TOWN OF WAXHAW,
NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

TOWN OF WAXHAW, NORTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2018

	Page Number
Table of Contents	i
Listing of Principal Officials	iii
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Powell Bill Fund	21
Notes to the Financial Statements	22
Required Supplementary Information	
Pension Plan Schedules	
Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability	52
Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered Payroll	53
Local Government Employees' Retirement System - Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset)	54
Local Government Employees' Retirement System - Schedule of the Town's Contributions	55
Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Final Budget and Actual - General Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Project Authorization and Actual - Capital Projects Fund	63
Combining and Individual Fund Financial Schedules	
Combining Balance Sheet - NonMajor Governmental Funds	65
Combining Balance Sheet - NonMajor Special Revenue Funds	66
Combining Balance Sheet - NonMajor Capital Projects Funds	68

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2018

	Page Number
FINANCIAL SECTION (CONTINUED)	
Supplementary Information (Continued)	
Combining and Individual Fund Financial Schedules (Continued)	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - NonMajor Governmental Funds	69
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - NonMajor Special Revenue Funds	70
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - NonMajor Capital Projects Funds	72
Other Budgetary Comparison Schedules (Non-GAAP)	
Special Revenue Funds	
Rental Property Fund	73
Caboose Donation Fund	74
Cemetery Fund	75
Police Explorer Fund	76
Police State Drug Fund	77
Police Federal Drug Fund	78
Technology Fund	79
Transportation Alternatives Program Grant Fund	80
Waxhaw-Marvin Corridor Grant Fund	81
Waxhaw-Marvin Sidewalk CDBG Grant Fund	82
Capital Projects Funds	
Capital Improvements Reserve Project Fund	83
Waxhaw Fields Project Fund	84
Nesbit Park Phase I Project Fund	85
Town Creek Park Phase I Project Fund	86
Park Master Plan Project Fund	87
Property Taxes	
Schedule of Ad Valorem Taxes Receivable - General Fund	88
Analysis of Current Tax Levy - Town-Wide - General Fund	89
COMPLIANCE SECTION	
Schedule of Expenditures of Federal and State Awards	90
Notes to the Schedule of Expenditures of Federal and State Awards	91
Independent Auditor's Report - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*	93
Schedule of Findings and Responses	95
Corrective Action Plan	96
Summary Schedule of Prior Year Audit Findings	97

TOWN OF WAXHAW, NORTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2018

Established

1889

MAYOR

Stephen Maher

BOARD OF COMMISSIONERS

Brenda McMillon, Mayor Pro-Tem

Brenda Burns

Fred Burrell

Kat Lee

Tracy Wesolek

TOWN MANAGER

Greg Ferguson

FINANCE DIRECTOR

Lisa White, CPA, CGFO

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Greene Finney, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Board of Commissioners
Town of Waxhaw, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 did not audit the financial statements of the discretely presented component unit, Town of Waxhaw Board of Alcoholic Control ("ABC Board"). Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of another auditor. 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. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Powell Bill Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Adjustments

As discussed in Note IV.F in the notes to the financial statements, in the year ended June 30, 2018 the Town discovered several errors primarily relating to the reporting of its receivables, capital assets, payables, and other liability balances that impacted its governmental fund and government-wide financial statements as of June 30, 2017. As a result, the beginning fund balance/net position has been restated in the current year financial statements to correct these errors. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension plan schedules, as listed in the table of contents, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information and the schedule of expenditures of federal and state awards, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2019 on our consideration of the Town'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 the Town's internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
April 5, 2019

As management of the Town of Waxhaw ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2018 ("2018" or "FY 2018") compared to the year ended June 30, 2017 ("2017" or "FY 2017"). The intent of this management's discussion and analysis ("MD&A") is to look at the Town's financial performance as a whole, with an emphasis on the Primary Government, which excludes the Town's discretely presented component unit – the Town of Waxhaw ABC Board ("ABC Board"). We would encourage readers to not only consider the information presented here, but also the information provided in the financial statements and the notes to the financial statements to enhance their understanding the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by approximately $56,715,000 (total net position) for the Primary Government.
- The Town's total net position increased by approximately $7,065,000 in large part due to developer donations of street infrastructure.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately $10,252,000, an increase of approximately $1,820,000 or 22% increase from the restated beginning fund balance. The increase is primarily due to General Fund revenues exceeding expenditures for the current year along with the receipts of donated revenues from developers which are restricted for transportation capital projects.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds was approximately $4,595,000. The unassigned fund balance for the General Fund is approximately $4,628,000, which is 42% of total General Fund budgeted expenditures for the upcoming fiscal year.
- The Town's capital assets increased approximately $4,951,000 or 11% during the current fiscal year. This increase is due to capital asset additions of approximately $6,718,000, primarily for street infrastructure, exceeding depreciation expense of $1,767,000.
- The Town's total debt decreased approximately $393,000 or 8% during the current fiscal year. This decrease is primarily due to scheduled principal payments.

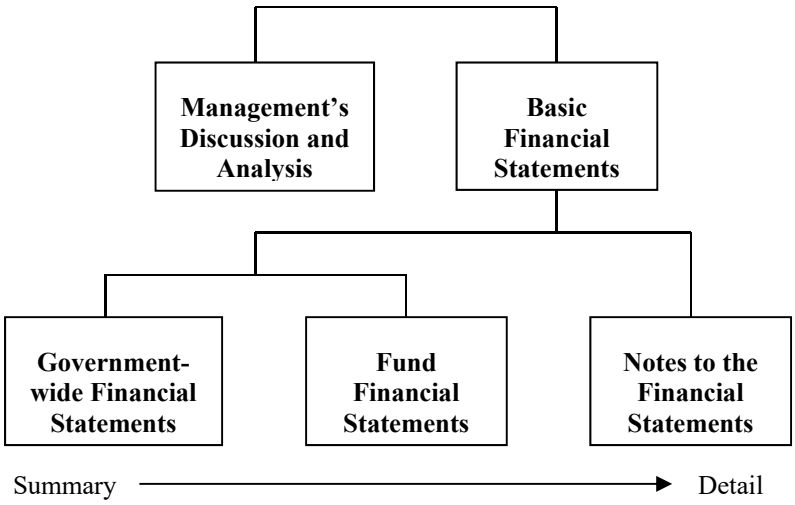
OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Statements

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

Required Components of Annual Financial Report

Figure 1



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: (1) governmental activities and (2) component units. The governmental activities include most of the Town's basic services such as general government, public safety, economic and community development, culture and recreation, public service and transportation, and environmental protection. Taxes, state grants, and federal grants finance most of these activities. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the ABC Board by appointing its members. The ABC Board is required by North Carolina General Statute 18B to distribute 50% of its profits to the Town.

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the **Statement of Net Position** and the **Statement of Activities**) and governmental funds is described in a reconciliation that is an integral part of the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

The Town adopts an annual budget for its General Fund, as required by the general statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for in the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Note disclosure requirements apply only to material items and should focus on the primary government – specifically its governmental activities, major funds and non-major funds in the aggregate. The ***Notes to the Financial Statements*** can be found as listed in the table of contents of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information ("RSI") is mandated by the Governmental Accounting Standards Board ("GASB") and can be found as listed in the table of contents of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a summary of the Town's statement of net position as of June 30, 2018 compared to June 30, 2017:

Town's Statement of Net Position

Figure 2

	Governmental Activities	
	June 30, 2018	June 30, 2017 ^
Assets		
Current and Other Assets	$ 11,073,746	$ 8,996,426
Capital Assets (Net)	52,069,955	47,118,924
Total Assets	63,143,701	56,115,350
Deferred Outflows of Resources		
Deferred Pension Charges	826,590	1,077,862
Liabilities		
Other Liabilities	732,656	454,890
Long-Term Obligations	6,487,778	7,037,428
Total Liabilities	7,220,434	7,492,318
Deferred Inflows of Resources		
Deferred Pension Credits	35,039	50,955
Net Position		
Net Investment in Capital Assets	47,257,551	41,914,011
Restricted	2,345,126	2,257,184
Unrestricted	7,112,141	5,478,744
Total Net Position	$ 56,714,818	$ 49,649,939

^ Certain net position amounts have been reclassified to agree to the current year presentation. Other balance sheet amounts have been restated due to prior period adjustments - see Note IV.F for more details.

The Town's capital assets increased approximately $4,951,000 in the current year due to capital asset additions of approximately $6,718,000, primarily for street infrastructure, exceeding depreciation expense of $1,767,000. Current and other assets increased approximately $2,077,000, primarily due to the increase in net position related to operating activities. The Town's liabilities decreased approximately $272,000 primarily due to regularly scheduled principal payments on the Town's outstanding debt of approximately $393,000, partially offset by increases in other short and long-term liabilities. Deferred outflows/inflows of resources changed between years due to deferred gains and losses related to the Town's participation in the State retirement plans (Local Governmental Employees' Retirement System and the Law Enforcement Officers Special Separation Allowance)

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by approximately $56,715,000 as of June 30, 2018. The Town's net position increased by approximately $7,065,000 for the fiscal year ended June 30, 2018.

The largest portion of net position of approximately $47,258,000 (83%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, street infrastructure and equipment); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the Town's net position of approximately $2,345,000 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town's net position of approximately $7,112,000 (13%) is unrestricted.

Town's Changes in Net Position

Figure 3

	Governmental Activities	
	2018	2017 ^
Revenues		
Program Revenues:		
Charges for Services	$ 1,609,386	$ 1,412,831
Operating Grants	175,688	374,222
Capital Grants	6,992,899	7,205,352
General Revenues:		
Taxes	9,504,271	7,967,880
Other	150,831	1,183,041
Total Revenues	18,433,075	18,143,326
Expenses		
General Government	1,744,729	3,463,617
Public Safety	2,969,535	2,760,105
Economic and Community Development	1,973,626	1,707,730
Culture and Recreation	850,602	711,590
Public Service and Transportation	2,508,187	1,144,287
Environmental Protection	1,159,085	1,309,032
Interest on Long-Term Obligations	162,432	144,142
Total Expenses	11,368,196	11,240,503
Change in Net Position	7,064,879	6,902,823
Net Position, Beginning of Year, As Previously Reported	40,083,019	33,180,196
Prior Period Adjustments - See Note IV.F	9,566,920	-
Net Position, Beginning of Year, As Restated	49,649,939	33,180,196
Net Position, End of Year	$ 56,714,818	$ 40,083,019

^ Certain amounts have been reclassified to agree to the current year presentation.

Governmental Activities: Governmental activities increased the Town's net position by approximately $7,065,000 in the current year. The key element of this increase is due to capital infrastructure contributions from developers (streets) of approximately $5,933,000 plus continued growth in the Town's property tax base.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately $4,628,000 with a total fund balance of approximately $5,542,000, an increase of approximately $572,000 over the prior year. The Town originally budgeted a use of fund balance of approximately $716,000 for FY 2018 primarily to provide for the planned transfer of $350,000 to the Waxhaw Fields Capital Project Fund, and $300,000 to the Nesbit Park Capital Project Fund as well as to cover the FY 2017 open encumbrances. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance for the General Fund as of June 30, 2018 represents 42% percent of total next year General Fund budgeted expenditures, which slightly exceeds the Town's Fund Balance Policy goal in the range of 30%-40% of the next year budgeted expenditures.

The General Fund recorded operating revenues of approximately $11,221,000 during FY 2018, which was an increase of approximately $281,000, or 3% over the approximately $10,940,000 recorded in FY 2017, primarily due to the Ad Valorem Tax revenue increasing approximately $511,000 or 8% over FY 2017, due to growth and an increase in the assessed value of the tax base.

Expenditures in the General Fund were approximately $9,625,000 for FY 2018, which was a decrease of approximately $171,000, or 2% under the approximately $9,796,000 recorded in FY 2017, primarily due to a decrease in public service and transportation expenditures as Powell Bill expenditures were recorded in a separate fund in FY 2018.

The Powell Bill Fund is used to track the Town's activity relating its Powell Bill funds. At the end of the current fiscal year, the fund balance of the Powell Bill Fund was approximately $351,000, which was all restricted for public service and transportation. Revenues in the Powell Bill Fund of approximately $339,000 exceeded expenditures of approximately $330,000.

The Capital Projects Fund is used to track the Town's activity relating to primarily the Kensington Drive Project, although historically it has also been used to account for various capital projects. At the end of the current fiscal year, fund balance of the Capital Projects Fund was approximately $1,784,000 of which approximately $1,317,000 was assigned for the Kensington Drive transportation project and approximately $467,000 was restricted for transportation projects. Revenues in the Capital Projects Fund of approximately $550,000 exceeded expenditures of approximately $120,000.

At June 30, 2018, the governmental funds of the Town reported a combined total governmental fund balance of approximately $10,252,000, an 22% increase over the prior year restated balance.

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

During the current fiscal year, there was an increase in appropriations between the original and final amended General Fund expenditure budget (including transfers out) totaling approximately $564,000. The following are the components of the increase:

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Amendments to move restricted fund balance out of the General Fund and to establish Special Revenue Funds:	
Establish TAP Grant Fund	$ 514,575
Remove Current Year Powell Bill Expenditures	(384,200)
Transfer out Powell Bill Fund Balance	342,797
Establish Caboose Fund	3,389
Establish Cemetery Fund	5,000
Establish Explorer Fund	3,973
Establish State Drug Fund	22,720
Establish Federal Drug Fund	36,330
Amendments for new funding sources:	
Provide Match for Waxhaw Marvin Grant	12,500
Provide for Funding for Waxhaw Marvin Grant	5,500
Increase for Donations Received	1,600
Total Budget Amendments	$ 564,184

General Fund actual revenues were approximately $11,221,000, which was approximately $30,000 or less than 1% below budgeted revenues.

All General Fund departments stayed within the appropriated budgets for the current fiscal year. In total, the General Fund actual expenditures ended the year at approximately $9,625,000, which was approximately $611,000 or 6% below the approximately $10,237,000 revised expenditures budget for the current fiscal year. The following factors contributed to the reduction of expenditures during FY 2018, these include:

- There were several budgeted positions in several departments, including the Finance, Police, Engineering and Planning departments that were vacant for part of the current fiscal year.
- The budget for the Planning Department included funding for professional services which was provided by Town staff instead of outside consultants.
- The Town budgeted $50,000 for the façade grant program and although the Town did approve an application during the current fiscal year, the applicant was not able to complete the project, leaving approximately $44,000 of unexpended budget.
- Planned purchases of equipment and technology that had been budgeted in the Clerk and Public Services departments was postponed.

Non-Major Governmental Funds. Non-Major governmental funds include several Special Revenue Funds and several Capital Project funds.

Revenues in the Non-Major governmental funds were approximately $373,000. The primary sources of these revenues were sales and service of approximately $72,000 in the Rental Property Fund, permits and fees of approximately $114,000 in the Technology Fund, and restricted intergovernmental revenue of approximately $113,000 in the Transportation Alternatives Program Grant Fund.

Expenditures in the Non-Major governmental funds were approximately $596,000. These expenditures primarily consisted of capital outlay of approximately $496,000, economic and community development expenditures of approximately $75,000, and other expenditures of approximately $25,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2018, totaled approximately $52,070,000 (net of accumulated depreciation). This was an increase of approximately $4,951,000 from the prior year restated total. These capital assets include land, construction in progress, land improvements, buildings, infrastructure, equipment, and vehicles.

The Town's capital assets (net of depreciation) as of June 30, 2018 and 2017 were as follows:

Town's Net Capital Assets

Figure 4

	June 30, 2018	June 30, 2017 ^
Capital Assets		
Land	$ 5,500,732	$ 5,500,732
Construction in Progress	1,053,863	520,829
Land Improvements	778,005	771,178
Buildings	9,080,359	9,080,359
Infrastructure	63,233,671	57,300,631
Equipment	648,608	617,877
Vehicles and Motorized Equipment	2,000,502	1,834,972
Computer Equipment and Software	126,221	126,221
Less Accumulated Depreciation	(30,352,006)	(28,633,875)
Capital Assets, Net	$ 52,069,955	$ 47,118,924

* Balances have been restated due to prior periods adjustments. See Note IV.F in the notes to the financial statements for more details.

Major capital asset transactions during the year include the following:

- Capital assets additions of $6,718,000 which consisted of the following:
  - Donated street infrastructure of approximately $5,933,000.
  - Acquisition of five vehicles for approximately $130,000.
  - Acquisition of three pieces of motorized equipment for approximately $84,000.
  - Downtown pedestrian and bicycle enhancements of approximately $227,000.
  - Nesbit Park projects of approximately $94,000.
  - Town Creek Park projects of approximately $83,000.
  - Other capital assets of approximately $167,000
- Depreciation expense of approximately $1,767,000

Additional information on the Town's capital assets and the ABC Board's capital assets can be found in Note III.D in the Notes to the Financial Statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

The Town's total debt obligations as of June 30, 2018 and 2017, were as follows:

. **Town's Outstanding Debt**

Figure 5

	June 30, 2018	June 30, 2017
Installment Purchases	$ 4,812,404	$ 5,204,913

Additional information regarding the Town's long-term debt can be found in Note III.E in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The following key economic indicators reflect the prosperity of the Town:

- Union County's unemployment rate decreased from 4.1% in 2017 to 3.6% as of June 30, 2018. Neighboring Mecklenburg County average unemployment rate decreased from 4.6% in FY 2017 to 4.1% for FY 2018, compared to a U.S. average of 4.1% for FY 2018.
- The Town population continues to grow, adding approximately 500 new homes each year. This is a positive increase to the property tax base, however it also will require increases for expenditures needed to provide additional services.
- Sales Tax and Franchise Tax revenues continue to increase as has been the trend over the past several years due to statewide increased consumer confidence and improved economic conditions.
- The Town is focused on transportation improvements to keep up with growth and through regional transportation partnerships, grants and new funding sources, the Town is investing in projects to improve transportation and walkability.
- Downtown Waxhaw has become a popular destination for both residents and visitors, which contributes to the very low retail/commercial building vacancy rate.
- The Town is committed to enhancing the well-being of the community by adding Parks and Recreation amenities, such as the improvements planned in fiscal year 2019 for the Town Creek and Nesbit Parks, along with the addition of recreational programming for all ages and interests.
- The Town has been listed as one of the top 20 safest cities in North Carolina.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The fiscal year 2019 budget calls for $.025 increase in the tax rate, bringing the ad valorem tax rate to $.385 per $100 in assessed value. This rate is budgeted to generate approximately $6,795,000 in ad valorem tax revenue and $700,000 in motor vehicle tax revenue for the fiscal year. The Town employs a Tax Collector for the property tax collection who works consistently to collect funds due, including arranging payment plans, NC Debt Set Off and placing liens on property, thereby allowing for property taxes to be budgeted at 98% of assessed value for the next fiscal year.

For the first time in several years, the fiscal year 2019 does not include an appropriation of fund balance for the General Fund.

The fiscal year 2019 adopted expenditure budget for the General fund totals approximately $11,606,000, including a budgeted transfer out of $650,000 to establish a Capital Improvement Fund in order to begin funding the Capital Improvement Plan. The budgeted expenditures for the next fiscal year are approximately $720,000 below the final fiscal year 2018 amended budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

Budget Highlights for the Fiscal Year Ending June 30, 2019 (Continued)

The decrease in budgeted expenditures for the General Fund is primarily due to the prior year including several transfers out to establish new special revenue funds to account for restricted or committed fund balances, such as for grants and Powell Bill funds. This decrease in budgeted expenditures in the General Fund was partially offset by the increase of approximately 9%, or $100,000 over the prior year, to increase the budget for the sanitation contract which continues to rise due to the addition of new residential properties. In addition, the budget includes two new full-time positions, which includes one police officer and one planner position. The fiscal year 2019 budget also includes changing two part-time positions in the Parks and Recreation department into full-time positions.

The General Fund budget for fiscal year 2019 continues Town Board's commitment to street maintenance as a major initiative for the fiscal year. The Powell Bill Fund budget includes funding for $500,000 of annual paving along with additional funding of approximately $64,000 for street and sidewalk repairs.

One of the top priorities identified by the Board during the budget planning process for fiscal year 2019 was improving traffic congestion. The budget for fiscal year 2019, includes the adoption of a municipal motor vehicle tax of $25.00 per vehicle. This new revenue source is expected to raise approximately $285,000 each fiscal year to be held in the Small Transportation Project fund and will be used to fund transportation improvement projects.

Some of the major governmental capital improvement projects planned in next year's budget include the continuation of the TAP grant street improvements for downtown, along with the Parks & Recreation Master Plan Update, the construction of sidewalks on Waxhaw-Marvin, along with improvements to Town Creek Park, Nesbit Park and the Downtown Skate Park.

Additional Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Additional information may be found at the Town website: https://www.waxhaw.com. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Post Office Box 6, Waxhaw, North Carolina 28173.

Basic Financial Statements

TOWN OF WAXHAW, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2018

	PRIMARY GOVERNMENT	COMPONENT UNIT
	Governmental Activities	Town of Waxhaw ABC Board
ASSETS		
Cash and Cash Equivalents	$ 6,049,262	$ 651,551
Cash and Cash Equivalents, Restricted	3,029,767	-
Investments	1,003,125	-
Receivables, Net:		
Property Taxes	117,727	-
Accounts	87,968	-
Grants	73,903	-
Refundable Taxes	38,875	-
Intergovernmental Receivables	590,559	-
Due From Component Unit	41,250	-
Prepaids	39,309	28,442
Inventories	2,001	215,686
Capital Assets:		
Non-Depreciable	6,554,595	-
Depreciable, Net	45,515,360	130,837
TOTAL ASSETS	**63,143,701**	**1,026,516**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Charges	826,590	25,729
LIABILITIES		
Accounts Payable	465,967	193,300
Accrued Interest Payable	28,376	-
Accrued Salaries and Benefits	157,551	11,446
Deposits	39,988	-
Due to Primary Government	-	41,250
Unearned Revenues	40,774	-
Non-Current Liabilities:		
Due Within One Year	478,490	-
Due in More Than One Year	6,009,288	21,696
TOTAL LIABILITIES	**7,220,434**	**267,692**
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Credits	35,039	614
NET POSITION		
Net Investment in Capital Assets	47,257,551	130,837
Restricted For:		
Stabilization by State Statute	954,490	-
Public Safety	49,988	-
Culture and Recreation	3,415	-
Public Service and Transportation	1,337,233	-
Working Capital	-	95,765
Unrestricted	7,112,141	557,337
TOTAL NET POSITION	**$ 56,714,818**	**$ 783,939**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
					Primary Government	Component Unit
PRIMARY GOVERNMENT:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Town of Waxhaw ABC Board**
Governmental Activities:						
General Government	$ 1,744,729	-	-	-	(1,744,729)	$ -
Public Safety	2,969,535	11,018	175,688	-	(2,782,829)	-
Economic and Community Development	1,973,626	1,450,382	-	-	(523,244)	-
Culture and Recreation	850,602	147,986	-	2,574	(700,042)	-
Public Service and Transportation	2,508,187	-	-	6,990,325	4,482,138	-
Environmental Protection	1,159,085	-	-	-	(1,159,085)	-
Interest on Long-Term Obligations	162,432	-	-	-	(162,432)	-
TOTAL - PRIMARY GOVERNMENT	**$ 11,368,196**	**1,609,386**	**175,688**	**6,992,899**	**(2,590,223)**	**-**
COMPONENT UNIT:						
Town of Waxhaw ABC Board	$ 2,433,986	2,486,808	-	-	-	52,822
TOTAL - COMPONENT UNIT	**$ 2,433,986**	**2,486,808**	**-**	**-**	**-**	**52,822**

GENERAL REVENUES:		
General Revenues:		
Taxes:		
Property Taxes	6,689,519	-
Sales Taxes	1,996,151	-
Franchise Taxes	817,708	-
Other Taxes	893	-
Investment Income	91,321	702
Miscellaneous	54,306	-
Gain on Sale of Assets	5,204	-
Total General Revenues	9,655,102	702
CHANGES IN NET POSITION	**7,064,879**	**53,524**
NET POSITION, Beginning of Year, as Previously Reported	40,083,019	730,415
Prior Period Adjustments	9,566,920	-
NET POSITION, Beginning of Year, Restated	49,649,939	730,415
NET POSITION, END OF YEAR	**56,714,818**	**$ 783,939**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	GENERAL FUND	POWELL BILL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 4,095,423	-	-	1,953,839	$ 6,049,262
Cash and Cash Equivalents, Restricted	-	644,986	1,783,864	600,917	3,029,767
Investments	1,003,125	-	-	-	1,003,125
Receivables, Net:					
Taxes	117,727	-	-	-	117,727
Accounts	87,968	-	-	-	87,968
Grants	-	-	-	73,903	73,903
Refundable Taxes	31,108	231	-	7,536	38,875
Intergovernmental Receivables	631,809	-	-	-	631,809
Due From Other Funds	121,935	-	-	-	121,935
Prepaid Items	39,309	-	-	-	39,309
Inventory	2,001	-	-	-	2,001
TOTAL ASSETS	**$ 6,130,405**	**645,217**	**1,783,864**	**2,636,195**	**$ 11,195,681**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 232,085	205,284	-	28,598	$ 465,967
Accrued Salaries and Benefits	157,551	-	-	-	157,551
Deposits	39,988	-	-	-	39,988
Due To Other Funds	-	88,810	-	33,125	121,935
Unearned Revenues	40,774	-	-	-	40,774
TOTAL LIABILITIES	**470,398**	**294,094**	**-**	**61,723**	**826,215**
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	117,727	-	-	-	117,727
FUND BALANCES					
Nonspendable:					
Prepaid Items	39,309	-	-	-	39,309
Inventory	2,001	-	-	-	2,001
Restricted For:					
Stabilization by State Statute	872,820	231	-	81,439	954,490
Public Safety	-	-	-	49,988	49,988
Culture and Recreation	-	-	-	3,415	3,415
Public Service and Transportation	-	350,892	466,912	519,429	1,337,233
Committed For:					
General Government	-	-	-	5,039	5,039
Public Safety	-	-	-	6,942	6,942
Economic and Community Development	-	-	-	331,608	331,608
Assigned For:					
Culture and Recreation	-	-	-	1,309,737	1,309,737
Public Service and Transportation	-	-	1,316,952	-	1,316,952
Capital Improvement Plan	-	-	-	300,000	300,000
Unassigned	4,628,150	-	-	(33,125)	4,595,025
TOTAL FUND BALANCES	**5,542,280**	**351,123**	**1,783,864**	**2,574,472**	**10,251,739**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 6,130,405**	**645,217**	**1,783,864**	**2,636,195**	**$ 11,195,681**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	**$ 10,251,739**
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was $82,421,961 and the accumulated depreciation was $30,352,006.	52,069,955
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.	117,727
Accrued interest on the long-term obligations in governmental accounting is not due or payable in the current period, therefore, they have not been reported as a liability in the funds.	(28,376)
The Town's proportionate shares of the deferred outflows of resources and deferred inflows of resources related to their participation in the Local Government Employees' Retirement System ("LGERS") is not recorded in the governmental funds but is recorded in the Statement of Net Position.	741,171
The Town's deferred outflows of resources and deferred inflows of resources related to its Law Enforcement Officers Special Separation Allowance ("LEOSSA"), a single-employer defined benefit penion plan, is not recorded in the governmental funds but is recorded in the Statement of Net Position.	50,380
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt	(4,812,404)
Compensated Absences	(244,454)
Net Pension Liability - LGERS Pension Plan	(970,104)
Total Pension Liability - LEOSSA	(460,816)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$ 56,714,818**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	GENERAL FUND	POWELL BILL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad Valorem Taxes	$ 6,681,874	-	-	-	$ 6,681,874
Other Taxes and Licenses	9,555	-	-	-	9,555
Unrestricted Intergovernmental Revenue	2,975,109	-	-	-	2,975,109
Restricted Intergovernmental Revenue	11,000	334,243	-	176,480	521,723
Building Inspection Fees	1,026,561	-	-	-	1,026,561
Permits and Fees	310,228	-	-	113,593	423,821
Sales and Services	75,809	-	-	72,178	147,987
Developer Contributions	-	-	550,000	-	550,000
Local Contributions	-	-	-	2,574	2,574
Investment Earnings	86,677	4,486	96	65	91,324
Miscellaneous	43,888	-	-	8,247	52,135
TOTAL REVENUES	**11,220,701**	**338,729**	**550,096**	**373,137**	**12,482,663**
EXPENDITURES					
Current:					
General Government	1,695,967	-	-	-	1,695,967
Public Safety	2,511,951	-	-	17,765	2,529,716
Economic and Community Development	1,765,834	-	-	75,076	1,840,910
Culture and Recreation	733,347	-	-	7,324	740,671
Public Service and Transportation	869,771	324,403	-	-	1,194,174
Environmental Protection	1,159,085	-	-	-	1,159,085
Capital Outlay	362,895	6,000	120,006	496,117	985,018
Debt Service:					
Principal	392,509	-	-	-	392,509
Interest and Bank Fees	134,056	-	-	-	134,056
TOTAL EXPENDITURES	9,625,415	330,403	120,006	596,282	10,672,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**1,595,286**	**8,326**	**430,090**	**(223,145)**	**1,810,557**
OTHER FINANCING SOURCES (USES)					
Insurance Proceeds	4,524	-	-	-	4,524
Sale of Capital Assets	5,204	-	-	-	5,204
Transfers In	-	-	-	1,073,000	1,073,000
Transfers Out	(1,033,000)	-	(40,000)	-	(1,073,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,023,272)	-	(40,000)	1,073,000	9,728
NET CHANGES IN FUND BALANCES	**572,014**	**8,326**	**390,090**	**849,855**	**1,820,285**
FUND BALANCES, Beginning of Year, as Previously Reported	6,461,072	-	2,328,499	-	8,789,571
Prior Period Adjustments	(358,117)	-	-	-	(358,117)
Reclassification of Fund Balances	(1,132,689)	342,797	(934,725)	1,724,617	-
FUND BALANCE, Beginning of Year, Restated	4,970,266	342,797	1,393,774	1,724,617	8,431,454
FUND BALANCES, End of Year	**$ 5,542,280**	**351,123**	**1,783,864**	**2,574,472**	**$ 10,251,739**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$ 1,820,285**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	7,643
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	392,509
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(28,376)
In the Statement of Activities, the donation of land, improvements and infrastructure from developers and other governments is reported, whereas in the governmental funds, it is not recognized.	5,933,040
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the LGERS for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(66,393)
Changes in the Town's LEOSSA net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(42,178)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	30,358
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of $1,766,878 exceeded cash capital asset additions of $784,869 in the current period.	(982,009)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$ 7,064,879**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 6,593,371	6,710,825	6,681,874	$ (28,951)
Other Taxes and Licenses	6,000	9,450	9,555	105
Unrestricted Intergovernmental Revenue	2,653,467	2,976,500	2,975,109	(1,391)
Restricted Intergovernmental Revenue	330,000	11,000	11,000	-
Building Inspection Fees	750,000	1,026,500	1,026,561	61
Permits and Fees	223,500	313,600	310,228	(3,372)
Sales and Services	37,000	74,450	75,809	1,359
Investment Earnings	6,055	86,090	86,677	587
Miscellaneous Revenues	19,300	42,400	43,888	1,488
TOTAL REVENUES	**10,618,693**	**11,250,815**	**11,220,701**	**(30,114)**
EXPENDITURES				
Current:				
General Government	2,116,732	1,888,540	1,695,967	192,573
Public Safety	2,434,822	2,579,315	2,511,951	67,364
Economic and Community Development	2,050,100	2,015,104	1,765,834	249,270
Culture and Recreation	689,828	750,196	733,347	16,849
Public Service and Transportation	1,307,431	946,114	869,771	76,343
Environmental Protection	1,080,000	1,160,000	1,159,085	915
Capital Outlay	478,766	370,810	362,895	7,915
Debt Service:				
Principal	392,510	392,510	392,509	1
Interest and Bank Fees	134,055	134,055	134,056	(1)
TOTAL EXPENDITURES	**10,684,244**	**10,236,644**	**9,625,415**	**611,229**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(65,551)**	**1,014,171**	**1,595,286**	**581,115**
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	-	4,000	4,524	524
Sale of Capital Assets	-	5,000	5,204	204
Transfers Out	(650,000)	(1,661,784)	(1,033,000)	628,784
TOTAL OTHER FINANCING SOURCES (USES)	**(650,000)**	**(1,652,784)**	**(1,023,272)**	**629,512**
Fund Balance Appropriated	715,551	638,613	-	(638,613)
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**572,014**	**$ 572,014**
FUND BALANCE, Beginning of Year, as Previously Reported			6,461,072	
Prior Period Adjustments			(358,117)	
Reclassification of Fund Balance from Capital Projects Fund			17,521	
Reclassification of Fund Balance to Powell Bill Fund			(342,797)	
Reclassification of Fund Balance to Nonmajor Special Revenue Funds			(807,413)	
FUND BALANCE, Beginning of Year, Restated			4,970,266	
FUND BALANCE, End of Year			**$ 5,542,280**	

Note: The Town's original and final budgets include funds encumbered on the financial records of June 30, 2017 of approximately $366,000.
Note: The final budgeted transfers out include amounts budgeted for the reclassification of fund balance items.

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

TOWN OF WAXHAW, NORTH CAROLINA

BUDGETARY COMPARISON STATEMENT - POWELL BILL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Restricted Intergovernmental Revenue	$ 334,243	334,243	334,243	$ -
Investment Earnings	40	40	4,486	4,446
TOTAL REVENUES	**334,283**	**334,283**	**338,729**	**4,446**
EXPENDITURES				
Current:				
Public Service and Transportation	677,080	677,080	324,403	352,677
Capital Outlay	-	-	6,000	(6,000)
TOTAL EXPENDITURES	**677,080**	**677,080**	**330,403**	**346,677**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(342,797)**	**(342,797)**	**8,326**	**351,123**
Fund Balance Appropriated	342,797	342,797		(342,797)
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**8,326**	**$ 8,326**
FUND BALANCE, Beginning of Year, as Previously Reported			-	
Reclassification from General Fund			342,797	
FUND BALANCE, Beginning of Year, Restated			342,797	
FUND BALANCE, End of Year			**$ 351,123**	

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

The Town of Waxhaw ("Town") was originally incorporated March 7, 1889 and operated under a Council-Mayor form of government. On August 9, 2005, the Town changed to a Council-Manager form of government. The Board of Commissioners ("Board") consists of the Mayor and five other members who are elected by qualified voters of the Town. The Mayor and Board, elected for four-year staggered terms, are vested with the legislative and policymaking powers of the Town. The Board appoints a Town Manager who serves as the chief executive officer of the Town and is responsible to the Board for proper administration of all affairs of the Town.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

As required by GAAP, the financial statements present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town; and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Town's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town. Based on the criteria above, the Town has one discretely presented component unit.

Component Unit – Town of Waxhaw Alcoholic Beverage Control Board ("ABC Board")

Members of the ABC Board's governing body are appointed by the Town. In addition, the ABC Board is required by State statute to distribute 75% of its surpluses to the General Fund of the Town. The remainder is distributed to the General Fund of Union County. The ABC Board, which has a June 30th year end, is presented as a business-type activity (discrete presented component unit) in the Town's government-wide financial statements. Complete financial statements of the ABC Board may be requested via written request to its administrative offices at Post Office Box 86, Waxhaw, NC 28173.

Major Operations

The Town's major operations consist of general government, public safety (police and volunteer fire), economic and community development, culture and recreation, public services and transportation, and environmental protection.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

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 Town (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial 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. The Town does not have any business-type activities.

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, or services 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the Proprietary and Fiduciary Funds (agency funds do not have a measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 (susceptible to accrual) 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. The Town considers all revenues available if they are generally collected within 60 days after year-end.

Sales taxes and certain intergovernmental revenues, such as the utility franchise tax, collected and held by the State at year end on behalf of the Town are recognized as revenue when received/collected by the State. Sales taxes are considered a shared revenue for the Town because the tax is levied by Union County and then remitted to and distributed by the State.

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 payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major governmental funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and major funds are used by the Town.

Governmental Fund Types are those through which most governmental functions of the Town are financed. The Town's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The Town's governmental fund types and major and non-major funds are as follows:

The ***General Fund, a major fund*** and a budgeted fund***,*** is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The ***Powell Bill Fund, a major special revenue fund*** and a budgeted fund, was established to segregate and account for the funds allocated to cities and towns under the provisions of G.S. 136-41 which are to be expended primarily for the purposes of resurfacing streets within the corporate limits of the municipality but may also be used for maintaining, repairing, constructing, reconstructing or widening of local streets that are the responsibility of the
municipality, in addition to the planning, construction and maintenance of bikeways, greenways or sidewalks.

The ***Capital Projects Fund, a major fund*** and a budgeted fund, was established to account for annual capital projects.

The ***Special Revenue Funds, non-major funds,*** are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted, or committed to expenditures for specified purposes other than debt service or capital projects. The Town has the following non-major Special Revenue Funds:

The ***Rental Property Fund,*** was established to account for the revenues and expenditures for the town owned Niven-Price building located on Main Street.

The ***Caboose Donation Fund,*** was established to accumulate and restrict the donations made to obtain a caboose for recreational purposes.

The ***Cemetery Fund,*** was established to segregate the revenues earned from the operations of the cemetery so that any resulting fund balance can be accumulated and assigned for continued operation and maintenance of the cemetery.

The ***Police Explorer Fund,*** was established to segregate and account for the funds raised and expenditures made by the Police Explorers.

The ***Police State Drug Fund,*** was established to segregate, account for and restrict drug forfeiture distributions from the State of North Carolina.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The ***Police Federal Drug Fund,*** was established to account for and restrict funds obtained from the United States program in which the proceeds of liquidated seized assets from asset forfeiture are shared between local and federal law enforcement authorities.

The ***Technology Fund,*** was established in order to provide funding for the cost of the software and technology expenses incurred by the Community Development Department/Divisions. Ten percent (10%) of all permit application fees are allocated to the Technology Fund and all of the revenues recorded and accumulated in the fund are assigned for use only on technology expenditures, such as credit card processing fees.

The ***Transportation Alternatives Program Grant Fund,*** was established pursuant to G.S. 159-13.2, to account for a grant distributed through the North Carolina Department of Transportation from the Federal Highway Administration which will provide pedestrian and bicycle improvements that will enhance pedestrian and bicycle safety in Downtown Waxhaw.

The ***Waxhaw–Marvin Corridor Grant Fund,*** was established to account for a grant from the N.C. Department of Transportation, distributed through the Charlotte Regional Transportation Planning Organization ("CRTPO"), Unified Planning Work Program ("UPWP") for FY2018, in order to complete a corridor study.

The ***Waxhaw-Marvin Sidewalk CDBG Grant Fund,*** was established pursuant to G.S. 159-13.2, to account for a grant received through a Sub-recipient Grant Agreement with Union County for a grant provided by a Community Development Block Grant ("CDBG") for the purpose of constructing sidewalks.

The ***Capital Projects Funds, non-major funds,*** are used to account for and report funds that are restricted, committed, or assigned for future capital improvements. The Town has the following non-major Capital Projects Funds:

The ***Capital Improvements Reserve Project Fund,*** was established to reserve funding for capital equipment and projects.

The ***Waxhaw Fields Project Fund,*** was established to account for the planned development and construction of athletic fields.

The ***Nesbit Park Phase I Project Fund,*** was established to account for the construction of a concession stand and restrooms at the Nesbit Park.

The ***Town Creek Park Phase I Project Fund,*** was established to account for the expenditures related to the construction of playground equipment.

The ***Park Master Plan Project Fund,*** was established to set aside and account for funding to develop a master plan for the Town's parks.

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

1. Cash and Cash Equivalents

The Town and ABC Board consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

2. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

3. Receivables and Payables

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded. All trade and property tax receivables are shown net of an allowance for uncollectible amounts, as necessary. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges, and services, including but not limited to, taxes, intergovernmental revenue, permits and fees, sales and services, and other fees and charges.

4. Inventories and Prepaid Items

Inventories of materials and supplies are valued at cost (first-in, first-out) which approximates market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaids and inventories of the Town and ABC Board are accounted for using the consumption method (expensed when consumed).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. Capital Assets

The Town defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Public domain ("infrastructure") general capital assets acquired prior to July 1, 2003, consist of the road network (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), that were acquired or that received substantial improvements subsequent to July 1, 1980. These assets are reported at estimated historical cost using deflated replacement cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Town's capital assets are depreciated on the straight-line method using the following estimated useful lives:

Land Improvements	25 years
Buildings	40 years
Infrastructure	50 years
Equipment	5 years
Vehicles and Motorized Equipment	5 years
Computer Equipment and Software	3 years

The ABC Board's capital assets are depreciated on the straight-line method using the following estimated useful lives:

Store Equipment	5-7 years
Leasehold Improvements	10-15 years

6. Restricted Assets

In the Special Revenue Funds, unspent public contributions restricted for a particular purpose and unspent grant revenues are shown as restricted, because they may only be used for the purpose of the donation or the grant. Court-awarded amounts received from drug forfeitures are also shown as restricted cash and cash equivalents, as their use is restricted to law enforcement purposes.

7. Compensated Absences

The vacation policy of the Town generally provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred. In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized immediately. The face amount of debt or capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term obligations that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

9. Deferred Outflows/Inflows of Resources

As defined by GASB Concept Statement No. 4 "*Elements of Financial Statements*", deferred outflows/inflows of resources are the consumption/acquisition of net position by the government that are applicable to a future reporting period.

In addition to assets, the Statement of Net Position and the 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 Town currently has only one type of deferred outflows of resources: (1) The Town reports d*eferred pension charges* in the Town's Statements of Net Position in connection with the Town's participation in the State's Local Governmental Employees' Retirement System ("LGERS") and Law Enforcement Officers Special Separation Allowance ("LEOSSA"). These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the 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 Town currently has two types of deferred inflows of resources: (1) The Town reports *unavailable revenue –property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (tax revenues) in the period the amounts become available. (2) The Town also reports *deferred pension credits* in its Statements of Net Position in connection with the Town's participation in the State's LGERS and LEOSSA. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. Fund Balance

In accordance with GAAP, the Town classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance for the Town consists of:

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for use in public safety activities, due to the sources being primarily from federal and state drug forfeitures and controlled substance tax and amounts donated/received by the Town for specific purposes.

Restricted for Culture and Recreation – portion of fund balance restricted for culture and recreation.

Restricted for Public Service and Transportation – portion of Powell Bill unexpended funds, unspent grant and developer proceeds, and other fund balances that are restricted by revenue source for street construction and maintenance expenditures.

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

Committed for General Government – portion of fund balance committed for general government.

Committed for Public Safety – portion of fund balance committed for public safety.

Committed for Economic and Community Development – portion of fund balance committed for economic and community development.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Town Board reserves the right to assign fund balance.

Assigned for Culture and Recreation – portion of fund balance assigned for culture and recreation.

Assigned for Public Service and Transportation – portion of fund balance assigned for public service and transportation.

Assigned for Capital Improvement Plan – portion of fund balance assigned for future capital improvements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

10. Fund Balance (Continued)

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

The Town adopted a minimum available fund balance policy goal of 30% to 40% of budgeted expenditures for the General Fund.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

12. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net/total pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town's fiscal year-end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net/total pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis generally over a five-year period beginning with the period in which the difference occurred.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

13. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used, maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

14. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by all funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. Encumbrances and unused expenditure appropriations lapse at year end.

15. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent amounts at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

16. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and certain Capital Projects Funds and Special Revenue Funds. Project ordinances are adopted for certain Capital Projects Funds and grant project Special Revenue Funds.

The Town follows the following procedures in establishing its annual budgets:

1. Around the middle of February each year (legally required to be completed before April 30th), all departments/activities of the Town submit requests for appropriation to the Budget Officer so that a proposed budget may be prepared. The proposed budget is prepared by fund, function and department, and includes information on the past year, the current year budget, and requested appropriations for the next fiscal year.

2. In March/April of each year, management reviews the budget compiled by the Budget Officer for the next year for propriety. In April/May of each year, the proposed budget is presented to Town Board for review and approval (legally required to be submitted by June 1st). The Town adopts the budget ordinance by July 1st of each year.

3. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the Town Board and an interim budget must be adopted that covers that time until the annual ordinance can be adopted. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions to total expenditures of any fund must be approved by the Town Board. Effective for the fiscal year 2018 all budgeted expenditure appropriations lapse at year end. The budgets at the end of the year for these funds represent the budgets as adopted and amended by the Town Board.

4. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year end lapse.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Town's or the ABC Board's agent in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are property secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2018, the Town's deposits had a carrying amount of approximately $1,603,000 and a bank balance of approximately $1,807,000. The portion of the bank balance not covered by federal depository insurance was covered by collateral held under the pooling method.

At June 30, 2018, the ABC Board's deposits had a carrying amount of approximately $652,000 and a bank balance of approximately $784,000. The portion of the bank balance not covered by federal depository insurance was covered by collateral held under the pooling method.

Investments

As of June 30, 2018, the Town had the following investments:

Investment Type	Fair Value Level [1]	Credit Rating ^	Fair Value	Investment Maturities in Years < 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
US Securities	Level 1	NR/Aaa	$ 1,003,125	1,003,125	-	-	$ -
NCCMT Term Portfolio	Level 1	Unrated	2,525,590	2,525,590	-	-	-
NCCMT Government Portfolio	N/A	AAAm	4,950,742	4,950,742	-	-	-
Total			$ 8,479,457	8,479,457	-	-	$ -

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
[1] See Note I.C.13 for details of the Town's fair value hierarchy.
NCCMT - North Carolina Capital Management Trust

Custodial Credit Risk: For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments on collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Town's name.

Interest Rate Risk: The Town has a formal investment policy that prioritizes the goals of investment activities, within compliance of North Carolina General Statutes, in the order of (1) safety, (2) liquidity and (3) return. The Finance Director is the designated investment officer.

Credit Risk: The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated.

Certain cash, cash equivalents and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2018 are noted in Note I.C.6 and Note I.C.10 and generally are those imposed by the revenue or financing source (i.e. grants, unspent debt proceeds, etc.).

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Reconciliation to the Financial Statements

A reconciliation of cash and investments for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	$ 1,602,697
Fair Value of Investments	8,479,457
Total Deposits and Investments	$ 10,082,154
Statement of Net Position:	
Cash and Cash Equivalents	$ 6,049,262
Cash and Cash Equivalents, Restricted	3,029,767
Investments	1,003,125
Total Cash, Cash Equivalents, and Investments	$ 10,082,154

B. Receivables and Unavailable, Deferred, and Unearned Revenues

Property Taxes Receivable

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

Gross property taxes receivable of approximately $118,000 represent current and delinquent real and personal property. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue on the governmental fund financial statements and thus not recognized as revenue until collected in the governmental funds.

The Town's fiscal year 2018 real and business personal property taxes (which excludes vehicle taxes), which was for tax year 2017, were levied in July 2017 based on a rate of .360 (same as prior year) for the General Fund. The Town's assessed value of real and personal property for tax year 2017 was approximately $1.6 billion for the Town's General Fund.

Effective as of September 1, 2013, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources (when applicable).

Intergovernmental and Other Receivables

The Town has other significant intergovernmental and other receivables related to (a) sales and utility franchise taxes (b) federal, state, and local grants, and (c) shared and refundable taxes (i.e. sales and use tax, alcoholic beverage, utilities tax, etc.) for revenues primarily collected by the State and remitted to the Town.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable, Deferred, and Unearned Revenues (Continued)

Unavailable, Deferred, and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue) and (b) revenues that have been received but are intended to finance future periods (deferred revenue). Governmental funds also defer revenue recognition and report liabilities in connection with resources that have been received but not yet earned (unearned revenue). As of June 30, 2018, the Town had the following unavailable, deferred, and unearned revenues in its governmental funds:

		Deferred Inflows of Resources		Liabilities	
Description	Fund(s)	Unavailable	Deferred	Unearned	Total
Unavailable Revenues - Property Taxes	General	$ 117,727	-	-	$ 117,727
Unearned Revenues	General	-	-	40,774	40,774
Total		$ 117,727	-	40,774	$ 158,501

C. Interfund Balances and Transfers

Interfund balances at June 30, 2018, consisted of the following receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
Major Governmental Funds:		
General Fund	$ 121,935	$ -
Powell Bill Fund	-	88,810
Non-Major Governmental Funds:		
Special Revenue Funds	-	33,125
Totals	$ 121,935	$ 121,935

For the year ended June 30, 2018, the Town had transfers between funds which consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ -	$ 1,033,000
Capital Projects Fund	-	40,000
Non-Major Governmental Funds:		
Special Revenue Funds	18,000	-
Capital Projects Funds	1,055,000	-
Totals	$ 1,073,000	$ 1,073,000

During the course of its operations, the Town has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

In reviewing its capital asset listing, the Town reclassified a number of its capital assets from one capital asset category to another. This review also resulted in the Town identifying a number of capital assets that had been disposed of and/or were missing from its capital asset listing. The Town corrected these misstatements which resulted in a prior period adjustment (increase in capital assets) of approximately $9,925,000 (see Note IV. F for more details on the prior period adjustment). The beginning balances in the table below have been restated from the prior year audited financial statements to reflect these adjustments.

Capital asset activity for the Town's governmental activities for the year ended June 30, 2018 was as follows:

	Restated Beginning Balance*	Increases	Decreases	Transfers/ Other Changes	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	$ 5,500,732	-	-	-	$ 5,500,732
Construction In Progress	520,829	533,034	-	-	1,053,863
Total Capital Assets, Non-Depreciable	6,021,561	533,034	-	-	6,554,595
Capital Assets, Depreciable:					
Land Improvements	771,178	6,827	-	-	778,005
Buildings	9,080,359	-	-	-	9,080,359
Infrastructure	57,300,631	5,933,040	-	-	63,233,671
Equipment	617,877	30,731	-	-	648,608
Vehicles and Motorized Equipment	1,834,972	214,277	48,747	-	2,000,502
Computer Equipment and Software	126,221	-	-	-	126,221
Total Capital Assets, Depreciable	69,731,238	6,184,875	48,747	-	75,867,366
Less: Accumulated Depreciation for:					
Land Improvements	104,262	30,632	-	-	134,894
Buildings	1,231,554	223,272	-	-	1,454,826
Infrastructure	25,718,337	1,154,107	-	-	26,872,444
Equipment	287,923	89,465	-	-	377,388
Vehicles and Motorized Equipment	1,254,603	227,328	48,747	-	1,433,184
Computer Equipment and Software	37,196	42,074	-	-	79,270
Total Accumulated Depreciation	28,633,875	1,766,878	48,747	-	30,352,006
Total Capital Assets, Depreciable, Net	41,097,363	4,417,997	-	-	45,515,360
Governmental Activities Capital Assets, Net	$ 47,118,924	4,951,031	-	-	$ 52,069,955

* Certain amounts have been restated due to a prior period adjustment. See paragraphs at the beginning of this section (Section III.D) for more details.

Ongoing construction in progress in the Town's governmental activities primarily relates to the Kensington Drive improvement projects, downtown pedestrian projects, bicycle enhancement projects, and several park projects. The Town had remaining commitments on these projects in the amount of approximately $359,000 as of June 30, 2018.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	$ 81,660	$ 128,258
Public Safety	62,590	324,936
Culture and Recreation	200,706	105,573
Public Service and Transportation	6,372,953	1,208,111
Total - Governmental Activities	$ 6,717,909	$ 1,766,878

Capital asset activity for the ABC Board for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
ABC Board (Component Unit)				
Capital Assets, Depreciable:				
Store Equipment	$ 44,506	-	-	$ 44,506
Leasehold Improvements	154,887	1,134	-	156,021
Total Capital Assets, Depreciable	199,393	1,134	-	200,527
Less: Accumulated Depreciation for:				
Store Equipment	18,819	7,806	-	26,625
Leasehold Improvements	27,507	15,558	-	43,065
Total Accumulated Depreciation	46,326	23,364	-	69,690
Total Capital Assets, Depreciable, Net	153,067	(22,230)	-	130,837
Business-Type Activities Capital Assets, Net	$ 153,067	(22,230)	-	$ 130,837

Capital asset additions and depreciation expense for the ABC Board were as follows:

Capital Asset Additions	Depreciation Expense
$ 1,134	$ 23,364

E. Long-Term Obligations

The Town issues debt to provide funds for the acquisition and/or construction of major capital projects, vehicles, and equipment. Installment Purchase Contracts ("IPC") are collateralized by the assets being financed and are not secured by the taxing power of the Town.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Details on the Town's outstanding debt issues as of June 30, 2018 are as follows:

Installment Purchase Contracts	Balance at June 30, 2018
$6,500,000 Installment Purchase Contract with SunTrust Bank issued in October 2013 ("IPC – October 2013"), due in quarterly installments of $131,641 beginning on January 10, 2014 through October 10, 2028, with interest at 2.65% due quarterly. The proceeds of this issue were used to construct the Town's police department building.	$ 4,812,404

Interest paid on the certain debt issued by the Town is exempt from federal income tax. The Town sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The Town does not believe it has an arbitrage liability at June 30, 2018.

The Town implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") in 2015. This statement established standards for the measurement, recognition, and display of pension expenditures/expenses, net pension liabilities, deferred pension outflows/inflows, note disclosures, and required supplementary information in financial reports. For more information on the Town's participation in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan, administered by the State of North Carolina and its related net pension liability (which is shown in the long-term obligation rollforward), see "Note IV.B Retirement/Pension Plans – Local Government Employees' Retirement System" for more details.

The Town implemented GASB Statement No. 73 "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension"* in 2017. This statement established standards for the measurement, recognition, and display of pension expenditures/expenses, net pension liabilities, deferred pension outflows/inflows, note disclosures, and required supplementary information in financial reports. For more information on the Town's Law Enforcement Officers Special Separation Allowance ("LEOSSA"), a single-employer defined benefit pension plan, which provides retirement benefits to the Town's qualified sworn law enforcement officers and its net pension liability (which is shown in the long-term obligation rollforward), see "Note IV.B Retirement/Pension Plans – Law Enforcement Officers Special Separation Allowance" for more details.

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2018:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
IPC - October 2013	$ 5,204,913	-	392,509	4,812,404	$ 403,015
Total Debt	5,204,913	-	392,509	4,812,404	403,015
Compensated Absences	274,811	193,977	224,334	244,454	75,475
Net Pension Liability - LGERS	1,194,663	-	224,559	970,104	-
Total Pension Liability - LEOSSA	363,042	97,774	-	460,816	-
Total Governmental Activities	$ 7,037,429	291,751	841,402	6,487,778	$ 478,490

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Resources from the General Fund have generally been used to liquidate the Town's governmental activities long-term obligations.

Following is a summary of debt service requirements to maturity by year for the Town's governmental activities as of June 30, 2018:

	Installment Purchase Contracts		
Year Ended June 30,	Principal	Interest	Total
Governmental Activities:			
2019	$ 403,015	123,550	$ 526,565
2020	413,801	112,763	526,564
2021	424,876	101,688	526,564
2022	436,248	90,316	526,564
2023	447,924	78,640	526,564
2024-2028	2,425,994	206,827	2,632,821
2029	260,546	2,593	263,139
Totals	$ 4,812,404	716,377	$ 5,528,781

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town has general liability of $5 million and auto liability coverage of $5 million per occurrence; property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. The pools are audited annually by certified public accounts, and the audited financial statements are available to the Town upon request. The Town also carries flood insurance with $5 million single occurrence coverage and $5 million annual aggregate coverage for areas designated in the 1% annual chance of flood or in the 100-year flood areas designated by FEMA. Additionally, the Town's general liability policy covers acts of nature.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. There is coverage of $10,000 for employee dishonesty per occurrence, which covers the finance officer, the tax collector and other employees. The finance officer and the tax collector are also each individually bonded for $50,000.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans

Local Governmental Employees' Retirement System

Plan Description

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

Benefits Provided

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.57% of compensation for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town and by employees were approximately $286,000 and $220,000 for the year ended June 30, 2018, respectively.

Refunds of Contributions

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

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

At June 30, 2018, the Town reported a liability of approximately $970,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At the June 30, 2017 measurement date, the Town's proportion was 0.06350%, which was an increase of 0.00721% from its proportion of 0.05629% measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of approximately $352,000. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 55,887	$ 27,461
Changes in Assumptions	138,544	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	235,543	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	52,920	-
Employer Contributions Subsequent to the Measurement Date	285,738	-
	$ 768,632	$ 27,461

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/ Inflows of Resources Related to Pensions (Continued)

Approximately $286,000 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will increase (decrease) pension expense as follows:

Year Ended June 30,	Amount
2019	$ 80,463
2020	294,650
2021	148,032
2022	(67,712)
Total	$ 455,433

Actuarial Assumptions

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.20 percent, net of pension plan investment expense, including inflation

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

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

Future ad hoc cost of living adjustments ("COLA") amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 (measurement date) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

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

Discount Rate

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

Sensitivity Analysis

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 2,912,274	970,104	$ (650,995)

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

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance

Plan Description

The Town administers the Law Enforcement Officers Special Separation Allowance ("Separation Allowance" or "LEOSSA"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Active Plan Members	24
Total	25

Summary of Significant Accounting Policies

Basis of Accounting

The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB #73.

Actuarial Assumptions

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

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.16 percent
Cost of Living Adjustments	N/A

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

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

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to the LEOSSA is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid approximately $8,000 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of $461,000. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of approximately $51,000.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 25,031	$ -
Changes of Assumptions and Other Inputs	28,533	7,578
Town Benefit Payments and Plan Administrative Expenses Made Subsequent to the Measurement Date	4,394	-
Total	$ 57,958	$ 7,578

Approximately $4,000 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	$ 7,931
2020	7,931
2021	7,931
2022	7,931
2023	7,933
Thereafter	6,329
Total	$ 45,986

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Sensitivity Analysis

The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	$ 507,926	460,816	$ 418,100

Schedule of Changes in Total Pension Liability

Total Pension Liability as of December 31, 2016	$ 363,042
Changes for the Year:	
Service Cost at End of Year	29,312
Interest on the Total Pension Liability	13,851
Differences Between Expected and Actual Experience	29,446
Changes of Assumptions and Other Inputs	33,565
Benefit Payments	(8,400)
Net Changes	97,774
Total Pension Liability as of December 31, 2017	$ 460,816

Supplemental Retirement Income Plan

Plan Description

The Town contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee's salary. All amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the Plan. Total contributions for the year ended June 30, 2018 were approximately $287,000 which consisted of approximately $189,000 from the Town and $98,000 from the employees.

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefit Other Than Pensions

Death Benefit Plan

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan" or "System"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000.

Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

D. Contingent Liabilities and Commitments

Litigation

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Grants

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town's applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2018.

Commitments

The Town entered into an agreement in October 2014 for the lease of Town Hall. This was a three-year lease starting December 1, 2014 and ending on November 30, 2017. The lease had a two-year renewal option for which the Town executed which has extended the lease to November 30, 2019. The original lease amount was approximately $6,076 per month in fixed rent with an additional $1,055 per month for taxes, insurance, and maintenance charges. The two-year renewal rent was increased 3% beginning December 1, 2017. The remaining commitment outstanding at June 30, 2018 was approximately $125,000. The total amount paid for the year ended June 30, 2018 was approximately $90,000.

The Town entered into an agreement for solid waste collection services beginning February 1, 2018 and ending June 30, 2023. The Town will pay a fee of $16.28 per month for each residential unit for solid waste and recycling services and $1.20 per month for each residential unit for yard waste collections. Beginning July 1, 2019, the monthly fee is subject to change based on changes in the consumer price index, provided that any annual adjustment shall not exceed 3%. The total amount paid for the year ended June 30, 2018 was approximately $1,159,000.

IV. OTHER INFORMATION (CONTINUED)

E. Fund Balance

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

Total Fund Balance - General Fund	$ 5,542,280
Less:	
Prepaid Items / Inventory	(41,310)
Stabilization by State Statute	(872,820)
Remaining Fund Balance - General Fund	$ 4,628,150

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least 30 percent to 40 percent of budgeted expenditures.

F. Prior Period Adjustments

During mid-year of fiscal year 2018, the Town hired its first Finance Director. After new staff review of the Town's account balances, capital asset listing, capital asset rollforward, etc., the Town became aware of several misstatements in its prior year balances in both its governmental fund financial statements and its government-wide financial statements. The Town recorded several prior period adjustments to correct these errors. These errors primarily relate to (a) certain receivables owed to the Town, (b) certain receivables from prior years not being reduced by the receipt of the funds, (c) certain payables not being recorded, (d) accrued salaries and benefits not being recorded, and (e) certain capital assets needed to be removed and others added to the capital asset listing (see Note III.D for more details).

The total impact of the above adjustments that affected beginning fund balance/net position for the year ended June 30, 2018 was as follows:

Description	Increase (Decrease) in Fund Balance/Net Position
Understated Cash and Cash Equivalents	$ 822
Understated Accounts Receivable	10,167
Understated Grants Receivable	10,033
Overstated Refundable Taxes Receivable	(107,709)
Understated Intergovernmental Receivable	53,933
Understated Prepaid Items	23,451
Understated Accounts Payable	(133,610)
Understated Accrued Salaries and Benefits	(186,204)
Understated Unearned Revenues	(29,000)
Governmental Fund Financial Statements	(358,117)
Understated Capital Assets	9,925,037
Government-Wide Financial Statements	$ 9,566,920

G. Reclassification of Fund Balances

Effective July 1, 2017, the Town elected to setup a number of new special revenue and capital projects funds for programs and projects that had previously been reported in the General Fund and Capital Projects Fund. Due to this change, the prior year ending fund balances for the General Fund and Capital Projects Fund have been reclassified of approximately $1,133,000 and approximately $935,000, respectively, to the related special revenue and capital projects funds.

IV. OTHER INFORMATION (CONTINUED)

H. Subsequent Events

In January 2019, the Town was awarded a School Violence Prevention Program grant from the Department of Justice, Community Oriented Policing Services, ("COPS") of approximately $374,000. The total project cost will be approximately $499,000 to complete a joint project with the Union County Public Board of Education, ("UCBOE"), to upgrade security technology in the local schools, along with technology updates and training for the Waxhaw Police Department. The total project grant match is approximately $125,000. The Town will reimburse the UCBOE approximately $267,000 for their grant related expenditures and the school district will be responsible for approximately $126,000 of project costs, including a grant match of approximately $89,000. The Town will purchase upgrades to the department's stimulator, along with school training videos for approximately $142,000 and be responsible for matching approximately $36,000 of the project cost.

In February 2019, the Town was awarded a Surface Transportation Block Grant from the North Carolina Department of Transportation of approximately $1,802,000. The Town will be responsible for matching approximately $701,000. These funds will be used for the Kensington Drive Corridor Improvement Project.

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Required Supplementary Information

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2018	2017
Beginning Balance of the Total Pension Liability	$ 363,042	$ 338,590
Changes for the Year:		
Service Cost	29,312	28,893
Interest on Total Pension Liability	13,851	11,984
Difference Between Expected and Actual Experience in the Measurement of the Total Pension Liability	29,446	-
Changes of Assumptions or Other Inputs	33,565	(10,610)
Benefit Payments	(8,400)	(5,815)
Net Changes	97,774	24,452
Ending Balance of the Total Pension Liability	$ 460,816	$ 363,042

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the prior December 31st.
The Town implemented GASB #73 during the year ended June 30, 2017. Information before 2017 is not available.

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2018	2017
Total Pension Liability	$ 460,816	$ 363,042
Covered Payroll	$ 1,257,819	$ 1,202,092
Total Pension Liability as a Percentage of Covered Payroll	36.64%	30.20%

Notes to Schedule:

The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits. The Town implemented GASB #73 during the year ended June 30, 2017. Information before 2017 is not available.

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability (Asset)	0.063500%	0.056290%	0.050670%	0.045020%	0.037900%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 970,104	1,194,663	227,404	(248,473)	$ 163,236
Town's Covered Payroll	$ 3,401,993	2,986,658	2,751,009	2,283,306	$ 2,283,306
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	28.52%	40.00%	8.27%	-10.88%	7.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S CONTRIBUTIONS

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 285,738	250,109	188,223	198,076	$ 163,236
Contributions in Relation to the Contractually Required Contribution:	285,738	250,109	188,223	198,076	163,236
Contribution Deficiency (Excess)	$ -	-	-	-	$ -
Town's Covered Payroll	$ 3,661,407	3,401,993	2,986,658	2,751,009	$ 2,283,306
Contributions as a Percentage of Covered Payroll:	7.80%	7.35%	6.30%	7.20%	7.15%

Notes to Schedule:

The Town implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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Supplementary Information

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 6,692,825	6,665,243	$ (27,582)
Penalties and Interest	18,000	16,631	(1,369)
Total	6,710,825	6,681,874	(28,951)
Other Taxes and Licenses:			
Beer and Wine	850	893	43
Solid Waste Disposal	8,600	8,662	62
Total	9,450	9,555	105
Unrestricted Intergovernmental Revenue:			
Local Option Sales Taxes	1,940,000	1,939,680	(320)
Utility Franchise Tax	820,000	817,708	(2,292)
Beer and Wine Tax	56,500	56,471	(29)
ABC Profit Distribution	160,000	161,250	1,250
Total	2,976,500	2,975,109	(1,391)
Restricted Intergovernmental Revenue:			
ABC Revenue for Law Enforcement	11,000	11,000	-
Total	11,000	11,000	-
Building Inspection Fees	1,026,500	1,026,561	61
Permits and Fees	313,600	310,228	(3,372)
Sales and Services:			
Recreation Fees	56,450	57,049	599
Cemetery Fees	18,000	18,760	760
Total	74,450	75,809	1,359
Investment Earnings	86,090	86,677	587
Miscellaneous Revenues:			
Donations	16,700	16,809	109
Miscellaneous	25,700	27,079	1,379
Total	42,400	43,888	1,488
TOTAL REVENUES	**$ 11,250,815**	**11,220,701**	**$ (30,114)**

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES			
General Government:			
Board of Commissioners:			
Salaries and Employee Benefits	$ 101,706	102,019	$ (313)
Operating Expenditures	212,654	194,301	18,353
Total	314,360	296,320	18,040
Administration:			
Salaries and Employee Benefits	227,148	228,229	(1,081)
Operating Expenditures	330,531	261,661	68,870
Capital Outlay	22,300	21,555	745
Total	579,979	511,445	68,534
Clerk's Office:			
Salaries and Employee Benefits	152,362	147,252	5,110
Operating Expenditures	54,425	32,727	21,698
Total	206,787	179,979	26,808
Finance:			
Salaries and Employee Benefits	265,241	237,925	27,316
Operating Expenditures	120,165	100,099	20,066
Total	385,406	338,024	47,382
Information Technology:			
Salaries and Employee Benefits	188,380	186,351	2,029
Operating Expenditures	64,350	58,552	5,798
Total	252,730	244,903	7,827
Human Resources:			
Salaries and Employee Benefits	116,263	111,682	4,581
Operating Expenditures	55,315	35,169	20,146
Total	171,578	146,851	24,727
Total General Government	$ 1,910,840	1,717,522	$ 193,318

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)			
Public Safety:			
Police:			
Salaries and Employee Benefits	$ 2,136,438	2,080,872	$ 55,566
Operating Expenditures	418,627	406,829	11,798
Capital Outlay	107,836	107,831	5
Total	2,662,901	2,595,532	67,369
Waxhaw Volunteer Fire	24,250	24,250	-
Total	24,250	24,250	-
Total Public Safety	2,687,151	2,619,782	67,369
Economic and Community Development:			
Building Inspections:			
Salaries and Employee Benefits	422,809	417,857	4,952
Operating Expenditures	172,469	161,297	11,172
Capital Outlay	22,360	22,085	275
Total	617,638	601,239	16,399
Planning and Community Development:			
Salaries and Employee Benefits	390,504	350,410	40,094
Operating Expenditures	194,100	128,534	65,566
Façade Grant Expenditures	50,000	5,840	44,160
Total	634,604	484,784	149,820
Main Street:			
Salaries and Employee Benefits	113,610	107,113	6,497
Operating Expenditures	110,540	88,709	21,831
Capital Outlay	98,975	94,549	4,426
Total	323,125	290,371	32,754
Engineering:			
Salaries and Employee Benefits	398,272	352,753	45,519
Operating Expenditures	162,800	153,321	9,479
Total	561,072	506,074	54,998
Total Economic and Community Development	$ 2,136,439	1,882,468	$ 253,971

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)			
Culture and Recreation:			
Parks and Recreation:			
Salaries and Employee Benefits	$ 240,516	230,147	$ 10,369
Operating Expenditures	103,500	99,436	4,064
Total	344,016	329,583	14,433
Events:			
Salaries and Employee Benefits	172,402	170,468	1,934
Operating Expenditures	233,778	233,296	482
Total	406,180	403,764	2,416
Total Culture and Recreation	750,196	733,347	16,849
Public Service and Transportation:			
Public Service:			
Salaries and Employee Benefits	594,825	570,149	24,676
Operating Expenditures	351,289	299,622	51,667
Capital Outlay	119,339	116,875	2,464
Total	1,065,453	986,646	78,807
Total Public Service and Transportation	1,065,453	986,646	78,807
Environmental Protection:			
Sanitation Contract	1,160,000	1,159,085	915
Total	1,160,000	1,159,085	915
Total Environmental Protection	1,160,000	1,159,085	915
Debt Service:			
Principal	392,510	392,509	1
Interest and Bank Fees	134,055	134,056	(1)
Total Debt Service	526,565	526,565	-
TOTAL EXPENDITURES	**10,236,644**	**9,625,415**	**611,229**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**$ 1,014,171**	**1,595,286**	**$ 581,115**

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	$ 4,000	4,524	$ 524
Sale of Capital Assets	5,000	5,204	204
Transfers Out	(1,661,784)	(1,033,000)	628,784
TOTAL OTHER FINANCING SOURCES (USES)	**(1,652,784)**	**(1,023,272)**	**629,512**
Fund Balance Appropriated	638,613		(638,613)
NET CHANGE IN FUND BALANCE	**$ -**	**572,014**	**$ 572,014**
FUND BALANCE, Beginning of Year, as Previously Reported		6,461,072	
Prior Period Adjustments		(358,117)	
Reclassification of Fund Balance from Capital Projects Fund		17,521	
Reclassification of Fund Balance to Powell Bill Fund		(342,797)	
Reclassification of Fund Balance to Nonmajor Special Revenue Funds		(807,413)	
FUND BALANCE, Beginning of Year, Restated		4,970,266	
FUND BALANCE, End of Year		**$ 5,542,280**	

Note: The Town's final budget includes funds encumbered on the financial records of June 30, 2017 of approximately $366,000.
Note: The final budgeted transfers out include amounts budgeted for the reclassification of fund balance items.

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
Developer Contributions	$ 550,000	-	550,000	550,000	$ -
Investment Earnings	-	-	96	96	96
TOTAL REVENUES	**550,000**	**-**	**550,096**	**550,096**	**96**
EXPENDITURES					
Capital Outlay	2,350,000	448,728	120,006	568,734	1,781,266
TOTAL EXPENDITURES	**2,350,000**	**448,728**	**120,006**	**568,734**	**1,781,266**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(1,800,000)**	**(448,728)**	**430,090**	**(18,638)**	**1,781,362**
OTHER FINANCING SOURCES (USES)					
Transfers Out	(40,000)	-	(40,000)	(40,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	**(40,000)**	**-**	**(40,000)**	**(40,000)**	**-**
NET CHANGE IN FUND BALANCE	**$ (1,840,000)**	**(448,728)**	**390,090**	**(58,638)**	**$ 1,781,362**

FUND BALANCE, Beginning of Year, as Previously Reported	2,328,499
Reclassification to General Fund	(17,521)
Reclassification to Nonmajor Special Revenue Funds	(150,000)
Reclassification to Nonmajor Capital Projects Funds	(767,204)
FUND BALANCE, Beginning of Year, Restated	1,393,774
FUND BALANCE, End of Year	**$ 1,783,864**

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TOWN OF WAXHAW, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 344,102	1,609,737	$ 1,953,839
Cash and Cash Equivalents, Restricted	600,917	-	600,917
Receivables, Net			
Grants	73,903	-	73,903
Refundable Taxes	526	7,010	7,536
TOTAL ASSETS	**$ 1,019,448**	**1,616,747**	**$ 2,636,195**
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 28,598	-	$ 28,598
Due to Other Funds	33,125	-	33,125
TOTAL LIABILITIES	**61,723**	**-**	**61,723**
FUND BALANCES			
Restricted For:			
Stabilization by State Statute	74,429	7,010	81,439
Public Safety	49,988	-	49,988
Culture and Recreation	3,415	-	3,415
Public Service and Transportation	519,429	-	519,429
Committed For:			
General Government	5,039	-	5,039
Public Safety	6,942	-	6,942
Economic and Community Development	331,608	-	331,608
Assigned For:			
Culture and Recreation	-	1,309,737	1,309,737
Capital Improvement Plan	-	300,000	300,000
Unassigned	(33,125)	-	(33,125)
TOTAL FUND BALANCES	**957,725**	**1,616,747**	**2,574,472**
TOTAL LIABILITIES AND FUND BALANCES	**$ 1,019,448**	**1,616,747**	**$ 2,636,195**

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	RENTAL PROPERTY FUND	CABOOSE DONATION FUND	CEMETERY FUND	POLICE EXPLORER FUND
ASSETS				
Cash and Cash Equivalents	$ 205,581	-	5,039	7,245
Cash and Cash Equivalents, Restricted	-	3,415	-	-
Receivables, Net				
Grants	-	-	-	-
Refundable Taxes	68	-	-	12
TOTAL ASSETS	**$ 205,649**	**3,415**	**5,039**	**7,257**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 189	-	-	303
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	**189**	**-**	**-**	**303**
FUND BALANCES				
Restricted For:				
Stabilization by State Statute	68	-	-	12
Public Safety	-	-	-	-
Culture and Recreation	-	3,415	-	-
Public Service and Transportation	-	-	-	-
Committed For:				
General Government	-	-	5,039	-
Public Safety	-	-	-	6,942
Economic and Community Development	205,392	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	**205,460**	**3,415**	**5,039**	**6,954**
TOTAL LIABILITIES AND FUND BALANCES	**$ 205,649**	**3,415**	**5,039**	**7,257**

POLICE STATE DRUG FUND	POLICE FEDERAL DRUG FUND	TECHNOLOGY FUND	TRANS-PORTATION ALTERNATIVES PROGRAM GRANT FUND	WAXHAW-MARVIN CORRIDOR GRANT FUND	WAXHAW-MARVIN SIDEWALK CDBG GRANT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
-	-	126,237	-	-	-	$ 344,102
14,658	36,330	-	531,839	8,125	6,550	600,917
-	-	-	38,403	35,500	-	73,903
-	-	446	-	-	-	526
14,658	**36,330**	**126,683**	**570,242**	**43,625**	**6,550**	**$ 1,019,448**
1,000	-	21	18,960	8,125	-	$ 28,598
-	-	-	-	33,125	-	33,125
1,000	**-**	**21**	**18,960**	**41,250**	**-**	**61,723**
-	-	446	38,403	35,500	-	74,429
13,658	36,330	-	-	-	-	49,988
-	-	-	-	-	-	3,415
-	-	-	512,879	-	6,550	519,429
-	-	-	-	-	-	5,039
-	-	-	-	-	-	6,942
-	-	126,216	-	-	-	331,608
-	-	-	-	(33,125)	-	(33,125)
13,658	**36,330**	**126,662**	**551,282**	**2,375**	**6,550**	**957,725**
14,658	**36,330**	**126,683**	**570,242**	**43,625**	**6,550**	**$ 1,019,448**

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2018

	CAPITAL IMPROVE-MENTS RESERVE PROJECT FUND	WAXHAW FIELDS PROJECT FUND	NESBIT PARK PHASE I PROJECT FUND	TOWN CREEK PARK PHASE I PROJECT FUND	PARK MASTER PLAN PROJECT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS						
Cash and Cash Equivalents	$ 300,000	942,148	244,943	64,970	57,676	$ 1,609,737
Receivables, Net						
Refundable Taxes	-	-	3,626	3,384	-	7,010
TOTAL ASSETS	**$ 300,000**	**942,148**	**248,569**	**68,354**	**57,676**	**$ 1,616,747**
LIABILITIES AND FUND BALANCES						
LIABILITIES						
TOTAL LIABILITIES	**$ -**	**-**	**-**	**-**	**-**	**$ -**
FUND BALANCES						
Restricted For:						
Stabilization by State Statute	-	-	3,626	3,384	-	7,010
Assigned For:						
Culture and Recreation	-	942,148	244,943	64,970	57,676	1,309,737
Capital Improvement Plan	300,000	-	-	-	-	300,000
TOTAL FUND BALANCES	**300,000**	**942,148**	**248,569**	**68,354**	**57,676**	**1,616,747**
TOTAL LIABILITIES AND FUND BALANCES	**$ 300,000**	**942,148**	**248,569**	**68,354**	**57,676**	**$ 1,616,747**

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Restricted Intergovernmental Revenue	$ 176,480	-	$ 176,480
Permits and Fees	113,593	-	113,593
Sales and Services	72,178	-	72,178
Local Contributions	-	2,574	2,574
Investment Earnings	65	-	65
Miscellaneous	8,247	-	8,247
TOTAL REVENUES	**370,563**	**2,574**	**373,137**
EXPENDITURES			
Current:			
Public Safety	17,765	-	17,765
Economic and Community Development	75,076	-	75,076
Culture and Recreation	-	7,324	7,324
Capital Outlay	295,410	200,707	496,117
TOTAL EXPENDITURES	**388,251**	**208,031**	**596,282**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(17,688)**	**(205,457)**	**(223,145)**
OTHER FINANCING SOURCES (USES)			
Transfers In	18,000	1,055,000	1,073,000
TOTAL OTHER FINANCING SOURCES (USES)	**18,000**	**1,055,000**	**1,073,000**
NET CHANGE IN FUND BALANCES	**312**	**849,543**	**849,855**
FUND BALANCES, Beginning of Year, as Previously Reported	-	-	-
Reclassification from General Fund	807,413	-	807,413
Reclassification from Capital Projects Fund	150,000	767,204	917,204
FUND BALANCES, Beginning of Year, Restated	957,413	767,204	1,724,617
FUND BALANCES, End of Year	**$ 957,725**	**1,616,747**	**$ 2,574,472**

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2018

	RENTAL PROPERTY FUND	CABOOSE DONATION FUND	CEMETERY FUND	POLICE EXPLORER FUND
REVENUES				
Restricted Intergovernmental Revenue	$ -	-	-	-
Permits and Fees	-	-	-	-
Sales and Services	72,178	-	-	-
Investment Earnings	-	26	39	-
Miscellaneous	-	-	-	8,247
TOTAL REVENUES	**72,178**	**26**	**39**	**8,247**
EXPENDITURES				
Current:				
Public Safety	-	-	-	5,265
Economic and Community Development	33,532	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	**33,532**	**-**	**-**	**5,265**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**38,646**	**26**	**39**	**2,982**
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	**-**	**-**	**-**	**-**
NET CHANGE IN FUND BALANCES	**38,646**	**26**	**39**	**2,982**
FUND BALANCES, Beginning of Year, as Previously Reported	-	-	-	-
Reclassification from General Fund	166,814	3,389	5,000	3,972
Reclassification from Capital Projects Fund	-	-	-	-
FUND BALANCES, Beginning of Year, Restated	166,814	3,389	5,000	3,972
FUND BALANCES, End of Year	**$ 205,460**	**3,415**	**5,039**	**6,954**

POLICE STATE DRUG FUND	POLICE FEDERAL DRUG FUND	TECHNOLOGY FUND	TRANS-PORTATION ALTERNATIVES PROGRAM GRANT FUND	WAXHAW-MARVIN CORRIDOR GRANT FUND	WAXHAW-MARVIN SIDEWALK CDBG GRANT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
3,438	-	-	113,292	40,500	19,250	$ 176,480
-	-	113,593	-	-	-	113,593
-	-	-	-	-	-	72,178
-	-	-	-	-	-	65
-	-	-	-	-	-	8,247
3,438	**-**	**113,593**	**113,292**	**40,500**	**19,250**	**370,563**
12,500	-	-	-	-	-	17,765
-	-	41,544	-	-	-	75,076
-	-	-	226,585	50,625	18,200	295,410
12,500	**-**	**41,544**	**226,585**	**50,625**	**18,200**	**388,251**
(9,062)	**-**	**72,049**	**(113,293)**	**(10,125)**	**1,050**	**(17,688)**
-	-	-	-	12,500	5,500	18,000
-	**-**	**-**	**-**	**12,500**	**5,500**	**18,000**
(9,062)	**-**	**72,049**	**(113,293)**	**2,375**	**6,550**	**312**
-	-	-	-	-	-	-
22,720	36,330	54,613	514,575	-	-	807,413
-	-	-	150,000	-	-	150,000
22,720	36,330	54,613	664,575	-	-	957,413
13,658	**36,330**	**126,662**	**551,282**	**2,375**	**6,550**	**$ 957,725**

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2018

	CAPITAL IMPROVE-MENTS RESERVE PROJECT FUND	WAXHAW FIELDS PROJECT FUND	NESBIT PARK PHASE I PROJECT FUND	TOWN CREEK PARK PHASE I PROJECT FUND	PARK MASTER PLAN PROJECT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES						
Local Contributions	$ -	-	2,574	-	-	$ 2,574
TOTAL REVENUES	**-**	**-**	**2,574**	**-**	**-**	**2,574**
EXPENDITURES						
Current:						
Culture and Recreation	-	-	-	-	7,324	7,324
Capital Outlay	-	23,261	94,005	83,441	-	200,707
TOTAL EXPENDITURES	**-**	**23,261**	**94,005**	**83,441**	**7,324**	**208,031**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**-**	**(23,261)**	**(91,431)**	**(83,441)**	**(7,324)**	**(205,457)**
OTHER FINANCING SOURCES (USES)						
Transfers In	300,000	350,000	340,000	-	65,000	1,055,000
TOTAL OTHER FINANCING SOURCES (USES)	**300,000**	**350,000**	**340,000**	**-**	**65,000**	**1,055,000**
NET CHANGE IN FUND BALANCES	**300,000**	**326,739**	**248,569**	**(83,441)**	**57,676**	**849,543**
FUND BALANCES, Beginning of Year, as Previously Reported	-	-	-	-	-	-
Reclassification from Capital Projects Fund	-	615,409	-	151,795	-	767,204
FUND BALANCES, Beginning of Year, Restated	-	615,409	-	151,795	-	767,204
FUND BALANCES, End of Year	**$ 300,000**	**942,148**	**248,569**	**68,354**	**57,676**	**$ 1,616,747**

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - RENTAL PROPERTY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Sales and Services:			
Rental Income	$ 55,000	72,178	$ 17,178
TOTAL REVENUES	**55,000**	**72,178**	**17,178**
EXPENDITURES			
Current:			
Economic and Community Development:			
Operating Expenditures	55,000	33,532	21,468
TOTAL EXPENDITURES	**55,000**	**33,532**	**21,468**
NET CHANGE IN FUND BALANCE	**$ -**	**38,646**	**$ 38,646**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		166,814	
FUND BALANCE, Beginning of Year, Restated		166,814	
FUND BALANCE, End of Year		**$ 205,460**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - CABOOSE DONATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Investment Earnings	$ -	26	$ 26
TOTAL REVENUES	**-**	**26**	**26**
EXPENDITURES			
Capital Outlay	3,389	-	3,389
TOTAL EXPENDITURES	**3,389**	**-**	**3,389**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(3,389)**	**26**	**3,415**
Fund Balance Appropriated	3,389		(3,389)
NET CHANGE IN FUND BALANCE	**$ -**	**26**	**$ 26**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		3,389	
FUND BALANCE, Beginning of Year, Restated		3,389	
FUND BALANCE, End of Year		**$ 3,415**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Investment Earnings	$ -	39	$ 39
TOTAL REVENUES	**-**	**39**	**39**
EXPENDITURES			
Current:			
General Government			
Operating Expenditures	5,000	-	5,000
TOTAL EXPENDITURES	**5,000**	**-**	**5,000**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(5,000)**	**39**	**5,039**
Fund Balance Appropriated	5,000		(5,000)
NET CHANGE IN FUND BALANCE	**$ -**	**39**	**$ 39**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		5,000	
FUND BALANCE, Beginning of Year, Restated		5,000	
FUND BALANCE, End of Year		**$ 5,039**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - POLICE EXPLORER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Miscellaneous	$ 7,340	8,247	$ 907
TOTAL REVENUES	**7,340**	**8,247**	**907**
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures	11,312	5,265	6,047
TOTAL EXPENDITURES	**11,312**	**5,265**	**6,047**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(3,972)**	**2,982**	**6,954**
Fund Balance Appropriated	3,972		(3,972)
NET CHANGE IN FUND BALANCE	**$ -**	**2,982**	**$ 2,982**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		3,972	
FUND BALANCE, Beginning of Year, Restated		3,972	
FUND BALANCE, End of Year		**$ 6,954**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - POLICE STATE DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Restricted Intergovernmental Revenue:			
State Distribution Revenue	$ 2,600	3,438	$ 838
TOTAL REVENUES	**2,600**	**3,438**	**838**
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures	25,320	12,500	12,820
TOTAL EXPENDITURES	**25,320**	**12,500**	**12,820**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(22,720)**	**(9,062)**	**13,658**
Fund Balance Appropriated	22,720		(22,720)
NET CHANGE IN FUND BALANCE	**$ -**	**(9,062)**	**$ (9,062)**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		22,720	
FUND BALANCE, Beginning of Year, Restated		22,720	
FUND BALANCE, End of Year		**$ 13,658**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - POLICE FEDERAL DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
TOTAL REVENUES	**$ -**	**-**	**$ -**
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures	36,330	-	36,330
TOTAL EXPENDITURES	**36,330**	**-**	**36,330**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(36,330)**	**-**	**36,330**
Fund Balance Appropriated	36,330		(36,330)
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**$ -**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		36,330	
FUND BALANCE, Beginning of Year, Restated		36,330	
FUND BALANCE, End of Year		**$ 36,330**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - TECHNOLOGY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
FINAL BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Permits and Fees:			
Technology Fee	$ 70,000	113,593	$ 43,593
TOTAL REVENUES	**70,000**	**113,593**	**43,593**
EXPENDITURES			
Current:			
Economic and Community Development:			
Operating Expenditures	70,000	41,544	28,456
TOTAL EXPENDITURES	**70,000**	**41,544**	**28,456**
NET CHANGE IN FUND BALANCE	**$ -**	**72,049**	**$ 72,049**
FUND BALANCE, Beginning of Year, as Previously Reported		-	
Reclassification from General Fund		54,613	
FUND BALANCE, Beginning of Year, Restated		54,613	
FUND BALANCE, End of Year		**$ 126,662**	

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - TRANSPORTATION ALTERNATIVES PROGRAM GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - FHWA	$ 514,575	-	113,292	113,292	$ (401,283)
TOTAL REVENUES	**514,575**	**-**	**113,292**	**113,292**	**(401,283)**
EXPENDITURES					
Capital Outlay	1,179,150	-	226,585	226,585	952,565
TOTAL EXPENDITURES	**1,179,150**	**-**	**226,585**	**226,585**	**952,565**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(664,575)**	**-**	**(113,293)**	**(113,293)**	**(113,293)**
OTHER FINANCING SOURCES (USES)					
Transfers In	664,575	664,575	-	-	(664,575)
TOTAL OTHER FINANCING SOURCES (USES)	**664,575**	**664,575**	**-**	**-**	**(664,575)**
NET CHANGE IN FUND BALANCE	**$ -**	**664,575**	**(113,293)**	**(113,293)**	**$ (777,868)**
FUND BALANCE, Beginning of Year, as Previously Reported			-		
Reclassification from General Fund			514,575		
Reclassification from Capital Projects Fund			150,000		
FUND BALANCE, Beginning of Year, Restated			664,575		
FUND BALANCE, End of Year			**$ 551,282**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - WAXHAW-MARVIN CORRIDOR GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - CRTPO	$ 50,000	-	40,500	40,500	$ (9,500)
TOTAL REVENUES	**50,000**	**-**	**40,500**	**40,500**	**(9,500)**
EXPENDITURES					
Capital Outlay	62,500	-	50,625	50,625	11,875
TOTAL EXPENDITURES	**62,500**	**-**	**50,625**	**50,625**	**11,875**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(12,500)**	**-**	**(10,125)**	**(10,125)**	**(10,125)**
OTHER FINANCING SOURCES (USES)					
Transfers In	12,500	-	12,500	12,500	12,500
TOTAL OTHER FINANCING SOURCES (USES)	**12,500**	**-**	**12,500**	**12,500**	**12,500**
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**2,375**	**2,375**	**$ 2,375**
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			**$ 2,375**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - WAXHAW-MARVIN SIDEWALK CDBG GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - CDBG	$ 283,796	-	19,250	19,250	$ (264,546)
TOTAL REVENUES	**283,796**	**-**	**19,250**	**19,250**	**(264,546)**
EXPENDITURES					
Capital Outlay	289,296	-	18,200	18,200	271,096
TOTAL EXPENDITURES	**289,296**	**-**	**18,200**	**18,200**	**271,096**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(5,500)**	**-**	**1,050**	**1,050**	**1,050**
OTHER FINANCING SOURCES (USES)					
Transfers In	5,500	-	5,500	5,500	5,500
TOTAL OTHER FINANCING SOURCES (USES)	**5,500**	**-**	**5,500**	**5,500**	**5,500**
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**6,550**	**6,550**	**$ 6,550**
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			**$ 6,550**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENTS RESERVE PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
TOTAL REVENUES	$ -	-	-	-	$ -
EXPENDITURES					
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers In	300,000	-	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES (USES)	**300,000**	**-**	**300,000**	**300,000**	**-**
NET CHANGE IN FUND BALANCE	**$ 300,000**	**-**	**300,000**	**300,000**	**$ -**
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			**$ 300,000**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - WAXHAW FIELDS PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL PRIOR YEARS	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
TOTAL REVENUES	**$ -**	**-**	**-**	**-**	**$ -**
EXPENDITURES					
Capital Outlay	-	-	23,261	23,261	(23,261)
TOTAL EXPENDITURES	**-**	**-**	**23,261**	**23,261**	**(23,261)**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**-**	**-**	**(23,261)**	**(23,261)**	**(23,261)**
OTHER FINANCING SOURCES (USES)					
Transfers In	965,409	615,409	350,000	965,409	-
TOTAL OTHER FINANCING SOURCES (USES)	**965,409**	**615,409**	**350,000**	**965,409**	**-**
NET CHANGE IN FUND BALANCE	**$ 965,409**	**615,409**	**326,739**	**942,148**	**$ (23,261)**
FUND BALANCE, Beginning of Year, as Previously Reported			-		
Reclassification from Capital Projects Fund			615,409		
FUND BALANCE, Beginning of Year, Restated			615,409		
FUND BALANCE, End of Year			**$ 942,148**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND -NESBIT PARK PHASE I PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
Local Contributions	$ -	-	2,574	2,574	$ 2,574
TOTAL REVENUES	**-**	**-**	**2,574**	**2,574**	**2,574**
EXPENDITURES					
Capital Outlay	340,000	-	94,005	94,005	245,995
TOTAL EXPENDITURES	**340,000**	**-**	**94,005**	**94,005**	**245,995**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(340,000)**	**-**	**(91,431)**	**(91,431)**	**248,569**
OTHER FINANCING SOURCES (USES)					
Transfers In	340,000	-	340,000	340,000	-
TOTAL OTHER FINANCING SOURCES (USES)	**340,000**	**-**	**340,000**	**340,000**	**-**
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**248,569**	**248,569**	**$ 248,569**
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			**$ 248,569**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - TOWN CREEK PARK PHASE I PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
TOTAL REVENUES	**$ -**	**-**	**-**	**-**	**$ -**
EXPENDITURES					
Capital Outlay	151,795	-	83,441	83,441	68,354
TOTAL EXPENDITURES	**151,795**	**-**	**83,441**	**83,441**	**68,354**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(151,795)**	**-**	**(83,441)**	**(83,441)**	**68,354**
OTHER FINANCING SOURCES (USES)					
Transfers In	151,795	151,795	-	151,795	-
TOTAL OTHER FINANCING SOURCES (USES)	**151,795**	**151,795**	**-**	**151,795**	**-**
NET CHANGE IN FUND BALANCE	**$ -**	**151,795**	**(83,441)**	**68,354**	**$ 68,354**
FUND BALANCE, Beginning of Year, as Previously Reported			-		
Reclassification from Capital Projects Fund			151,795		
FUND BALANCE, Beginning of Year, Restated			151,795		
FUND BALANCE, End of Year			**$ 68,354**		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - PARK MASTER PLAN PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PROJECT AUTHORIZATION AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	PROJECT AUTHOR-IZATION	ACTUAL			VARIANCE POSITIVE (NEGATIVE)
		PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
TOTAL REVENUES	$ -	-	-	-	$ -
EXPENDITURES					
Current:					
Culture and Recreation					
Professional Services	65,000	-	7,324	7,324	57,676
TOTAL EXPENDITURES	**65,000**	**-**	**7,324**	**7,324**	**57,676**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(65,000)**	**-**	**(7,324)**	**(7,324)**	**57,676**
OTHER FINANCING SOURCES (USES)					
Transfers In	65,000	-	65,000	65,000	-
TOTAL OTHER FINANCING SOURCES (USES)	**65,000**	**-**	**65,000**	**65,000**	**-**
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**57,676**	**57,676**	**$ 57,676**
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			**$ 57,676**		

TOWN OF WAXHAW, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - TOWN-WIDE LEVY - GENERAL FUND

YEAR ENDED JUNE 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Other Adjustments	Uncollected Balance June 30, 2018
2017-2018	$ -	6,663,419	6,635,153	-	$ 28,266
2016-2017	21,320	-	9,256	-	12,064
2015-2016	14,088	-	4,202	-	9,886
2014-2015	13,583	-	2,043	-	11,540
2013-2014	14,167	-	4,660	-	9,507
2012-2013	13,706	-	4,893	-	8,813
2011-2012	9,930	-	1,837	-	8,093
2010-2011	9,332	-	1,328	-	8,004
2009-2010	7,670	-	1,267	-	6,403
2009 and prior	6,287	-	604	9,468	15,151
Totals	$ 110,083	6,663,419	6,665,243	9,468	117,727

Less Allowance for Uncollectible Ad Valorem Taxes Receivable	-
Ad Valorem Taxes Receivable, net	$ 117,727

Reconciliation to Revenues:	
Ad Valorem Taxes - General Fund	$ 6,681,874
Reconciling Items:	
Interest Collected	(16,631)
Discounts Allowed	-
Taxes Written Off	-
Subtotal	(16,631)
Total Collections and Credits	$ 6,665,243

TOWN OF WAXHAW, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE - GENERAL FUND

YEAR ENDED JUNE 30, 2018

	Town-Wide			Total Levy	
Original Levy:	**Property Valuation**	**Rate**	**Total Levy**	**Property Excluding Registered Motor Vehicles**	**Registered Motor Vehicles**
Property at Current Year's Rate	$1,846,191,264	0.36	$ 6,646,289	5,958,895	$ 687,394
Total	1,846,191,264		6,646,289	5,958,895	687,394
Discoveries:					
Current Year Taxes	5,895,380	0.36	21,136	21,136	-
Penalties	-		68	68	-
			21,204	21,204	-
Releases:					
Current Year Taxes	(1,084,167)	0.36	(3,903)	(3,903)	-
Penalties	-		(171)	(171)	-
			(4,074)	(4,074)	-
Total Property Valuation	$1,851,002,477				
Net Levy			6,663,419	5,976,025	687,394
Uncollected Taxes at June 30, 2018			(28,266)	(28,266)	-
Current Year's Taxes Collected			$ 6,635,153	5,947,759	$ 687,394
Current Levy Collection Percentage			99.58%	99.53%	100.00%

TOWN OF WAXHAW, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2018

Grantor/Pass-through Grantor/Program or Cluster Title:	Federal CFDA Number	State/Pass-Through Entity Identifying Number	Federal Expenditures	State Expenditures
FEDERAL ASSISTANCE				
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass-through from Union County, NC:				
Community Development Block Grant - Waxhaw-Marvin Sidewalk	14.218		$ 19,250	$ -
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**19,250**	**-**
US DEPARTMENT OF TRANSPORTATION				
Pass-through from NC Department of Transportation:				
Highway Planning and Construction - Transportation Alternatives Program	20.205	EB-5819	113,292	-
Pass-through from Charlotte Regional Transportation Planning Organization:				
Highway Planning and Construction - Waxhaw-Marvin Corridor Program	20.205		40,500	-
Total	20.205		153,792	-
TOTAL US DEPARTMENT OF TRANSPORTATION			**153,792**	**-**
TOTAL FEDERAL ASSISTANCE			**$ 173,042**	**$ -**
STATE ASSISTANCE				
NC DEPARTMENT OF TRANSPORTATION				
Powell Bill Program		DOT-4	$ -	$ 324,404
TOTAL NC DEPARTMENT OF TRANSPORTATION			**-**	**324,404**
TOTAL STATE ASSISTANCE			**$ -**	**$ 324,404**
TOTAL FEDERAL AND STATE ASSSISTANCE				
TOTAL FEDERAL AND STATE ASSISTANCE			**$ 173,042**	**$ 324,404**

There were no expenditures to subrecipients for the year ended June 30, 2018.

See accompanying notes to the schedule of expenditures of federal and state awards.

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") presents the activity of all federal and state award programs of the Town of Waxhaw, North Carolina (the "Town") for the year ended June 30, 2018. Expenditures for federal and state financial assistance awarded directly from the federal or state agencies, as well as those passed through other entities, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act.

B. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the Town's financial statements.

C. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal and state award expenditures are reported in the Town's financial statements generally as expenditures in the Town's special revenue funds and capital projects funds.

D. MATCHING COSTS

Matching costs (i.e., the non-state share of certain program costs) are not included in the accompanying Schedule.

E. INDIRECT COST RATE

The Town has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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Greene Finney, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Board of Commissioners
Town of Waxhaw, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina (the "Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 5, 2019. Our report includes a reference to another auditor who audited the financial statements of the Town of Waxhaw Board of Alcoholic Control ("ABC Board"), as described in our report on the Town's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditor. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001, that we consider to be a material weakness.

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Compliance and Other Matters

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

Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses and, accordingly, we express no opinion on it.

Purpose of this Report

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

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
April 5, 2019

2018-001: PRIOR PERIOD ADJUSTMENTS

Condition: During the middle of fiscal year 2018, the Town hired its first Finance Director (and a new assistant finance director was hired). After the new staff reviewed the Town's account balances, receivables, payables, capital asset listing, capital asset rollforward, etc., the Town became aware of several misstatements in its prior year balances in both its governmental fund financial statements and its government-wide financial statements. The Town recorded several prior period adjustments to correct these errors. These errors primarily relate to (a) certain receivables owed to the Town, (b) certain receivables from prior years not being reduced by the receipt of the funds, (c) certain payables not being recorded, (d) accrued salaries and benefits not being recorded, and (e) certain capital assets needing to be removed and others needing to be added to the capital asset listing.

Criteria: The Town should ensure that balances in the Town's general ledger and in its fund and government-wide financial statements are materially correct and in accordance with generally accepted accounting principles.

Context, Cause and Effect: The Town generally keeps its account balances on a cash/modified accrual basis of accounting throughout the year. At year end, the Town adjusts and converts these balances (sometimes with assistance of its external auditor) to the appropriate basis of accounting for its fund and government-wide financial statements. A number of the balances were not properly adjusted/converted in the prior year.

Recommendation: We would encourage the Town to become more aware of the accounting and financial reporting requirements for its fund and government-wide financial statements and to gain a better understanding of the annual financial reporting process (and the related conversion entries).

Response: With the addition of a new Finance Director and Assistant Finance Director the Town believes it has taken the necessary steps to address this issue.

TOWN OF WAXHAW, NORTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

Finding:	2018-001
Contact Person:	Lisa A. White, Finance Director, lwhite@waxhaw.com
Corrective Action:	With the addition of a new Finance Director and Assistant Finance Director the Town believes it has taken the necessary steps to address this issue.
Proposed Completion Date:	April 30, 2019

TOWN OF WAXHAW, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

2017-001: SIGNIFICANT DEFICIENCY – INTERNAL CONTROL OVER FINANCIAL REPORTING

Condition, Criteria, Context, Cause and Effect: The Town should have the internal controls in place to prepare its own financial statements and note disclosures for audit. The Town relies on the audit firm to prepare their annual financial statements and related note disclosures. The decision by the Town to place the burden for financial statement preparation with the audit firm results in a de facto significant deficiency in internal control. This internal control deficiency is mitigated from a material weakness to a significant deficiency by the fact that the Town Manager reviews and assists in the preparation of the financial statements. The Town has a small staff and limited financial resources to prepare the Town's financial statements.

Status: The Town has taken the necessary steps to address this issue.