        |                        |                        |                        |  |
| (68,016,689)           | (59,371,065)           | (70,772,967)           | (55,814,398)           | (64,340,241)           | (57,156,094)           |  |
| 7,660,222              | 10,458,898             | 8,410,934              | 10,107,112             | 13,055,905             | 15,234,756             |  |
| <u>\$ (60,356,467)</u> | <u>\$ (48,912,167)</u> | <u>\$ (62,362,033)</u> | <u>\$ (45,707,286)</u> | <u>\$ (51,284,336)</u> | <u>\$ (41,921,338)</u> |  |

**CITY OF LEWISVILLE, TEXAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(Unaudited)**

|                                      | <b>Fiscal Year</b>   |                      |                      |                     |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|
|                                      | <b>2007</b>          | <b>2008</b>          | <b>2009</b>          | <b>2010</b>         |
| <b>General Revenues and</b>          |                      |                      |                      |                     |
| <b>Other Changes in Net Position</b> |                      |                      |                      |                     |
| Governmental activities              |                      |                      |                      |                     |
| Taxes                                |                      |                      |                      |                     |
| Property taxes                       | \$ 26,257,705        | \$ 27,936,176        | \$ 29,580,192        | \$ 28,898,185       |
| Sales taxes                          | 19,216,744           | 18,932,595           | 17,686,496           | 18,605,874          |
| Other taxes                          | 1,043,749            | 1,119,792            | 1,095,822            | 1,046,346           |
| Franchise taxes                      | 4,435,578            | 4,803,626            | 4,635,238            | 5,055,711           |
| Hotel motel taxes                    | 1,606,115            | 1,830,230            | 1,554,826            | 1,551,355           |
| Penalties and interest               | 209,514              | 238,428              | 219,250              | 186,231             |
| Investment earnings                  | 3,614,454            | 3,287,167            | 2,051,754            | 526,984             |
| Gain (loss) on disposal of assets    | (2,424,552)          | 9,682                | 5,560                | 13,118              |
| Miscellaneous                        | 243,839              | 416,282              | 291,772              | 272,693             |
| Transfers                            | 2,943,135            | 3,073,842            | 3,108,655            | 3,260,894           |
| Total governmental activities        | <u>57,146,281</u>    | <u>61,647,820</u>    | <u>60,229,565</u>    | <u>59,417,391</u>   |
| Business-type activities             |                      |                      |                      |                     |
| Investment earnings                  | 2,775,365            | 2,015,797            | 1,344,073            | 211,973             |
| Intergovernmental contributions      | -                    | -                    | -                    | -                   |
| Gain (loss) on disposal of assets    | 33,103               | 4,385                | -                    | -                   |
| Miscellaneous                        | 47,451               | 64,325               | 57,586               | 81,358              |
| Transfers                            | (2,943,135)          | (3,073,842)          | (3,108,655)          | (3,260,894)         |
| Total business-type activities       | <u>(87,216)</u>      | <u>(989,335)</u>     | <u>(1,706,996)</u>   | <u>(2,967,563)</u>  |
| Total primary government             | <u>57,059,065</u>    | <u>60,658,485</u>    | <u>58,522,569</u>    | <u>56,449,828</u>   |
| <b>Change in Net Position</b>        |                      |                      |                      |                     |
| Governmental activities              | 15,765,906           | 36,324,420           | 20,120,791           | 1,643,889           |
| Business-type activities             | 8,293,819            | 15,201,884           | 4,951,449            | 3,128,240           |
| Total primary government             | <u>\$ 24,059,725</u> | <u>\$ 51,526,304</u> | <u>\$ 25,072,240</u> | <u>\$ 4,772,129</u> |

**Source:** Comprehensive Annual Financial Reports

**TABLE-2**  
**(Continued)**

| <b>Fiscal Year</b>    |                      |                     |                      |                      |                      |  |
|-----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|--|
| <b>2011</b>           | <b>2012</b>          | <b>2013</b>         | <b>2014</b>          | <b>2015</b>          | <b>2016</b>          |  |
| \$ 27,774,848         | \$ 28,739,963        | \$ 29,579,363       | \$ 31,441,081        | \$ 33,283,968        | \$ 35,736,489        |  |
| 18,677,965            | 22,666,950           | 27,451,139          | 29,361,613           | 31,362,273           | 33,215,415           |  |
| 1,038,923             | 1,011,328            | 1,200,502           | 1,180,980            | 463,773              | 436,866              |  |
| 5,272,499             | 5,436,197            | 5,814,797           | 6,222,722            | 7,079,783            | 6,852,201            |  |
| 1,862,191             | 1,960,910            | 2,065,363           | 2,196,565            | 2,423,662            | 2,667,652            |  |
| 146,689               | 228,746              | 154,905             | 153,196              | 177,235              | 148,661              |  |
| 459,600               | 365,045              | 210,934             | 371,766              | 828,823              | 805,331              |  |
| 3,075                 | 8,525                | 3,477               | 4,750                | 103,233              | 18,323               |  |
| 1,077,579             | 396,641              | 817,291             | 1,240,197            | 1,034,439            | 900,434              |  |
| 3,924,530             | 3,985,048            | 3,735,515           | 3,814,737            | 3,743,920            | 3,869,947            |  |
| <u>60,237,899</u>     | <u>64,799,353</u>    | <u>71,657,411</u>   | <u>75,987,607</u>    | <u>80,501,109</u>    | <u>84,651,319</u>    |  |
| 269,639               | 286,958              | 120,530             | 173,481              | 372,587              | 361,953              |  |
| -                     | -                    | -                   | -                    | -                    | -                    |  |
| -                     | -                    | -                   | -                    | -                    | -                    |  |
| 12,337                | 25,893               | 203,572             | 19,195               | 11,673               | 92,975               |  |
| <u>(3,924,530)</u>    | <u>(3,985,048)</u>   | <u>(3,735,515)</u>  | <u>(3,814,737)</u>   | <u>(3,743,920)</u>   | <u>(3,869,947)</u>   |  |
| <u>(3,642,554)</u>    | <u>(3,672,197)</u>   | <u>(3,411,413)</u>  | <u>(3,622,061)</u>   | <u>(3,359,660)</u>   | <u>(3,415,019)</u>   |  |
| 56,595,345            | 61,127,156           | 68,245,998          | 72,365,546           | 77,141,449           | 81,236,300           |  |
| (7,778,790)           | 5,428,288            | 884,444             | 20,173,209           | 16,160,868           | 27,495,225           |  |
| 4,017,668             | 6,786,701            | 4,999,521           | 6,485,051            | 9,696,245            | 11,819,737           |  |
| <u>\$ (3,761,122)</u> | <u>\$ 12,214,989</u> | <u>\$ 5,883,965</u> | <u>\$ 26,658,260</u> | <u>\$ 25,857,113</u> | <u>\$ 39,314,962</u> |  |

**CITY OF LEWISVILLE, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**  
**(Unaudited)**

|                                    | Fiscal Year          |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2007                 | 2008                 | 2009                 | 2010                 |
| General fund                       |                      |                      |                      |                      |
| Nonspendable                       | \$ 271,000           | \$ 196,935           | \$ 228,411           | \$ 201,588           |
| Assigned                           | 222,778              | 156,790              | 121,575              | 136,854              |
| Unassigned                         | <u>26,272,130</u>    | <u>31,175,630</u>    | <u>31,658,380</u>    | <u>26,429,898</u>    |
| Total general fund                 | <u>\$ 26,765,908</u> | <u>\$ 31,529,355</u> | <u>\$ 32,008,366</u> | <u>\$ 26,768,340</u> |
| All other governmental funds       |                      |                      |                      |                      |
| Nonspendable                       | \$ 3,736,550         | \$ 3,489,874         | \$ 3,244,870         | \$ 3,245,372         |
| Restricted                         | 30,231,341           | 35,273,808           | 31,570,851           | 26,443,792           |
| Committed                          | 7,578,509            | 8,365,004            | 8,589,094            | 7,687,555            |
| Assigned                           | <u>11,025,342</u>    | <u>12,433,089</u>    | <u>7,827,143</u>     | <u>14,681,969</u>    |
| Total all other governmental funds | <u>\$ 52,571,742</u> | <u>\$ 59,561,775</u> | <u>\$ 51,231,958</u> | <u>\$ 52,058,688</u> |

**Source:** Comprehensive Annual Financial Reports

TABLE-3

| Fiscal Year          |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| \$ 230,316           | \$ 234,127           | \$ 381,982           | \$ 427,988           | \$ 211,453           | \$ 419,587           |
| 100,680              | 222,738              | 538,290              | 927,749              | 942,033              | 870,323              |
| 28,989,043           | 30,615,982           | 30,571,006           | 30,287,824           | 36,088,467           | 36,616,542           |
| <u>\$ 29,320,039</u> | <u>\$ 31,072,847</u> | <u>\$ 31,491,278</u> | <u>\$ 31,643,561</u> | <u>\$ 37,241,953</u> | <u>\$ 37,906,452</u> |
| \$ 2,758,852         | \$ 2,518,104         | \$ 2,265,652         | \$ 4,036,362         | \$ 1,776,221         | \$ 1,537,789         |
| 22,563,101           | 31,447,210           | 43,011,859           | 54,997,056           | 45,884,953           | 46,215,549           |
| 7,705,016            | 6,812,474            | 7,065,074            | 5,783,255            | 3,356,630            | 5,149,000            |
| 10,335,218           | 6,985,090            | 7,166,018            | 6,515,177            | 1,461,128            | 14,338,843           |
| <u>\$ 43,362,187</u> | <u>\$ 47,762,878</u> | <u>\$ 59,508,603</u> | <u>\$ 71,331,850</u> | <u>\$ 52,478,932</u> | <u>\$ 67,241,181</u> |

**CITY OF LEWISVILLE, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (modified accrual basis of accounting)**  
**(Unaudited)**

|  | Fiscal Year          |                      |                       |                       |
|--|----------------------|----------------------|-----------------------|-----------------------|
|  | 2007                 | 2008                 | 2009                  | 2010                  |
| <b>Revenues</b>  |                      |                      |                       |                       |
| Property and other taxes                                     | \$ 52,886,457        | \$ 54,828,308        | \$ 54,752,225         | \$ 55,411,805         |
| Licenses and permits   | 2,393,345            | 2,328,846            | 1,767,049             | 1,894,107             |
| Charges for services   | 5,212,302            | 5,603,449            | 5,702,288             | 5,522,540             |
| Recreation   | 1,385,188            | 1,591,676            | 1,536,596             | 1,502,618             |
| Fines  | 2,680,535            | 2,916,566            | 2,950,843             | 2,946,204             |
| Intergovernmental  | 1,855,255            | 1,990,833            | 1,237,322             | 2,316,342             |
| Investment earnings  | 3,614,458            | 3,287,167            | 2,051,749             | 526,987               |
| Contributions and donations                                  | 3,205,708            | 27,641,031           | 5,072,965             | 4,018,465             |
| Miscellaneous  | 761,399              | 975,687              | 1,026,729             | 1,080,387             |
| Total revenues   | <u>73,994,647</u>    | <u>101,163,563</u>   | <u>76,097,766</u>     | <u>75,219,455</u>     |
| <b>Expenditures</b>  |                      |                      |                       |                       |
| General government   | 8,505,159            | 8,956,950            | 9,334,801             | 9,115,750             |
| Culture and recreation                                       | 6,118,753            | 6,640,069            | 6,458,408             | 6,207,016             |
| Public safety  | 30,221,744           | 32,450,887           | 33,755,435            | 35,016,553            |
| Public & development services                                | 9,696,518            | 9,724,646            | 9,998,112             | 9,492,466             |
| Capital outlay   | 14,848,067           | 36,317,662           | 24,862,380            | 14,505,465            |
| Debit service:   |                      |                      |                       |                       |
| Principal  | 5,335,000            | 4,995,000            | 5,205,000             | 5,695,000             |
| Interest and fiscal charges                                  | 2,294,160            | 3,494,604            | 2,869,614             | 2,849,017             |
| Total expenditures   | <u>77,019,401</u>    | <u>102,579,818</u>   | <u>92,483,750</u>     | <u>82,881,267</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(3,024,754)</u>   | <u>(1,416,255)</u>   | <u>(16,385,984)</u>   | <u>(7,661,812)</u>    |
| <b>Other financing sources (uses)</b>                        |                      |                      |                       |                       |
| Transfers in   | 16,364,425           | 12,103,060           | 7,478,048             | 13,622,782            |
| Transfers out  | (10,308,842)         | (7,652,635)          | (4,369,393)           | (10,397,384)          |
| Issuance of refunding bonds                                  | 5,070,000            | 8,715,000            | 5,430,000             | 2,565,000             |
| Proceeds from general obligation bonds and tax notes         | 13,655,000           | -                    | -                     | (2,555,000)           |
| Payments to refunding bond escrow agent                      | (5,398,353)          | -                    | -                     | -                     |
| Premium (discount) on issuance of bonds and tax notes        | 658,892              | (5,372)              | (9,037)               | -                     |
| Proceeds from sale of assets                                 | 14,890               | 9,682                | 5,560                 | 13,118                |
| Contributions from other sources                             | -                    | -                    | -                     | -                     |
| Total other financing sources (uses)                         | <u>20,056,012</u>    | <u>13,169,735</u>    | <u>8,535,178</u>      | <u>3,248,516</u>      |
| Net change in fund balances                                  | <u>\$ 17,031,258</u> | <u>\$ 11,753,480</u> | <u>\$ (7,850,806)</u> | <u>\$ (4,413,296)</u> |
| Debt service as a percentage<br>of noncapital expenditures   | 12.3%                | 11.7%                | 11.9%                 | 12.1%                 |

**Notes:** Debt service percentage is based on noncapital expenditures to the extent of capital out the government-wide statement of net position. See Exhibit 6 of CAFRs for further information.

**Source:** Comprehensive Annual Financial Reports

TABLE-4

| Fiscal Year |              |               |               |               |                 |               |
|-------------|--------------|---------------|---------------|---------------|-----------------|---------------|
|             | 2011         | 2012          | 2013          | 2014          | 2015            | 2016          |
| \$          | 54,800,940   | \$ 60,070,877 | \$ 66,279,731 | \$ 70,528,793 | \$ 74,842,866   | \$ 79,009,378 |
|             | 2,210,218    | 1,741,153     | 2,375,771     | 2,344,395     | 2,928,356       | 3,069,656     |
|             | 5,543,470    | 5,680,893     | 6,051,283     | 6,228,323     | 7,276,968       | 8,331,143     |
|             | 1,432,238    | 1,448,853     | 1,380,911     | 1,392,858     | 1,350,039       | 1,559,490     |
|             | 2,752,316    | 2,874,525     | 2,954,961     | 3,184,227     | 3,133,365       | 3,180,513     |
|             | 1,497,777    | 1,481,591     | 1,672,221     | 1,314,512     | 6,458,088       | 17,776,341    |
|             | 459,604      | 365,043       | 1,771,288     | 3,283,200     | 736,610         | 731,407       |
|             | 1,922,304    | 10,100,624    | 1,434,519     | 22,204,576    | 860,304         | 9,806,224     |
|             | 2,109,044    | 1,880,771     | 2,258,538     | 3,229,624     | 1,137,665       | 918,752       |
|             | 72,727,911   | 85,644,330    | 86,179,223    | 113,710,508   | 98,724,261      | 124,382,904   |
|             | 9,404,791    | 9,933,848     | 10,350,058    | 11,770,289    | 10,224,337      | 11,185,958    |
|             | 6,300,265    | 6,318,868     | 6,288,988     | 6,486,894     | 7,561,819       | 7,908,411     |
|             | 35,209,021   | 36,816,688    | 39,487,803    | 41,217,380    | 42,290,390      | 44,332,936    |
|             | 9,591,553    | 9,687,620     | 10,596,633    | 11,113,045    | 11,365,485      | 12,110,108    |
|             | 14,330,533   | 23,658,611    | 16,208,343    | 23,663,670    | 33,388,870      | 39,527,888    |
|             | 6,590,000    | 6,325,000     | 5,410,000     | 7,130,000     | 7,425,000       | 9,345,000     |
|             | 2,604,989    | 2,405,624     | 3,143,454     | 4,106,105     | 4,829,415       | 3,510,370     |
|             | 84,031,152   | 95,146,259    | 91,485,279    | 105,487,383   | 117,085,316     | 127,920,671   |
|             | (11,303,241) | (9,501,929)   | (5,306,056)   | 8,223,125     | (18,361,055)    | (3,537,767)   |
|             | 8,015,843    | 8,778,083     | 11,323,247    | 11,891,798    | 13,104,729      | 31,607,222    |
|             | (4,099,531)  | (4,072,035)   | (7,587,732)   | (8,144,143)   | (8,269,213)     | (27,837,275)  |
|             | 1,605,000    | 16,490,000    | 12,455,000    | -             | 21,085,000      | 9,905,000     |
|             | (1,610,846)  | 9,260,000     | -             | -             | -               | 14,065,000    |
|             | -            | (16,969,925)  | -             | -             | (23,235,107)    | (10,873,240)  |
|             | 24,898       | 1,240,780     | 1,276,220     | -             | 2,421,120       | 2,097,808     |
|             | 3,075        | 8,525         | 3,477         | 4,750         | -               | -             |
|             | 1,220,000    | 920,000       | -             | -             | -               | -             |
|             | 5,158,439    | 15,655,428    | 17,470,212    | 3,752,405     | 5,106,529       | 18,964,515    |
| \$          | (6,144,802)  | \$ 6,153,499  | \$ 12,164,156 | \$ 11,975,530 | \$ (13,254,526) | \$ 15,426,748 |
|             | 12.5%        | 11.4%         | 10.8%         | 12.9%         | 14.0%           | 14.1%         |

**CITY OF LEWISVILLE, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years (accrual basis of accounting)**  
**(Unaudited)**

**TABLE-5**

| <b>Fiscal Year</b> | <b>Estimated Market Value</b> |                                      | <b>Less: Tax-Exempt Property</b> | <b>Less: Property Under Freeze</b> | <b>Less: TIRZ Zones Property</b> | <b>Total Taxable Assessed Value</b> | <b>Total Direct Tax Rate</b> |
|--------------------|-------------------------------|--------------------------------------|----------------------------------|------------------------------------|----------------------------------|-------------------------------------|------------------------------|
|                    | <b>Real Property</b>          | <b>Personal Property &amp; Other</b> |                                  |                                    |                                  |                                     |                              |
| 2007               | 5,303,672,869                 | 1,017,510,806                        | 677,304,019                      | 131,762,437                        | 65,376,309                       | 5,446,740,910                       | 0.456790                     |
| 2008               | 6,040,730,857                 | 1,129,555,348                        | 774,550,122                      | 150,432,444                        | 88,496,443                       | 6,156,807,196                       | 0.440500                     |
| 2009               | 6,446,207,177                 | 1,191,217,048                        | 839,703,836                      | 164,430,210                        | 107,112,885                      | 6,526,177,294                       | 0.440210                     |
| 2010               | 6,375,044,714                 | 1,255,326,502                        | 1,007,324,631                    | 178,908,241                        | 79,708,452                       | 6,364,429,892                       | 0.440210                     |
| 2011               | 6,149,759,302                 | 1,187,121,672                        | 988,851,847                      | 190,869,769                        | 78,909,810                       | 6,078,249,548                       | 0.440210                     |
| 2012               | 6,314,259,228                 | 1,355,266,675                        | 1,121,735,174                    | 205,892,126                        | 70,665,418                       | 6,271,233,185                       | 0.440210                     |
| 2013               | 6,484,331,621                 | 1,469,479,781                        | 1,187,401,591                    | 209,556,944                        | 85,932,250                       | 6,470,920,617                       | 0.440210                     |
| 2014               | 6,742,100,070                 | 1,649,766,503                        | 1,193,916,347                    | 229,099,134                        | 94,339,896                       | 6,874,511,196                       | 0.440210                     |
| 2015               | 7,329,750,382                 | 1,768,965,589                        | 1,296,887,842                    | 269,159,098                        | 149,276,548                      | 7,383,392,483                       | 0.436086                     |
| 2016               | 8,043,353,586                 | 1,778,602,630                        | 1,364,067,579                    | 319,823,068                        | 180,305,408                      | 7,957,760,161                       | 0.436086                     |

**Source:** Denton Central Appraisal District, Certified Valuations

**CITY OF LEWISVILLE, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
(per \$100 of assessed value)  
Last Ten Fiscal Years  
(Unaudited)

**TABLE-6**

| Fiscal Year | City Direct Rates       |                                 |              | Overlapping Rates                      |               | Total Direct & Overlapping Rates |
|-------------|-------------------------|---------------------------------|--------------|--|---------------|----------------------------------|
|             | Operating/ General Rate | General Obligation Debt Service | Total Direct | Lewisville Independent School District | Denton County |                                  |
| 2007        | 0.321840                | 0.134950                        | 0.456790     | 1.6400                                 | 0.23192       | 2.328710                         |
| 2008        | 0.321840                | 0.118660                        | 0.440500     | 1.3700                                 | 0.23589       | 2.046390                         |
| 2009        | 0.321560                | 0.118650                        | 0.440210     | 1.3800                                 | 0.23577       | 2.055980                         |
| 2010        | 0.321560                | 0.118650                        | 0.440210     | 1.4087                                 | 0.24980       | 2.098710                         |
| 2011        | 0.322890                | 0.117320                        | 0.440210     | 1.4267                                 | 0.27390       | 2.140810                         |
| 2012        | 0.322890                | 0.117320                        | 0.440210     | 1.4260                                 | 0.27736       | 2.143567                         |
| 2013        | 0.322890                | 0.117320                        | 0.440210     | 1.4530                                 | 0.28287       | 2.176077                         |
| 2014        | 0.322890                | 0.117320                        | 0.440210     | 1.4770                                 | 0.28491       | 2.202124                         |
| 2015        | 0.318766                | 0.117320                        | 0.436086     | 1.4770                                 | 0.27220       | 2.185286                         |
| 2016        | 0.318766                | 0.117320                        | 0.436086     | 1.4767                                 | 0.26200       | 2.174816                         |

**Source:** City of Lewisville, Denton County Tax Assessor

**CITY OF LEWISVILLE, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**TABLE-7**

| 2016                               |                            |   | 2007                                   |                            |   |
|------------------------------------|----------------------------|---|--|----------------------------|---|
| Taxpayer                           | Taxable Assessed Valuation | Percentage of Total City Taxable Assessed Value | Taxpayer                               | Taxable Assessed Valuation | Percentage of Total City Taxable Assessed Value |
| Digital Lewisville LLC             | \$ 98,000,000              | 1.23%   | Wal-Mart Real Estate Business Trust    | \$ 59,236,278              | 1.09%   |
| Sysco Food Services of Dallas LP   | 84,483,675                 | 1.06%   | Verizon Southwest                      | 59,106,990                 | 1.09%   |
| Vista Ridge Joint Venture          | 68,796,566                 | 0.86%   | Vista Ridge Joint Venture              | 52,141,203                 | 0.96%   |
| Alcatel-Lucent USA Inc             | 66,783,006                 | 0.84%   | Teachers Insurance Annuity Association | 47,181,227                 | 0.87%   |
| Columbia Medical Center Lewisville | 64,574,500                 | 0.81%   | Texas-New Mexico Power Company         | 40,448,410                 | 0.74%   |
| TIC Lago Vista LP etal             | 64,492,950                 | 0.81%   | Kir Lewisville LP P/S                  | 39,512,180                 | 0.73%   |
| Teachers Insurance Annuity Assoc   | 54,067,029                 | 0.68%   | Columbia Medical Center Lewisville     | 36,920,377                 | 0.68%   |
| Madera Roe Investors SPE LLC etal  | 49,725,000                 | 0.62%   | Sysco Food Services of Dallas LP       | 33,961,937                 | 0.62%   |
| Cypress SPE LLC                    | 47,800,000                 | 0.60%   | DDR MDT Lakepoint Crossing LP          | 30,634,566                 | 0.56%   |
| GTE Southwest Inc                  | 47,078,710                 | 0.59%   | Ballantyne Partners Ltd                | 25,368,439                 | 0.47%   |
| <b>TOTAL</b>                       | <b>\$ 645,801,436</b>      | <b>8.12%</b>                                    | <b>TOTAL</b>                           | <b>\$ 424,511,607</b>      | <b>7.79%</b>                                    |

Source: Denton Central Appraisal District

**CITY OF LEWISVILLE, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**(Last Ten Fiscal Years)**  
**(Unaudited)**

**TABLE-8**

| Fiscal Year | Taxes Levied Within the Fiscal Year of the Levy | Adjustments to Levy in Subsequent Years | Adjusted Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy |                                | Collections in Subsequent Years | Total Collections to Date |                             |
|-------------|---|---|---|--|--------------------------------|---------------------------------|---------------------------|-----------------------------|
|             |   |   |   | Amount                                       | Percentage of Fiscal Year Levy |                                 | Amount                    | Percentage of Adjusted Levy |
| 2007        | 26,677,093                                      | 29,813                                  | 26,706,906                                | 26,470,497                                   | 99.23%                         | 200,676                         | 26,671,173                | 99.87%                      |
| 2008        | 28,264,833                                      | (28,565)                                | 28,236,268                                | 28,029,846                                   | 99.17%                         | 174,298                         | 28,204,144                | 99.89%                      |
| 2009        | 29,966,864                                      | (50,309)                                | 29,916,555                                | 29,762,422                                   | 99.32%                         | 125,540                         | 29,887,962                | 99.90%                      |
| 2010        | 29,389,678                                      | (62,211)                                | 29,327,467                                | 29,115,450                                   | 99.07%                         | 176,153                         | 29,291,603                | 99.88%                      |
| 2011        | 28,228,960                                      | 86,958                                  | 28,315,918                                | 28,084,210                                   | 99.49%                         | 191,788                         | 28,275,998                | 99.86%                      |
| 2012        | 28,925,178                                      | 57,298                                  | 28,982,476                                | 28,814,980                                   | 99.62%                         | 124,326                         | 28,939,306                | 99.85%                      |
| 2013        | 29,949,696                                      | (62,309)                                | 29,887,387                                | 29,838,761                                   | 99.63%                         | 11,058                          | 29,849,819                | 99.87%                      |
| 2014        | 31,844,644                                      | (32,257)                                | 31,812,387                                | 31,726,584                                   | 99.63%                         | 36,797                          | 31,763,381                | 99.85%                      |
| 2015        | 33,934,554                                      | 6,654                                   | 33,941,208                                | 33,814,067                                   | 99.64%                         | 52,828                          | 33,866,895                | 99.78%                      |
| 2016        | 36,424,245                                      | 0                                       | 36,424,245                                | 36,315,756                                   | 99.70%                         | -                               | 36,315,756                | 99.70%                      |

**Source:** Denton County Appraisal District and Denton County Tax Office

**CITY OF LEWISVILLE, TEXAS  
GROSS SALES BY CATEGORY  
Last Ten Calendar Years  
(Unaudited)**

|  | Calendar Year           |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 2007                    | 2008                    | 2009                    | 2010                    |
| Construction   | \$ 428,975,430          | \$ 389,267,507          | \$ 426,073,490          | \$ 315,604,945          |
| Manufacturing  | 829,222,026             | 891,125,270             | 751,857,471             | 753,995,737             |
| Transportation, Warehousing                              | 25,941,784              | 650,786,731             | 710,880,556             | 691,150,901             |
| Wholesale Trade  | 546,277,231             | 623,518,433             | 745,420,584             | 801,433,783             |
| Retail Trade   | 2,091,888,382           | 2,075,807,503           | 1,927,414,046           | 1,878,956,373           |
| Finance, Insurance and Information                       | 58,684,886              | 53,044,625              | 53,996,484              | 57,425,359              |
| Real Estate, Rental and Leasing                          | 55,201,502              | 49,024,728              | 34,973,325              | 19,078,930              |
| Professional, Scientific and Technical Services          | 151,893,983             | 159,409,613             | 194,403,930             | 211,806,495             |
| Admin, Support, Waste Mgmt, Remediation Services         | 158,959,087             | 166,466,814             | 163,933,681             | 166,933,359             |
| Educational Services                                     | 7,222,172               | 6,159,101               | 5,983,619               | 7,033,934               |
| Health Care and Social Assistance                        | 5,232,521               | 9,610,245               | 6,350,766               | 5,141,407               |
| Arts, Entertainment and Recreation                       | 56,154,449              | 30,144,139              | 41,445,461              | 25,715,214              |
| Accommodation and Food Services                          | 203,938,455             | 207,232,660             | 209,960,645             | 209,744,109             |
| Other Services   | 91,832,953              | 100,185,148             | 93,452,124              | 126,406,332             |
| Other, including industries with less than four entities | 55,438,461              | 62,016,500              | 56,823,976              | 51,936,646              |
| Total  | <u>\$ 4,766,863,322</u> | <u>\$ 5,473,799,017</u> | <u>\$ 5,422,970,158</u> | <u>\$ 5,322,363,524</u> |
| City direct sales tax rate                               | 1.25%                   | 1.25%                   | 1.25%                   | 1.25%                   |

**Notes:**

The Comptroller's Office is prohibited from releasing information as to the amount of sales of particular taxpayers in the State of Texas. The Other category above represents those North American Industry Classification System (NAICS) categories with fewer than four (4) taxpayers in an industry and industries with small gross sales. Among the industries included in the Other category are Agriculture, Forestry, Fishing, Hunting, Mining, Quarrying, Oil and Gas Extraction, Utilities, Management of Companies & Enterprises and Public Administration.

**Source:** Texas Comptroller of Public Accounts, quarterly historical reports of gross sales.

TABLE-9

| Calendar Year           |                         |                         |                         |                         |                         |  |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--|
| 2011                    | 2012                    | 2013                    | 2014                    | 2015                    | 2016                    |  |
| \$ 508,276,308          | \$ 521,804,800          | \$ 583,295,010          | \$ 638,610,746          | \$ 721,442,040          | \$ 958,021,075          |  |
| 761,594,169             | 876,625,971             | 914,284,411             | 1,060,349,818           | 984,708,724             | 1,188,505,567           |  |
| 747,819,849             | 818,329,058             | 511,874,252             | 357,156,412             | 403,302,932             | 431,732,599             |  |
| 998,636,961             | 1,041,654,476           | 975,236,076             | 1,005,749,248           | 1,049,885,511           | 928,390,616             |  |
| 1,931,419,742           | 2,111,473,213           | 2,183,666,702           | 2,479,427,763           | 2,549,423,928           | 2,276,916,379           |  |
| 70,840,042              | 69,075,343              | 66,652,294              | 82,460,855              | 92,862,599              | 100,758,318             |  |
| 22,216,520              | 35,585,520              | 41,154,276              | 57,758,763              | 65,197,168              | 72,394,606              |  |
| 275,395,584             | 288,679,219             | 412,722,141             | 321,552,179             | 229,837,409             | 281,636,407             |  |
| 166,911,144             | 178,166,862             | 178,468,571             | 206,552,443             | 233,397,011             | 243,358,095             |  |
| 6,969,123               | 7,194,735               | 6,649,409               | 4,957,465               | 5,913,426               | 8,681,973               |  |
| 8,672,569               | 35,890,987              | 35,015,715              | 61,111,630              | 69,231,424              | 84,018,177              |  |
| 26,861,732              | 30,244,591              | 34,052,488              | 39,959,914              | 41,368,183              | 42,843,935              |  |
| 215,936,485             | 242,533,721             | 258,035,281             | 256,135,797             | 266,726,875             | 270,904,668             |  |
| 130,789,356             | 195,709,795             | 149,266,942             | 181,844,589             | 144,140,302             | 183,781,639             |  |
| <u>55,951,821</u>       | <u>64,611,945</u>       | <u>64,288,526</u>       | <u>68,075,878</u>       | <u>57,717,235</u>       | <u>59,768,651</u>       |  |
| <u>\$ 5,928,291,405</u> | <u>\$ 6,517,580,236</u> | <u>\$ 6,414,662,094</u> | <u>\$ 6,821,703,500</u> | <u>\$ 6,915,154,767</u> | <u>\$ 7,131,712,705</u> |  |
| 1.25%                   | 1.50%                   | 1.50%                   | 1.50%                   | 1.50%                   | 1.50%                   |  |

**CITY OF LEWISVILLE, TEXAS**  
**DIRECT AND OVERLAPPING SALES TAX RATES**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**TABLE-10**

| Fiscal Year | City Direct Rates |   |                                       |   | Overlapping Rates            | Total Direct & Overlapping Rates |
|-------------|-------------------|---|---------------------------------------|---|------------------------------|----------------------------------|
|             | General Fund      | Parks and Library Development Corporation | Crime Control and Prevention District | Fire Control, Prevention, and Emergency Medical Services District | Denton Co. Transit Authority |                                  |
| 2007        | 1.00%             | 0.25%                                     | -                                     | -   | 0.50%                        | 1.75%                            |
| 2008        | 1.00%             | 0.25%                                     | -                                     | -   | 0.50%                        | 1.75%                            |
| 2009        | 1.00%             | 0.25%                                     | -                                     | -   | 0.50%                        | 1.75%                            |
| 2010        | 1.00%             | 0.25%                                     | -                                     | -   | 0.50%                        | 1.75%                            |
| 2011        | 1.00%             | 0.25%                                     | -                                     | -   | 0.50%                        | 1.75%                            |
| 2012        | 1.00%             | 0.25%                                     | 0.125%                                | 0.125%  | 0.50%                        | 2.00%                            |
| 2013        | 1.00%             | 0.25%                                     | 0.125%                                | 0.125%  | 0.50%                        | 2.00%                            |
| 2014        | 1.00%             | 0.25%                                     | 0.125%                                | 0.125%  | 0.50%                        | 2.00%                            |
| 2015        | 1.00%             | 0.25%                                     | 0.125%                                | 0.125%  | 0.50%                        | 2.00%                            |
| 2016        | 1.00%             | 0.25%                                     | 0.125%                                | 0.125%  | 0.50%                        | 2.00%                            |

**Source:** Texas Comptroller of Public Accounts

**CITY OF LEWISVILLE, TEXAS**  
**PRINCIPAL SALES TAX PAYERS**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

**Calendar Year 2016**

| Industry   | Number of Filers | Percentage of Total | Tax Liability        | Percentage of Total |
|--|------------------|---------------------|----------------------|---------------------|
| OTHER  | 660              | 6.16%               | \$ 2,988,876         | 8.30%               |
| Discount Department Stores   | 5                | 0.05%               | 1,753,816            | 4.87%               |
| Full-Service Restaurants   | 149              | 1.39%               | 1,430,717            | 3.97%               |
| Limited-Service Restaurants  | 106              | 0.99%               | 1,192,678            | 3.31%               |
| All Other Miscellaneous Store Retailers (except Tobacco Stores)                | 313              | 2.92%               | 1,064,778            | 2.96%               |
| Wired Telecommunications Carriers  | 90               | 0.84%               | 957,772              | 2.66%               |
| Wireless Telecommunications Carriers (Except Satellite)                        | 61               | 0.57%               | 913,933              | 2.54%               |
| Department Stores (except Discount Department Stores)                          | 16               | 0.15%               | 895,446              | 2.49%               |
| Electric Power Distribution  | 57               | 0.53%               | 873,539              | 2.43%               |
| Electrical Apparatus and Equip, Wiring Supplies, and Related Equip Wholesalers | 56               | 0.52%               | 639,818              | 1.77%               |
| <b>Total</b>   | <b>1,513</b>     | <b>14.13%</b>       | <b>\$ 12,711,373</b> | <b>35.28%</b>       |

**Notes:** The Comptroller's Office is prohibited from releasing information as to the amounts of sales or use tax paid by a particular taxpayer in the State of Texas. Therefore, the categories presented above are intended to provide alternative information regarding the sources of the City's sales tax revenue. The OTHER category above represents those NAICS classifications with fewer than four (4) taxpayers in a classification. In order to keep the identify of these taxpayers confidential, classifications with fewer than four (4) taxpayers are combined as "OTHER" and represented together as one classification.

**Source:** Texas Comptroller of Public Accounts

TABLE-11

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**Calendar Year 2007**

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| Industry  | Number<br>of Filers | Percentage<br>of Total | Tax Liability        | Percentage<br>of Total |
|---|---------------------|------------------------|----------------------|------------------------|
| OTHER   | 839                 | 10.05%                 | \$ 2,628,055         | 11.66%                 |
| Discount Department Stores                            | 8                   | 0.10%                  | 1,658,614            | 7.36%                  |
| Full-Service Restaurants                              | 134                 | 1.61%                  | 1,246,376            | 5.53%                  |
| Department Stores                                     | 16                  | 0.19%                  | 1,230,024            | 5.46%                  |
| Limited-Service Restaurants                           | 99                  | 1.19%                  | 775,044              | 3.44%                  |
| Electric Power Distribution                           | 34                  | 0.41%                  | 757,662              | 3.36%                  |
| Wireless Communication Carriers                       | 60                  | 0.72%                  | 633,693              | 2.81%                  |
| Home Centers  | 7                   | 0.08%                  | 596,579              | 2.65%                  |
| Radio, Television, and Other Electronics Stores       | 39                  | 0.47%                  | 495,674              | 2.20%                  |
| Miscellaneous Store Retailers (except Tobacco Stores) | 252                 | 3.02%                  | 393,924              | 1.75%                  |
| <b>Total</b>  | <b>1,488</b>        | <b>17.82%</b>          | <b>\$ 10,415,645</b> | <b>46.20%</b>          |

**CITY OF LEWISVILLE, TEXAS  
 COMBINED SCHEDULE OF BONDS  
 SEPTEMBER 30, 2016  
 (Unaudited)**

| Issue                               | Interest    |               | Date     |            | Annual Serial |           |
|-------------------------------------|-------------|---------------|----------|------------|---------------|-----------|
|                                     | Rates       | Payment Dates | Issued   | Maturity   | Payments      |           |
| General Obligation Bonds-           |             |               |          |            |               |           |
| Series 2006                         | 4.25 - 4.25 | 02/16 & 08/16 | 05/15/06 | 02/15/2016 | 450,000 -     | 450,000   |
| Series 2007 Refunding & Improvement | 4.00 - 5.00 | 02/16 & 08/16 | 05/15/07 | 02/15/2023 | 260,000 -     | 2,235,000 |
| Series 2008                         | 4.00 - 4.38 | 02/16 & 08/16 | 05/15/08 | 02/15/2024 | 600,000 -     | 830,000   |
| Series 2009                         | 3.25 - 4.25 | 02/16 & 08/16 | 06/01/09 | 02/15/2025 | 285,000 -     | 405,000   |
| Series 2010 Refunding               | 2.67 - 2.67 | 02/16 & 08/16 | 03/01/10 | 02/15/2019 | 600,000 -     | 640,000   |
| Series 2012 Refunding & Improvement | 3.00 - 4.00 | 02/16 & 08/16 | 05/15/12 | 02/15/2028 | 890,000 -     | 2,685,000 |
| Series 2013                         | 1.50 - 5.00 | 02/16 & 08/16 | 05/15/13 | 02/15/2029 | 680,000 -     | 1,055,000 |
| Series 2015 Refunding               | 2.00 - 5.00 | 02/16 & 08/16 | 07/15/15 | 02/15/2032 | 595,000 -     | 2,565,000 |
| Series 2016 Refunding & Improvement | 2.00 - 5.00 | 02/16 & 08/16 | 06/01/16 | 02/15/2032 | 195,000 -     | 3,015,000 |
| Series 2016 Tax Notes               | 2.00 - 5.00 | 02/16 & 08/16 | 06/01/16 | 02/15/2023 | 355,000 -     | 2,080,000 |
| Total General Obligation Bonds      |             |               |          |            |               |           |
| Certificates of Obligation-         |             |               |          |            |               |           |
| Series 2007A                        | 4.00 - 5.00 | 02/16 & 08/16 | 05/15/07 | 02/15/2032 | 115,000 -     | 605,000   |
| Series 2007B                        | 4.00 - 4.50 | 02/16 & 08/16 | 05/15/07 | 02/15/2020 | 295,000 -     | 485,000   |
| Total Certificates of Obligation    |             |               |          |            |               |           |
| Revenue Bonds-                      |             |               |          |            |               |           |
| Series 2008                         | 3.88 - 4.25 | 02/16 & 08/16 | 05/15/08 | 02/15/2024 | 560,000 -     | 775,000   |
| Series 2009                         | 3.25 - 4.30 | 02/16 & 08/16 | 06/01/09 | 02/15/2025 | 685,000 -     | 975,000   |
| Series 2011 Refunding & Improvement | 3.00 - 5.00 | 02/16 & 08/16 | 04/01/11 | 02/15/2027 | 565,000 -     | 1,220,000 |
| Series 2012 Refunding & Improvement | 2.25 - 4.00 | 02/16 & 08/16 | 05/15/12 | 02/15/2028 | 245,000 -     | 595,000   |
| Series 2013                         | 1.50 - 5.00 | 02/16 & 08/16 | 05/15/13 | 02/15/2029 | 275,000 -     | 430,000   |
| Series 2015 Refunding & Improvement | 2.00 - 5.00 | 02/16 & 08/16 | 07/15/15 | 02/15/2031 | 465,000 -     | 1,250,000 |
| Series 2016 Refunding & Improvement | 2.00 - 5.00 | 02/16 & 08/16 | 06/01/16 | 02/15/2032 | 305,000 -     | 1,150,000 |
| Total Revenue Bonds                 |             |               |          |            |               |           |
| Total Bonds Payable                 |             |               |          |            |               |           |

CC = Currently Callable

TABLE 12

|                       |                               |                          | Requirements Fiscal<br>Year Ended<br>September 30, 2017 |                     | Option<br>Date |
|-----------------------|-------------------------------|--------------------------|---|---------------------|----------------|
| Principal<br>Issued   | Bonds<br>Retired/<br>Defeased | Principal<br>Outstanding | Principal   | Interest            |                |
| \$ 6,805,000          | \$ 6,805,000                  | \$ -                     | \$ -  | \$ -                | 02/15/16       |
| 18,725,000            | 14,795,000                    | 3,930,000                | 2,235,000   | 135,075             | 02/15/17       |
| 8,715,000             | 6,775,000                     | 1,940,000                | 620,000   | 65,200              | 02/15/18       |
| 5,430,000             | 2,305,000                     | 3,125,000                | 295,000   | 118,300             | 02/15/19       |
| 9,600,000             | 7,725,000                     | 1,875,000                | 610,000   | 41,919              | CC             |
| 25,750,000            | 3,310,000                     | 22,440,000               | 2,030,000   | 828,550             | 02/15/22       |
| 12,455,000            | 1,595,000                     | 10,860,000               | 695,000   | 382,675             | 02/15/23       |
| 21,085,000            | 2,565,000                     | 18,520,000               | 595,000   | 793,700             | 02/15/25       |
| 15,300,000            | -                             | 15,300,000               | 1,650,000   | 690,063             | 02/15/26       |
| 8,670,000             | -                             | 8,670,000                | 2,080,000   | 337,967             |                |
| <u>132,535,000</u>    | <u>45,875,000</u>             | <u>86,660,000</u>        | <u>10,810,000</u>                                       | <u>3,393,449</u>    |                |
| 18,180,000            | 16,110,000                    | 2,070,000                | 605,000   | 82,818              | 2/15/17        |
| 8,040,000             | 7,710,000                     | 330,000                  | 330,000   | 7,425               | 2/15/17        |
| <u>26,220,000</u>     | <u>23,820,000</u>             | <u>2,400,000</u>         | <u>935,000</u>  | <u>90,243</u>       |                |
| 10,300,000            | 9,115,000                     | 1,185,000                | 580,000   | 35,800              | 02/15/18       |
| 11,900,000            | 4,420,000                     | 7,480,000                | 705,000   | 287,403             | 02/15/19       |
| 13,465,000            | 5,215,000                     | 8,250,000                | 1,170,000   | 276,125             | 02/15/21       |
| 5,925,000             | 1,745,000                     | 4,180,000                | 550,000   | 124,481             | 02/15/22       |
| 5,205,000             | 800,000                       | 4,405,000                | 285,000   | 155,175             | 02/15/23       |
| 11,750,000            | 1,250,000                     | 10,500,000               | 900,000   | 387,268             | 02/15/25       |
| 10,880,000            | -                             | 10,880,000               | 305,000   | 464,167             | 02/15/25       |
| <u>69,425,000</u>     | <u>22,545,000</u>             | <u>46,880,000</u>        | <u>4,495,000</u>  | <u>1,730,419</u>    |                |
| <u>\$ 228,180,000</u> | <u>\$ 92,240,000</u>          | <u>\$ 135,940,000</u>    | <u>\$ 16,240,000</u>                                    | <u>\$ 5,214,111</u> |                |

**CITY OF LEWISVILLE, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**TABLE-13**

| Fiscal Year | Governmental Activities  |           |                            | Business-Type Activities      |                                    | Total Primary Government | Percentage of Personal Income* | Per Capita* |
|-------------|--------------------------|-----------|----------------------------|-------------------------------|------------------------------------|--------------------------|--------------------------------|-------------|
|             | General Obligation Bonds | Tax Notes | Certificates of Obligation | Water and Sewer Revenue Bonds | General Obligation Refunding Bonds |                          |                                |             |
| 2007        | 60,086,592               | -         | 45,513,142                 | 42,133,609                    | -                                  | 147,733,343              | 5.49%                          | 1,614       |
| 2008        | 63,770,023               | -         | 44,296,198                 | 45,906,451                    | -                                  | 153,972,672              | 6.16%                          | 1,658       |
| 2009        | 63,958,455               | -         | 43,034,254                 | 52,852,766                    | -                                  | 159,845,475              | 6.29%                          | 1,699       |
| 2010        | 58,227,393               | -         | 41,732,309                 | 40,596,613                    | 7,035,000                          | 147,591,315              | 5.25%                          | 1,549       |
| 2011        | 52,845,105               | -         | 40,360,365                 | 46,249,321                    | 5,815,000                          | 145,269,791              | 5.16%                          | 1,523       |
| 2012        | 70,577,819               | -         | 25,725,082                 | 45,915,440                    | 4,895,000                          | 147,113,341              | 5.90%                          | 1,532       |
| 2013        | 78,695,921               | -         | 24,103,025                 | 47,151,230                    | 3,955,000                          | 153,905,176              | 5.94%                          | 1,573       |
| 2014        | 73,022,811               | -         | 22,377,308                 | 42,679,682                    | 3,215,000                          | 141,294,801              | 5.34%                          | 1,437       |
| 2015        | 79,949,274               | -         | 8,043,430                  | 46,543,513                    | 2,475,000                          | 137,011,217              | 5.17%                          | 1,393       |
| 2016        | 81,801,008               | 9,218,711 | 2,416,400                  | 49,632,008                    | 1,875,000                          | 144,943,127              | 5.25%                          | 1,444       |

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements and on Table 12.  
\*See Table 17 for personal income and population data.

In 2012, \$12,490,000 of certificates of obligations were refunded and converted to general obligation debt.  
In 2015, \$13,460,000 of certificates of obligations were refunded and converted to general obligation debt.  
In 2016, \$4,720,000 of certificates of obligations were refunded and converted to general obligation debt.

**CITY OF LEWISVILLE, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**TABLE-14**

| Fiscal Year | General Bonded Debt Outstanding |           |                            |             | Less Available Debt Service Funds | Net General Bonded Debt | Percentage of Taxable Assessed Value of Property* | Per Capita** |
|-------------|---------------------------------|-----------|----------------------------|-------------|-----------------------------------|-------------------------|---|--------------|
|             | General Obligation Bonds        | Tax Notes | Certificates of Obligation | Total       |                                   |                         |   |              |
| 2007        | 60,086,592                      | -         | 45,513,142                 | 105,599,734 | 2,065,205                         | 103,534,529             | 1.90%   | 1,131        |
| 2008        | 63,770,023                      | -         | 44,296,198                 | 108,066,221 | 2,063,119                         | 106,003,102             | 1.72%   | 1,142        |
| 2009        | 63,958,455                      | -         | 43,034,254                 | 106,992,709 | 2,157,818                         | 104,834,891             | 1.61%   | 1,114        |
| 2010        | 58,227,393                      | -         | 41,732,309                 | 99,959,702  | 1,575,726                         | 98,383,976              | 1.55%   | 1,032        |
| 2011        | 52,845,105                      | -         | 40,360,365                 | 93,205,470  | 1,270,236                         | 91,935,234              | 1.51%   | 964          |
| 2012        | 70,577,819                      | -         | 25,725,082                 | 96,302,901  | 1,456,703                         | 94,846,198              | 1.51%   | 988          |
| 2013        | 78,695,921                      | -         | 24,103,025                 | 102,798,946 | 1,622,886                         | 101,176,060             | 1.56%   | 1,034        |
| 2014        | 73,022,811                      | -         | 22,377,308                 | 95,400,119  | 2,101,836                         | 93,298,283              | 1.36%   | 949          |
| 2015        | 79,949,274                      | -         | 8,043,430                  | 87,992,704  | 2,456,516                         | 85,536,188              | 1.16%   | 860          |
| 2016        | 81,801,008                      | 9,218,711 | 2,416,400                  | 93,436,119  | 2,801,894                         | 90,634,225              | 1.14%   | 903          |

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
 No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter.  
 \* See Table 5 for property value data.  
 \*\* See Table 17 for population data.

In 2012, \$12,490,000 of certificates of obligations were refunded and converted to general obligation debt.  
 In 2015, \$13,460,000 of certificates of obligations were refunded and converted to general obligation debt.  
 In 2016, \$4,720,000 of certificates of obligations were refunded and converted to general obligation debt.

**CITY OF LEWISVILLE, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of September 30, 2016**  
**(Unaudited)**

**TABLE-15**

| <b>Government Unit</b>                      | <b>Debt Outstanding</b> | <b>Estimated Percentage Applicable</b> | <b>Estimated Share of Overlapping Debt</b> |
|---|-------------------------|--|--|
| <b>Debt repaid with property taxes</b>      |                         |  |  |
| Lewisville Independent School District      | \$ 1,086,640,601        | 28.49%                                 | \$ 309,583,907                             |
| Coppell Independent School District         | 288,134,166             | 0.69%                                  | 1,988,126                                  |
| Denton County                               | 608,895,000             | 12.21%                                 | 74,346,080                                 |
| Dallas County                               | 227,980,000             | 0.03%                                  | 68,394                                     |
| Dallas County Community College District    | 294,050,000             | 0.03%                                  | 88,215                                     |
| Dallas County Hospital District             | 718,480,000             | 0.03%                                  | 215,544                                    |
| Dallas County Schools                       | 50,405,000              | 0.03%                                  | 15,122                                     |
| Denton County Levee Improvement District #1 | 9,035,000               | 68.46%                                 | 6,185,361                                  |
| Subtotal, overlapping debt                  |                         |  | 392,490,749                                |
| <b>City of Lewisville (direct debt)</b>     | 93,436,119              | 100.00%                                | 93,436,119                                 |
| <b>Total direct and overlapping debt</b>    |                         |  | <b>\$ 485,926,868</b>                      |

**Source:** Non-City debt information provided by First Southwest Company and the Municipal Advisory Council of Texas (MAC)

**Notes:**

MAC calculates the overlapping percentages by determining the estimated shared assessed valuations of the overlapping taxing bodies and the City and then by dividing that shared value by the total assessed value of the overlapping taxing body.

**CITY OF LEWISVILLE, TEXAS  
 PLEDGED-REVENUE COVERAGE  
 Last Ten Fiscal Years  
 (Unaudited)**

**TABLE-16**

| <u>Fiscal Year</u> | <u>Waterworks and Sewer System Revenue Bonds</u> |                                 |                              |                                   |                       |                                      |                       |
|--------------------|--|---------------------------------|------------------------------|-----------------------------------|-----------------------|--------------------------------------|-----------------------|
|                    | <u>Total Revenues</u>                            | <u>Less: Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Average Annual Requirement</u> | <u>Times Coverage</u> | <u>Maximum P &amp; I Requirement</u> | <u>Times Coverage</u> |
| 2007               | 28,553,142                                       | 13,205,679                      | 15,347,463                   | 3,522,329                         | 4.357                 | 7,424,561                            | 2.067                 |
| 2008               | 29,198,493                                       | 13,715,038                      | 15,483,455                   | 3,629,359                         | 4.266                 | 6,919,927                            | 2.238                 |
| 2009               | 27,978,220                                       | 14,157,311                      | 13,820,909                   | 4,191,171                         | 3.298                 | 7,498,648                            | 1.843                 |
| 2010               | 27,321,265                                       | 14,294,307                      | 13,026,958                   | 3,408,059                         | 3.822                 | 5,512,848                            | 2.363                 |
| 2011               | 29,627,081                                       | 16,082,970                      | 13,544,111                   | 3,584,741                         | 3.778                 | 6,189,089                            | 2.188                 |
| 2012               | 29,773,149                                       | 15,333,608                      | 14,439,541                   | 3,498,676                         | 4.127                 | 6,060,147                            | 2.383                 |
| 2013               | 29,996,994                                       | 15,253,780                      | 14,743,214                   | 3,559,577                         | 4.142                 | 6,113,056                            | 2.412                 |
| 2014               | 28,796,077                                       | 16,337,544                      | 12,458,533                   | 3,389,345                         | 3.676                 | 5,748,976                            | 2.167                 |
| 2015               | 30,280,813                                       | 16,556,111                      | 13,724,702                   | 3,435,226                         | 3.995                 | 6,277,461                            | 2.186                 |
| 2016               | 33,484,498                                       | 17,716,205                      | 15,768,293                   | 3,615,260                         | 4.362                 | 6,225,422                            | 2.533                 |

**Source:** Comprehensive Annual Financial Reports

**CITY OF LEWISVILLE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**TABLE-17**

| <b>Year</b> | <b>Estimated Population</b> | <b>Personal Income (thousands of dollars)</b> | <b>Per Capita Personal Income</b> | <b>Median Age</b> | <b>School Enrollment</b> | <b>Unemployment Rate</b> |
|-------------|-----------------------------|---|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2007        | 91,550                      | 2,691,387                                     | 29,398                            | 32.6              | 14,702                   | 3.6%                     |
| 2008        | 92,850                      | 2,497,665                                     | 26,900                            | 30.6              | 15,233                   | 4.0%                     |
| 2009        | 94,070                      | 2,542,430                                     | 27,027                            | 31.4              | 15,780                   | 6.7%                     |
| 2010        | 95,290                      | 2,811,055                                     | 29,500                            | 32.5              | 15,678                   | 6.4%                     |
| 2011        | 95,390                      | 2,814,005                                     | 29,500                            | 32.5              | 16,084                   | 6.7%                     |
| 2012        | 96,000                      | 2,491,392                                     | 25,952                            | 32.5              | 17,238                   | 5.1%                     |
| 2013        | 97,860                      | 2,591,822                                     | 26,485                            | 32.2              | 17,619                   | 4.9%                     |
| 2014        | 98,330                      | 2,648,224                                     | 26,932                            | 32.1              | 18,065                   | 4.1%                     |
| 2015        | 99,480                      | 2,755,497                                     | 27,699                            | 32.9              | 16,299                   | 3.1%                     |
| 2016        | 100,400                     | 2,759,795                                     | 27,488                            | 32.4              | 16,316                   | 3.3%                     |

**Sources:** Estimated population provided by the North Central Texas Council of Governments; US Census population in census years.

Capita personal income and median age provided by the American Community Survey; current year estimated from most recent data.

School enrollment (for schools located in Lewisville) provided by Lewisville Independent School District.

Unemployment rates provided on the Texas Workforce Commission website, annual rate, current year estimated as of September.

**CITY OF LEWISVILLE, TEXAS  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago  
(Unaudited)**

**TABLE-18**

| <b>2016</b>  |                  |  | <b>2007</b>  |                  |  |
|--|------------------|--|--|------------------|--|
| <b>Employer</b>  | <b>Employees</b> | <b>Percentage of Total City Employment</b> | <b>Employer</b>  | <b>Employees</b> | <b>Percentage of Total City Employment</b> |
| JP Morgan Chase  | 3,478            | 5.50%                                      | Vista Ridge Mall (all outlets)   | 2,000            | 3.63%                                      |
| Lewisville Independent School District<br>(Lewisville employment only) | 2,919            | 4.61%                                      | EMC Mortgage Company   | 1,800            | 3.26%                                      |
| Vista Ridge Mall (all outlets)   | 1,500            | 2.37%                                      | Lewisville Independent School District<br>(Lewisville employment only) | 1,592            | 2.89%                                      |
| Wal-Mart (all City locations)  | 900              | 1.42%                                      | Nationstar Mortgage  | 1,400            | 2.54%                                      |
| Xerox Corporation  | 823              | 1.30%                                      | Wal-Mart (all City locations)  | 1,083            | 1.96%                                      |
| Medical Center of Lewisville   | 815              | 1.29%                                      | Lewisville Medical Center  | 800              | 1.45%                                      |
| City of Lewisville   | 763              | 1.21%                                      | HSBC   | 680              | 1.23%                                      |
| TIAA-CREF  | 600              | 0.95%                                      | City of Lewisville   | 662              | 1.20%                                      |
| SYSCO  | 563              | 0.89%                                      | SYSCO Foods  | 569              | 1.03%                                      |
| Med-Fusion   | 483              | 0.76%                                      | Xerox Corporation  | 512              | 0.93%                                      |
| <b>Total</b>   | <b>12,844</b>    | <b>20.30%</b>                              | <b>Total</b>   | <b>11,098</b>    | <b>20.12%</b>                              |

**Source:**

City of Lewisville Economic Development Department  
Texas Workforce Commission  
North Central Texas Council of Governments

**CITY OF LEWISVILLE, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY  
 FUNCTION / PROGRAM  
 Last Ten Fiscal Years  
 (Unaudited)**

**TABLE-19**

| <b>Function/Program</b>                         | <b>Fiscal Year</b> |              |              |              |              |              |              |              |              |              |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | <b>2007</b>        | <b>2008</b>  | <b>2009</b>  | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  |
| General government and administration and legal | 64.0               | 67.0         | 68.0         | 67.0         | 68.0         | 68.0         | 68.0         | 70.0         | 72.0         | 82.0         |
| Public safety                                   | 341.0              | 350.0        | 349.0        | 348.0        | 349.0        | 359.0        | 384.0        | 386.0        | 388.0        | 395.0        |
| Public services                                 | 123.0              | 124.0        | 126.0        | 123.0        | 123.0        | 123.0        | 123.0        | 124.0        | 127.0        | 129.0        |
| Development Services                            | 63.0               | 63.0         | 66.0         | 64.0         | 65.0         | 68.0         | 69.0         | 70.0         | 72.0         | 73.0         |
| Parks and leisure                               | 71.0               | 72.0         | 72.0         | 78.0         | 81.0         | 81.0         | 81.0         | 83.0         | 83.0         | 86.0         |
| <b>Total</b>                                    | <b>662.0</b>       | <b>676.0</b> | <b>681.0</b> | <b>680.0</b> | <b>686.0</b> | <b>699.0</b> | <b>725.0</b> | <b>733.0</b> | <b>742.0</b> | <b>765.0</b> |

**Source:** City Budget Office, authorized positions

**CITY OF LEWISVILLE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(Unaudited)**

|   | Fiscal Year |         |         |         |
|---|-------------|---------|---------|---------|
|   | 2007        | 2008    | 2009    | 2010    |
| <b>General government</b>                 |             |         |         |         |
| Public Records                            |             |         |         |         |
| Number of telephone information requests  | 12,953      | 12,074  | 13,868  | 13,138  |
| Birth and death certificates issued       | 6,896       | 6,455   | 6,336   | 4,691   |
| <b>Culture, parks &amp; recreation</b>    |             |         |         |         |
| Parks and Recreation                      |             |         |         |         |
| Number registered for recreation programs | 3,752       | 4,412   | 4,336   | 5,277   |
| Public swim admissions                    | 59,422      | 51,322  | 48,028  | 43,888  |
| Library visits                            | 398,160     | 398,568 | 383,836 | 451,015 |
| Library volumes circulated                | 719,620     | 766,182 | 815,191 | 774,629 |
| Lake Park day use area attendance         | 119,781     | 193,690 | 191,721 | 131,667 |
| LLELA attendance                          | N/A         | N/A     | N/A     | N/A     |
| <b>Public safety</b>                      |             |         |         |         |
| Police                                    |             |         |         |         |
| Calls for service                         | 61,949      | 66,358  | 74,658  | 66,751  |
| Part 1 crimes                             | 3,238       | 3,577   | 4,039   | 4,038   |
| Number of accidents                       | 2,695       | 2,482   | 2,458   | 2,409   |
| Fire                                      |             |         |         |         |
| Number of fire incidents                  | 3,098       | 3,007   | 3,246   | 3,107   |
| Number of EMS incidents                   | 5,557       | 5,771   | 6,088   | 6,069   |
| <b>Public services</b>                    |             |         |         |         |
| Public Services                           |             |         |         |         |
| Concrete paving repair (cubic yards)      | 9,226       | 10,895  | 4,785   | 4,820   |
| Concrete utility cut repair (cubic yards) | 457         | 415     | 393     | 221     |
| Asphalt pothole repair (tons)             | 100         | 54      | 38      | 78      |
| Community Development                     |             |         |         |         |
| Building permits issued                   | 766         | 698     | 552     | 509     |
| Municipal Water System                    |             |         |         |         |
| Number of customers (meters)              | 20,781      | 21,233  | 21,987  | 21,912  |
| Average daily water consumption (MGD)     | 13.35       | 14.71   | 14.75   | 14.44   |
| System capacity (MGD)                     | 38          | 38      | 38.4    | 38.4    |
| Number of water main breaks               | 106         | 120     | 113     | 75      |
| Sewer System                              |             |         |         |         |
| System treatment capacity (MGD)           | 15          | 15      | 15      | 15      |
| Sanitation (residential)                  |             |         |         |         |
| Residential refuse collected (tons)       | 28,765      | 27,528  | 27,732  | 27,179  |
| Commercial refuse collected (tons)        | 108,242     | 107,798 | 106,084 | 109,773 |

**Source:** City Departments

**Notes:**

For 2007, Lake Park attendance was down due to park being closed two summer months due to flooding.

For 2015, Lake Park attendance was down due to the park being closed from May 11 through August 14 due to flooding.

The Library was expanded during the 2006 and 2007 fiscal years.

Beginning the first full year of 2016, LLELA (Lewisville Lake Environmental Learning Area) operations expanded with the City's involvement to seven days a week for fishing, hiking, camping, boating, and other outdoor activities.

**TABLE-20**

| Fiscal Year |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|
| 2011        | 2012    | 2013    | 2014    | 2015    | 2016    |
| 12,169      | 9,627   | 8,007   | 8,132   | 7,141   | 6,787   |
| 3,540       | 2,917   | 2,569   | 2,578   | 2,058   | 1,020   |
| 7,459       | 6,591   | 7,070   | 6,708   | 8,897   | 7,901   |
| 42,021      | 39,304  | 57,122  | 35,554  | 40,183  | 29,211  |
| 424,079     | 403,308 | 377,915 | 329,718 | 329,435 | 345,097 |
| 692,066     | 686,804 | 637,083 | 599,405 | 603,100 | 612,355 |
| 127,382     | 137,507 | 140,626 | 136,582 | 61,640  | 16,033  |
| N/A         | N/A     | N/A     | N/A     | N/A     | 66,732  |
| 61,514      | 63,014  | 58,675  | 59,226  | 61,261  | 65,521  |
| 3,448       | 3,272   | 2,903   | 2,775   | 3,170   | 2,921   |
| 2,318       | 2,490   | 2,457   | 2,405   | 2,736   | 3,120   |
| 3,395       | 3,083   | 3,206   | 3,598   | 3,485   | 3,680   |
| 6,529       | 6,855   | 6,622   | 6,861   | 7,644   | 8,039   |
| 7,379       | 8,157   | 6,780   | 4,939   | 9,076   | 6,712   |
| 306         | 300     | 284     | 119     | 239     | 330     |
| 39          | 88      | 209     | 273     | 377     | 140     |
| 439         | 379     | 520     | 392     | 523     | 631     |
| 21,342      | 21,427  | 21,662  | 21,797  | 22,192  | 22,685  |
| 16.84       | 16.06   | 15.11   | 13.04   | 13.05   | 14.04   |
| 38.4        | 53.4    | 53.4    | 53.4    | 53.4    | 53.4    |
| 96          | 99      | 105     | 56      | 63      | 54      |
| 15          | 15      | 15      | 15      | 15      | 15      |
| 25,302      | 25,418  | 26,119  | 26,153  | 23,495  | 25,394  |
| 104,528     | 76,119  | 73,589  | 70,306  | 71,375  | 81,083  |

**CITY OF LEWISVILLE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(Unaudited)**

**TABLE-21**

| Function/Program                       | Fiscal Year |       |       |       |       |       |       |       |       |       |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 2007        | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
| <b>Culture, parks &amp; recreation</b> |             |       |       |       |       |       |       |       |       |       |
| Parks and leisure                      |             |       |       |       |       |       |       |       |       |       |
| Number of parks                        | 32          | 32    | 33    | 33    | 33    | 33    | 33    | 33    | 35    | 35    |
| Parks (acres)                          | 1,240       | 1,240 | 1,240 | 1,240 | 1,240 | 1,240 | 1,240 | 1,240 | 3,258 | 3,258 |
| Swimming pools                         | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Lighted athletic fields                | 23          | 23    | 37    | 37    | 37    | 37    | 37    | 37    | 37    | 37    |
| Lighted tennis courts                  | 4           | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Recreation centers                     | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Senior citizens center                 | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Public safety</b>                   |             |       |       |       |       |       |       |       |       |       |
| Police stations                        | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Police vehicles                        | 95          | 94    | 96    | 94    | 95    | 93    | 96    | 98    | 98    | 107   |
| Fire stations                          | 6           | 6     | 7     | 7     | 7     | 7     | 7     | 7     | 7     | 7     |
| <b>Public services</b>                 |             |       |       |       |       |       |       |       |       |       |
| Public services                        |             |       |       |       |       |       |       |       |       |       |
| Streets -paved (miles)                 | 573         | 571   | 571   | 573   | 573   | 573   | 650   | 650   | 641   | 644   |
| Alleys - paved (miles)                 | 85          | 85    | 85    | 85    | 85    | 85    | 97    | 97    | 97    | 97    |
| Number of street lights                | 2,600       | 2,600 | 2,773 | 2,983 | 2,911 | 2,894 | 2,898 | 3,218 | 3,480 | 3,501 |
| Water and sewer                        |             |       |       |       |       |       |       |       |       |       |
| Water mains (miles)                    | 387         | 390   | 393   | 397   | 381   | 377   | 381   | 387   | 384   | 384   |
| Fire hydrants                          | 2,376       | 3,096 | 3,188 | 3,261 | 3,110 | 3,015 | 3,079 | 3,164 | 3,195 | 3,208 |
| Sanitary sewer (miles)                 | 307         | 310   | 312   | 315   | 318   | 303   | 312   | 313   | 315   | 316   |

**Source:** City Departments

**Notes:**

Fire Hydrants for 2008 were located by GPS, thereby giving a more accurate accounting than those counted on previous years' maps.

Street Lights prior to 2009 were estimated.

In 2009, Toyota of Lewisville Railroad Park added.

In 2015, the LLELA (Lewisville Lake Environmental Learning Area) and the park at Valley Parkway @ Corporate Drive were added.