

**TOWN OF WAXHAW  
NORTH CAROLINA**

**Financial Statements and Supplementary  
Information**

For the Year Ended June 30, 2022



**Strickland Hardee PLLC**  
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**TOWN OF WAXHAW, NORTH CAROLINA**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the discretely presented component unit, Town of Waxhaw Alcoholic Beverage Control Board ("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.

### **Qualified Opinion on Governmental Activities**

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly the financial position of the governmental activities of the Town of Waxhaw, North Carolina, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions on Each Major Fund, Aggregate Remaining Fund Information, and Discretely Presented Component Unit**

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town of Waxhaw, North Carolina, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified and Unmodified Opinions**

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 of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Matter Giving Rise to Modified Opinion on Governmental Activities*

Management has not adopted a methodology for accurately recording capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets in governmental activities. Accounting principles generally accepted in the United States of America require that long-term assets be capitalized and depreciated, which would increase the assets and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities has not been determined.

## **Responsibility of Management's for the Audit of 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Waxhaw, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Waxhaw, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waxhaw, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 23, the Town's Law Enforcement Officers' Special Separation Allowance and Local Government Employees' Retirement System Pension schedules on pages 64 through 67, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waxhaw, North Carolina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 on our consideration of the Town of Waxhaw, North Carolina'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 solely 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 the effectiveness of the Town's 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.

*Strickland Hardee PLLC*

Lexington, North Carolina  
November 23, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

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, 2022 ("2022" or "FY 2022") compared to the year ended June 30, 2021 ("2021" or "FY 2021"). 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 current fiscal year by \$79,306,109 (total net position) for the Primary Government.
- Town's total net position increased by \$5,404,898 in large part due to increased revenues related to property taxes as well as general and program revenues exceeding expenses.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,475,789, an increase of \$5,237,134 or 25% increase from the prior year fund balance. The increase is primarily due to revenues associated with the American Rescue Plan Fund.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds was \$14,988,980. The unassigned fund balance for the General Fund is \$14,988,980, which is 91% of total General Fund budgeted expenditures for the upcoming fiscal year.
- The Town's capital assets decreased \$234,118 or 0.4% during the current fiscal year. This decrease is due to capital asset additions of \$1,766,389, primarily for construction in progress, falling under depreciation expense of \$2,000,508.
- The Town's total debt increased \$612,991 or 7.5% during the current fiscal year. This increase is primarily due to more payables than in FY 2021.

### **Overview of the Financial Statements**

#### **Financial Statements**

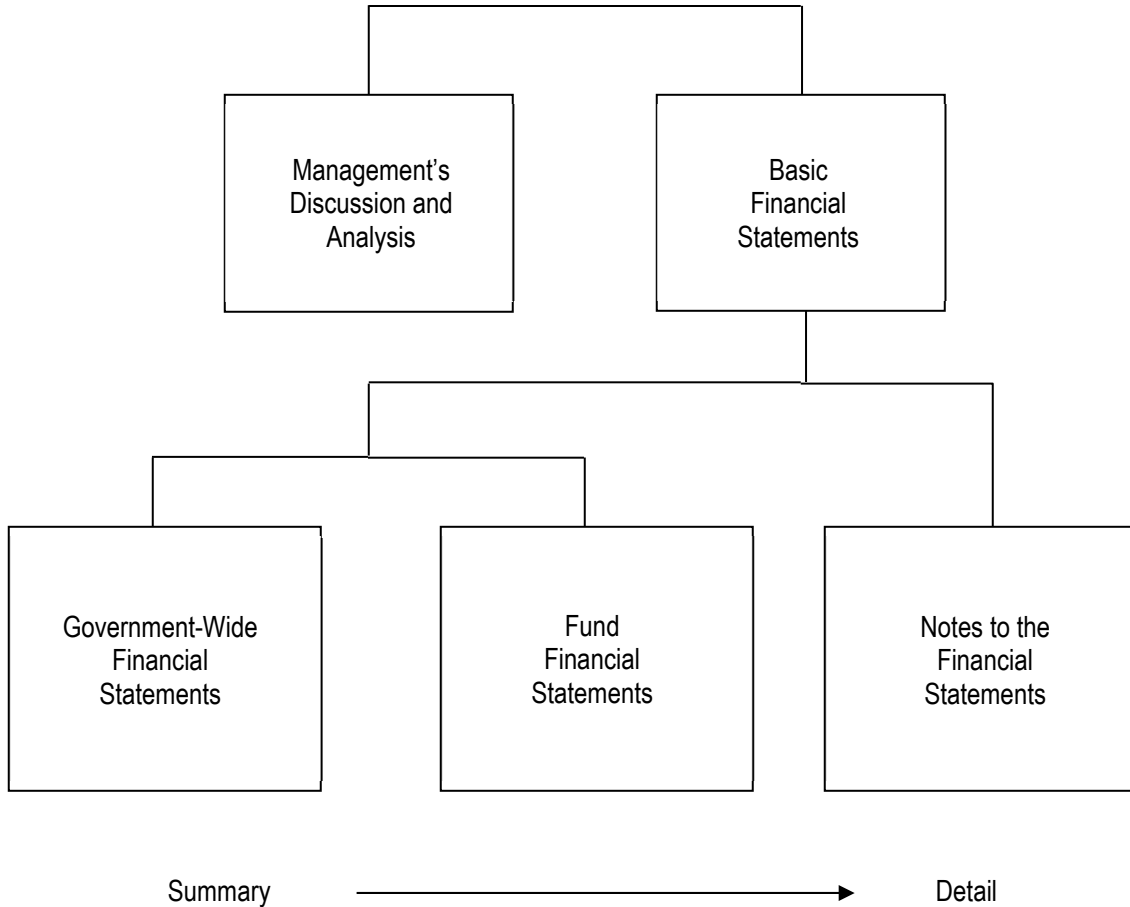
This MD&A is intended to serve as an introduction to the Town's financial statements. The Town's financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Overview of the Financial Statements (Continued)**

**Financial Statements (Continued)**

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



The first two statements (Exhibits A and B) 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 (Exhibits C through F) 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Overview of the Financial Statements (Continued)**

**Financial Statements (Continued)**

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 statute to distribute 75% of its profits to the Town.

The government-wide financial statements are Exhibits A and B of this report.

**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 be 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 how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The Town of Waxhaw 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.

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Government-Wide Financial Analysis**

The following table provides a summary of the Town's statement of net position as of June 30, 2022 compared to June 30, 2021:

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

	<b>Governmental Activities</b>	
	June 30, 2022	June 30, 2021
Current and Other Assets	\$ 29,298,767	\$ 22,012,056
Capital Assets (Net)	58,371,882	58,606,000
Deferred Outflows of Resources	541,102	1,571,540
Total Assets	88,211,751	82,189,596
Other Liabilities	2,674,999	700,560
Long-Term Obligations	6,068,947	7,430,395
Deferred Inflows of Resources	161,696	157,430
Total Liabilities	8,905,642	8,288,385
Net Investment in Capital Assets	54,684,324	54,644,383
Restricted	9,421,294	6,548,808
Unrestricted	15,200,491	12,708,020
Total Net Position	\$ 79,306,109	\$ 73,901,211

The Town's capital assets decreased \$234,118 in the current year due to capital asset additions of \$1,766,389, primarily for construction in progress, falling under depreciation expense of \$2,000,508. Current and other assets increased \$6,256,273, primarily due to the increase in NCCMT accounts.

The Town's liabilities increased \$617,257 primarily due to an increase in unearned revenue in the current year.

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) and due to the proceeds received from new capital vehicle leases.

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 \$79,306,109 as of June 30, 2022. The Town's net position increased by \$5,404,898 for the fiscal year ended June 30, 2022.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Government-Wide Financial Analysis (Continued)**

The largest portion of net position of \$54,684,324 (68.9%) 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.

An additional portion of the Town's net position of \$9,421,294 (11.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town's net position of \$15,200,491 (19.2%) is unrestricted.

**Town's Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>	
	June 30, 2022	June 30, 2021
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,106,492	\$ 1,520,707
Operating Grants	1,984,142	714,116
Capital Grants	104,300	-
General Revenues:		
Taxes	17,474,823	13,520,758
Other	169,624	6,169,084
Total Revenues	20,839,381	21,924,665
<b>Expenses</b>		
General Government	2,749,947	2,491,155
Public Safety	3,463,511	3,804,112
Economic and Community Development	2,872,821	1,931,699
Culture and Recreation	1,348,876	945,893
Public Service and Transportation	3,433,660	2,997,435
Environmental Protection	1,492,522	1,374,467
Interest on Long-Term Obligations	73,146	92,195
Total Expenses	15,434,483	13,636,956
Change in Net Position	5,404,898	8,287,709
Net Position, Beginning of Year	73,901,211	65,613,502
Net Position, End of Year	\$ 79,306,109	\$ 73,901,211

**Governmental Activities:** Governmental activities increased the Town's net position by \$5,404,898 in the current year. The key element of this increase is the continued growth in the Town's property tax base.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**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 \$14,988,980 with a total fund balance of \$18,345,399, an increase of \$6,855,202 over the prior year. 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, 2022 represents 91.4% of total next year General Fund budgeted expenditures, which exceeds the Town's Fund Balance Policy goal in the range of 30%-40% of the next year budgeted expenditures.

The General Fund recorded revenues of \$18,155,045 during FY 2022, which was an increase of \$4,622,867, or 34.1% over the \$13,532,178 recorded in FY 2021, primarily due to the Ad Valorem Tax revenue increasing \$3,074,125 or 35.0% over FY 2021, due to increases assessed value of the tax base. In addition, Sales and Use Tax in FY 2022 increased \$601,610 over the prior fiscal year.

Expenditures in the General Fund were \$12,153,655 for FY 2022, which was an increase of \$1,738,496, or 16.7% over the \$10,415,159 recorded in FY 2021.

At June 30, 2022, the governmental funds of the Town reported a combined total governmental fund balance of \$26,475,789, a 24.7% increase over the prior year 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.

General Fund actual revenues were \$18,155,045, which was \$4,359,845 or 31.6% higher than budgeted revenues, primarily attributed to Local Option Sales Taxes.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Financial Analysis of the Town's Funds (Continued)**

**Governmental Funds (Continued)**

All General Fund departments stayed within the appropriated budgets for the current fiscal year, except for Public Safety. In total, the General Fund actual expenditures ended the year at \$12,153,655, which was \$483,545 or 4% below the \$12,637,200 expenditures budget for the current fiscal year. The following factors contributed to the reduction of expenditures during FY 2022, these include:

During the year, the Town invested in new vehicles through a capital lease installment plan. Details of the activity can be found in Note III.F.1.

*Non-Major Governmental Funds Budgetary Highlights:* Non-Major governmental funds include several Special Revenue Funds, and several Capital Project funds.

Revenues in the Non-Major governmental funds were \$1,149,727 for FY 2022. The primary sources of these revenues were restricted intergovernmental revenue of \$564,615 in the Powell Bill Fund and municipal motor vehicle taxes of \$386,400 in the Small Transportation Projects Fund

Expenditures in the Non-Major governmental funds were \$1,598,515 for FY 2022. These expenditures primarily consisted of capital outlay expenditures of \$1,073,471 and public service and transportation expenditures of \$438,730.

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$58,371,882 (net of accumulated depreciation). This was a decrease of \$234,118 from the prior year total. These capital assets include land, construction in progress, land improvements, buildings, leasehold improvements, infrastructure, equipment, vehicles, and capital vehicles.

The Town's capital assets (net of depreciation) as of June 30, 2022 and 2021 were as follows:

**Town's Net Capital Assets**  
**Figure 4**

	June 30, 2022	June 30, 2021
<b>Capital Assets</b>		
Land	\$ 6,159,723	\$ 6,159,723
Construction in Progress	2,986,235	1,650,038
Land Improvements	793,405	793,405
Buildings	8,828,795	8,828,795
Leasehold Improvements	9,766	9,766
Infrastructure	73,381,619	73,381,619
Equipment	934,256	839,765
Vehicles and Motorized Equipment	2,133,159	2,253,705
Computer Equipment and Software	311,033	283,374
Capital Vehicles	713,521	405,479
Less Accumulated Depreciation	(37,879,630)	(35,999,669)
<b>Capital Assets, Net</b>	<b>\$ 58,371,882</b>	<b>\$ 58,606,000</b>

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.

**TOWN OF WAXHAW, NORTH CAROLINA  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Capital Asset and Debt Administration (Continued)**

**Long-Term Debt**

The Town's total debt obligations as of June 30, 2022 and 2021, were as follows:

**Town's Outstanding Debt  
Figure 5**

	June 30, 2022	June 30, 2021
Capital Vehicle Leases	\$ 569,934	\$ 390,897
Installment Purchases	3,117,624	3,636,000
Total Outstanding Debt	\$ 3,687,558	\$ 4,026,897

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

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

**Economic Factors**

The following key information reflect the prosperity of the Town:

The Union County unemployment rate of 3.3% continues to fall below the North Carolina average rate. Downtown Waxhaw is a jewel which charms both locals and visitors and is home to a unique and flourishing business community. Outside of downtown, there has also been significant economic growth along the NC 16 commercial corridor. The continued positive economy for Waxhaw has improved our tax base and financial condition, but also presents some challenges for the Town leaders. The Board is committed to attracting and retaining a highly skilled workforce in order to continue to maintain a thriving and safe community.

The Town population continues to grow. The 2020 Census population for Waxhaw is 20,534, a 108% percent increase from the 2010 Census. Waxhaw's estimated population as of July 2021 is 21,673. Housing stock has increased by several hundred each year, and the positive influence of the Charlotte market has significantly increased real estate values. This is a positive increase to the property tax base, however such growth may continue to require budget increases in order to continue to provide the current or increased level of services, such as the need to increase the number of public safety officers in the coming year in order to retain the excellent safety that Waxhaw enjoys.

Sales Tax revenues continue to increase as has been the positive trend over the past several years. Overall, the Town enjoys a very high property tax collection rate.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Economic Factors and Next Year's Budgets and Rates (Continued)**

**Budget Highlights for the Fiscal Year Ending June 30, 2023**

In accordance with the North Carolina Local Budget and Fiscal Control Act, I am pleased to present the Annual Budget for Fiscal Year 2022-23. Significant time has been spent by administrative staff and department heads preparing this budget. The process starts in earnest in January and culminates in June.

The Town of Waxhaw is one of the most sought-after communities in the State of North Carolina. The 2020 Census showed the Town's population at 20,534, a 108% increase from the 2010 Census. The percentage also represents the seventh fastest growing municipality in the state from 2010 to 2020. Most of this population increase was in the last five to seven years. In a short amount of time, the demand for town services has exponentially grown. Town operations must continue to grow to meet the service demand and capital needs.

Waxhaw leadership has effectively planned and developed sound strategy for our financial challenges. Waxhaw has positioned itself to pay cash for the Downtown Park project while building a Town Campus to house our Town Hall and Public Services/Parks and Recreation Operations Center. These facilities are imperative to the Town's ability to provide quality service to our citizens. Last year, Waxhaw adopted its first Capital Improvement Plan. This plan allows Waxhaw to properly prepare for capital improvement expenditures in the best interests of serving the Town and its residents.

This fiscal budget will continue the Town's focus on expanding operational needs to meet service demand and properly planning for capital expenditures that improve town operations and quality of life for our residents and business community. Town leadership has successfully pursued the demand for services while significantly improving the fiscal integrity of the Town.

Waxhaw's excellent financial condition allows us the ability to operate in fiscal year 2022-23 within our existing resources. Thus, I am recommending the Town maintain its tax rate of \$0.385/\$100 valuation. However, it should be noted that additional resources will be needed in the near future to meet the service demands of our operations while also addressing our capital needs.

The Town will adopt two budget ordinances. One will be the **Operating Budget**, and the other will be the **Capital Improvement Plan Budget**.

**Operating Budget for Fiscal Year 2022-23:**

The recommended operating budget for the fiscal year 2022-23 is **\$16,417,000.00**.

**General Fund Revenue** (numbers provided by Union County Tax Dept):

- Total Value of Real Property Tax Base = \$2,864,496,697.00
- Total Value of Personal Property Tax Base = \$28,630,514.00
- Total Value of Motor Vehicle Tax Base = \$271,162,585.00
- Revenues based on tax rate of 0.385/\$100 (98% collection rate):
- Real Property/Personal Property Tax Revenue: \$10,900,000.00
- Prior Years Taxes, Penalties, and Interest: \$25,000.00
- Motor Vehicle Tax Revenue: \$1,000,000.00
- Sales and Use Tax: \$2,400,000.00
- Franchise Taxes: \$600,000.00
- Cemetery Fund Revenues: \$20,000.00
- Other Revenues: \$1,472,000.00
- Total Estimated Revenues: \$16,471,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Economic Factors and Next Year's Budgets and Rates (Continued)**

**Budget Highlights for the Fiscal Year Ending June 30, 2023 (Continued)**

A description of the general fund revenues are as follows:

- **Real & Personal Property Tax** – is the largest revenue source for the Town. This is the tax collected based on the tax value of real and personal property in the town limits. Over 99% of the estimated real and personal property taxes is collected on an annual basis. A majority of the tax revenue is collected during the Fall and early Winter seasons. Penalties and interest are assessed to tax bills that become delinquent. This revenue is conservatively budgeted at a 98% collection rate.
- **Motor Vehicle Tax** - North Carolina has a "Tax & Tag" system, which is processed by the state Department of Motor Vehicles (DMV), which bills and collects local property tax on vehicles along with the annual plate renewal notices. This tax should not be confused with the \$25.00 Municipal Motor Vehicle Tax, which is also included on the registration renewal notice and collected by the DMV. This revenue has also been estimated at a collection rate of 98%.
- **Sales and Use Tax** is the largest intergovernmental revenue source. A portion of the total sales tax collected in the State is re-distributed back to the municipalities monthly.
- **Franchise/Utility Tax** distributions are another intergovernmental revenue source dependent on weather (and consumption in general) and electricity prices. These revenues are received quarterly.
- **Cemetery Revenue** – The Town owns and operates Southside Cemetery located at 111 Arbor Drive. The Town receives revenue from the sale of cemetery plots. A modest budget is maintained to assist in operations of the cemetery.
- **Other Revenues** include all the remaining revenue sources for the general fund. These revenues include Waxhaw's ABC store, state beer, wine sales, permit and plan review fees for planning and engineering, facility rental fees, interest earned on investments, and building inspections.

**General Fund Expenditures:**

The General Fund expenditure budget is separated into two category types:

- **Personnel Expenditures** for the Town of Waxhaw, like all local governments, are the Town's largest expenditure category, accounting for approximately 51% of the General Fund expenditures.
- **Operating Expenditures** are the remaining costs that are necessary to provide services to the public. They include but are not limited to: costs of utilities, insurance, supplies, fuel, fees, staff training, debt payment, and non-capital equipment necessary to provide services to the public.

**Key highlights of expenditures in the General Fund include:**

- Except for Police, all town departments operate in facilities that are inadequate for the community that we have grown into. The Town will finance a Public Services/Parks & Recreation Operations Center and Town Hall. These facilities will be located on a town-owned site, called Town Campus, at the intersection of Kensington Drive/Waxhaw-Marvin Road. These facilities have been designed with the ability to expand in the future as service demands grow. The cost of the debt will be budgeted between the Administration, Public Services, Parks & Recreation, and Building Inspections budgets to pay the annual debt. The expected term of the financing will be 20 years. The total amount budgeted for the debt service is \$1,500,000.00.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Key highlights of expenditures in the General Fund include (Continued):**

- Waxhaw continues to pay its debt on the upfit of the Police Department building. The loan was refinanced last fiscal year saving \$112,000.00 over the remaining life of the loan. The payment is \$511,841.10 annually, including principal and interest. This loan is scheduled for payoff in 2028.
- Waxhaw continues to lease a building for its Town Hall. This lease was just extended to coincide with the expected completion of the Town Campus project in 2024. The expense is budgeted at \$122,200.00.
- Waste Pro is contracted to provide the trash, recycling, and yard waste removal for the Town. This year's budget will also include a bulk waste pickup schedule to meet service demand. The total budget is proposed to be \$1,660,000.00.
- The Town continues its annual contribution to the Waxhaw Volunteer Fire Department. The total contribution is \$27,500.00. \$15,500.00 is included in the emergency management and safety budget, and the remainder is in the Building Inspection budget for assistance with fire inspections.
- Waxhaw will continue to work with Enterprise Fleet Management on its phased vehicle lease program. This open-ended lease program will allow the Town to acquire additional vehicles while avoiding large capital budget expenditures on new individual vehicles. The program is designed to fully replace all town vehicles with leased vehicles over five years. This budget will start year 3 of the program with the intention of replacing 7 Police vehicles. The total lease cost is \$294,500.00, including the cost to upfit the new Police vehicles. Year 1 of the program replaced 14 vehicles, many of which were more than ten years old. Year 2 replaced 10 additional vehicles. This will ensure a more modern fleet for the Town moving forward with lower overall costs in the long run.
- As a governmental organization, we are called to be inclusive of all people. Our current workforce, although not intentional, does not represent the diversity that the Town would like to see. Waxhaw will budget for training that we believe will help us recognize biases in race and gender, cultural competency, and respectful interactions. The goal is to raise awareness of our world views and promote a respectful and inclusive workforce. This training is budgeted in Human Resources with a total of \$18,000.00 for this and other trainings.
- The total number of staff positions is 90 full time and 2 part time, including the following new positions:
  - a. The Police Department will add two new positions: Patrol Officer and Evidence Tech. The Patrol Officer will round out the squad that is currently short. The Evidence Tech position will consolidate this function that is currently conducted by two Admin Assistants and the Captain.
  - b. Parks and Recreation will add two new positions: Assistant Parks & Recreation Director and Programming & Events Support Specialist. The Assistant Director will assist the Director in managing the day to day operations of the department. This will allow the Parks and Recreation Director to focus more on strategic planning and capital projects. The Programming and Event Support Specialist will support the increasing operational demands of the Parks and Recreation programming and events schedule.
  - c. With new staffing added annually to keep up with service demand, the need for Information Technology support has increased. This budget adds a Systems Engineer to help support daily operations of all departments and will allow IT staff more flexibility to focus on long range projects. IT staff is uniquely integrated throughout most of the Town's capital projects. They will be responsible for building the IT networks in Town Campus and Downtown Park while meeting internal operational demand.

**TOWN OF WAXHAW, NORTH CAROLINA  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022**

**Key highlights of expenditures in the General Fund include (Continued):**

- d. In 2021, the Consumer Price Index rose by 7%. This was the largest 12 month gain since 1982. Since 1975, Social Security's general benefit increases have been based on cost of living as measured by the Consumer Price Index. This year's Social Security cost of living adjustment is 5.9%. In order to attempt to catch up with inflation and the rising cost of living in the Charlotte metropolitan area, this budget allows for a 6% cost of living adjustment for all staff and Board of Commissioners.
  - e. Waxhaw provides longevity pay for employees whose hire date was prior to September 2007. The cost to the Town last budget year was \$10,788.20. This budget would provide longevity pay to all eligible employees who have been employed with the Town for 5, 10, 15, and 20 years. The total cost to provide this benefit is \$25,421.00.
- Events will continue to be an integral part of Waxhaw. The Town intends to offer a full schedule of events for the first time since the beginning of the pandemic. The Downtown Department is now partnering with Parks and Recreation on planning and coordination of select events. Events expenses are now shared between the Parks and Recreation and Downtown Departments.
  - Streetlights will continue to be a significant expense. The estimated bill for energy costs and maintenance is \$235,000.00.
  - The Façade Improvement Program within the Planning and Zoning budget provides opportunities for businesses and residents to improve their building facades in the downtown area. Both residential and non-residential properties are eligible for an award. The amount budgeted is \$50,000.00.

**General Fund Expenditures by Department, Cemetery Fund, and Transfers:**

Board of Commissioners

Budget for Board of Commissioners and associated expenditures while on town business. The Board of Commissioners is the legislative and policy-making body of the Town, and as such, is charged with making decisions and formulating public policy based on community needs.

Original 2021-22 Budget: \$216,000.00  
2022-23 Proposed Budget: \$124,000.00

Administration

Budget for general administration and day-to-day administrative operation of Town.

Original 2021-22 Budget: \$1,710,000.00  
2022-23 Proposed Budget: \$2,247,000.00

Finance

The finance department ensures compliance with North Carolina financial laws and statutes, management of town monetary policies adopted by the Board of Commissioners, and handling day-to-day accounting and financial matters.

Original 2021-22 Budget: \$333,000.00  
2022-23 Proposed Budget: \$369,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**General Fund Expenditures by Department, Cemetery Fund, and Transfers (Continued):**

Tax Collections

Budget for collection of taxes. The Town has worked with Union County on an inter-local agreement to transition collection of taxes from the Town to the County. The agreement officially starts on July 1, 2022.

Original 2021-22 Budget: \$92,000.00  
2022-23 Proposed Budget: \$140,000.00

Information Technology

The Town's IT department is responsible for the operation of the Town's computer systems and digital networks. They also provide technical support to all departments and town operations.

Original 2021-22 Budget: \$754,000.00  
2022-23 Proposed Budget: \$826,000.00

Public Services

Department is responsible for street, utility, and landscaping maintenance of town property and rights-of-way. They also are responsible for the maintenance of the town vehicle fleet.

Original 2021-22 Budget: \$1,360,000.00  
2022-23 Proposed Budget: \$1,800,000.00

Police

The Police Department includes: Administration, Patrol, Detectives, and Animal Control. The Police Department also offers many other community education services. The Police Department uses a community policing approach in its daily work activities.

Original 2021-22 Budget: \$3,764,000.00  
2022-23 Proposed Budget: \$4,002,000.00

Emergency Management & Safety

Budget to support the administration of emergency management and safety functions. The budget also includes a portion of the annual contribution made to the Waxhaw Volunteer Fire Department.

Original 2021-22 Budget: \$147,000.00  
2022-23 Proposed Budget: \$150,000.00

Building Inspections

Budget for staff responsible for administering all applicable North Carolina Building Codes, including building permit issuance, and building construction inspections.

Original 2021-22 Budget: \$887,000.00  
2022-23 Proposed Budget: \$909,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**General Fund Expenditures by Department, Cemetery Fund, and Transfers (Continued):**

Engineering

Engineering staff provides professional services related to development plan review, transportation planning, stormwater and drainage, and general design and construction inspection services.

Original 2021-22 Budget: \$709,000.00  
2022-23 Proposed Budget: \$688,000.00

Sanitation

The Town contracts its garbage, recycling, and yard waste pickup services through Waste Pro. This budget is based on the service provided to 6960 residential properties.

Original 2021-22 Budget: \$1,503,000.00  
2022-23 Proposed Budget: \$1,660,000.00

Planning and Zoning

Budget for operational expenses associated with planning, zoning, and subdivision administration. It also includes the Town's Façade Improvement Program.

Original 2021-22 Budget: \$593,000.00  
2022-23 Proposed Budget: \$650,000.00

Code Enforcement

Budget includes personnel associated with field enforcement of town codes and regulations.

Original 2021-22 Budget: \$85,000.00  
2022-23 Proposed Budget: \$97,000.00

Downtown

The Downtown Budget includes specific project and maintenance costs associated with downtown, including personnel related to the NC Main Street program.

Original 2021-22 Budget: \$160,000.00  
2022-23 Proposed Budget: \$250,000.00

Human Resources

The Human Resources department administers the benefits package for town employees, conducts employment searches, and is responsible for the Town's wellness program.

Original 2021-22 Budget: \$360,000.00  
2022-23 Proposed Budget: \$381,000.00

Parks & Recreation

Department maintains town parks and administers numerous programs for children, adults, and seniors. They also plan and execute the many events that are held in Town throughout the year.

Original 2021-22 Budget: \$1,620,000.00  
2022-23 Proposed Budget: \$1,780,000.00



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**General Fund Expenditures by Department, Cemetery Fund, and Transfers (Continued):**

Capital Improvement Plan Transfer

Annual contribution to the Capital Improvement Plan Fund. The fund is utilized to fund and save monies towards completing capital projects immediately.

Original 2021-22 Budget: \$181,000.00  
2022-23 Proposed Budget: \$194,000.00

Building Inspections Transfer

The Town collects revenues for the operation of its Building Inspections Department. This year \$130,000.00 will be drawn from the fund balance in Building Inspections revenues. This is being done as a precautionary measure as administration is anticipating the possibility of a slow down in construction activity.

Original 2021-22 Budget: \$0  
2022-23 Proposed Budget: \$130,000.00

Cemetery Fund

The Cemetery Fund is used for revenues and expenditures associated with the Town-owned cemetery.

Original 2021-22 Budget: \$20,000.00  
2022-23 Proposed Budget: \$20,000.00

Contingency and General Fund Balance:

Waxhaw has historically designated a contingency line item to fund unexpected expenses that occur through the year. This will be budgeted at approximately 1% of the expected general fund revenues. The contingency line will be \$165,000.00 and is in the Administration budget.

Government accounting standards require that governmental reserves be classified depending upon the restrictions of the source of funding. Following this requirement, local governments set aside money in separate fund balance accounts either as "restricted" by external sources, such as state statute or grantor requirements or for separately budgeted ordinances for capital projects. "Unassigned" is the General Fund's residual classification and includes all amounts not contained in other categories. Therefore, "unassigned" is the amount available for future appropriation. Cities and towns measure their reserves' health by determining the percentage of unassigned fund balance compared to the year's budgeted expenditures.

Waxhaw has established a goal of unassigned fund balance for the General Fund in the range of 30% of next year's budgeted expenditures to maintain financial stability and prepare for unforeseen circumstances. This range sets the goal at a minimum of approximately three months of the next fiscal year's annual budgeted expenditures. As of the fiscal year ending June 30, 2021, the Town of Waxhaw Unassigned Fund Balance was \$9,481,987.00, which is 61% of the budgeted General Fund for the fiscal year 2021-22.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**General Fund Expenditures by Department, Cemetery Fund, and Transfers (Continued):**

**Capital Improvement Plan Budget 2023-2027**

The recommended Capital Improvement Plan budget for the fiscal year 2022-23 is **\$22,371,352.54**.

Capital Improvement Plans are very common in local government. They are plans that account for long-range infrastructure and equipment needs to serve and maintain public needs adequately. CIPs are long-range and usually span between 4 to 10 years. Waxhaw adopts a five-year CIP. This plan will be re-evaluated and re-adopted on an annual basis along with the operating budget. The CIP 2023-27 will consist of:

- Downtown Park Honorarium Fund
- American Rescue Plan Fund
- Powell Bill Fund
- Small Transportation Project Fund
- Town Campus Fund
- Capital Improvement Plan Fund
- Kensington Drive Fund

Each fund is described as follows:

Downtown Park Honorarium Fund:

This fund is to account for the revenues and expenditures towards the place-making public art sculpture planned for Downtown Park.

Original 2021-22 Budget: \$0  
2022-23 Proposed Budget: \$50,000.00

American Rescue Plan Fund:

In March of 2021, the American Rescue Plan Act was signed into law. This program is intended to provide support to local, territorial, state, and tribal governments in responding to the economic and public health impacts of COVID-19. Waxhaw received its first disbursement in Summer 2021 and expects the second disbursement in Summer 2022. Incorporating projects intended for the second disbursement into the FY2022-23 budget will allow the monies to be expensed once received. Dollars received that are not expensed in last year's or this year's budget will be included in FY2023-24 budget. All monies must be encumbered by December 2024 and exhausted by December 2026.

Original 2021-22 Budget: \$2,732,352.54  
2022-23 Proposed Budget: \$2,732,352.54

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Capital Improvement Plan Budget 2022-2026 (Continued)**

Powell Bill Fund:

North Carolina municipalities receive financial assistance from the State to help pay for the construction, maintenance, and repair of municipal streets. North Carolina levies motor fuel taxes under a formula that increases taxes when the wholesale price of motor fuels increases. The State appropriates a certain percentage of this revenue, plus an additional percentage of the North Carolina Highway Trust Fund's net proceeds, to eligible municipalities across the State. The legislation that first established this distribution is known as the Powell Bill (after its principal sponsor in the North Carolina Senate). The monies distributed to the municipalities are now referred to as Powell Bill funds. The available funds are distributed among eligible municipalities.

Powell Bill funds can be used for street maintenance, improvements, and design. Mid year though FY2021-22, the Town appropriated \$134,500.00 to start design and functional plans for four large scale transportation projects:

- Waxhaw Parkway West
- Broome Street Turn Lane – Downtown
- Waxhaw-Marvin Road/Pine Oak Drive Intersection
- Kensington Drive Pedestrian Improvements

The Town will include \$200,000 of additional funding to further the design of these projects and to select one or two other transportation projects to begin design. Starting design on needed transportation projects will put the Town in better position to compete for construction funding.

Powell Bill Funds will also be utilized for the local match required for the Roundabout project at the intersection of NC 75 and Old Providence Road. This year's phase of the project will be right-of-way acquisition. The Town will be responsible for a local match of \$220,000.00 towards the NCDOT project. The project is expected to be completed in 2025.

Original 2021-22 Budget: \$490,300.00  
2022-23 Proposed Budget: \$770,000.00

Small Transportation Project Fund:

In the fiscal year 2019, this fund was created to fund and account for small transportation capital projects. NC statutes authorize the levy of an annual municipal vehicle tax upon vehicles registered in the Town to be used to fund projects on public streets. The \$25.00 per vehicle is expected to generate an estimated \$360,000.00 during the fiscal year 2023. The fund will be utilized to complete the Sunbonnet Lane Street Improvement project still in progress from FY2021-22. Broad Street from NC 75 to Downtown Park will also be improved in order to better accommodate pedestrian and vehicle traffic entering and exiting the park. The improvement will add valley gutter and sidewalk to the east side along with an asphalt overlay.

Original 2021-22 Budget: \$441,000.00  
2022-23 Proposed Budget: \$425,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

**Capital Improvement Plan Budget 2022-2026 (Continued)**

Town Campus Fund:

This fund was established for the Town Campus design, construction, and construction administration located at the intersection of Kensington Drive and Waxhaw-Marvin Road. The campus site will house the Public Services/Parks & Recreation Operations Center and Town Hall. The Town will finance the construction phase of the project.

Original 2021-22 Budget: \$976,800.00  
2022-23 Proposed Budget: \$18,000,000.00

Capital Improvement Plan Fund:

The Capital Improvement Plan is predicated on the ongoing provision of a set amount of saved monies as the basis to fund capital improvements to parks, roads, and other priorities that the Board has and will continue to identify. A minimum of \$175,000.00 is transferred annually to continue investing in the fund.

Original 2021-22 Budget: \$464,430.82  
2022-23 Proposed Budget: \$194,000.00

Kensington Drive Fund:

A few years ago Waxhaw received a grant from Charlotte Regional Transportation Planning Organization (CRTPO) to improve Kensington Drive at the intersection of NC 16. It will add through and turn lanes, improve sight distance, and add sidewalk. The project had been frozen by NCDOT for budgetary reasons. Now the project is ready to move forward. It is broken up into phases. The first phase will focus on right-of-way acquisition and utility relocation. This budget will cover the Town's matching share for the grant. Additional phases of this project will be in next year's budget.

Original 2021-22 Budget: \$0  
2022-23 Proposed Budget: \$200,000.00

***Additional Information***

This report is intended to provide a summary of the financial condition of the Town of Waxhaw. Additional information may be found at the Town website: <http://www.waxhaw.com/>. Questions or requests for additional information should be addressed to:

Rosemary Dodd, Finance Director  
Town of Waxhaw  
Post Office Box 6  
Waxhaw, NC 28173

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**BASIC FINANCIAL STATEMENTS**  
**(Government-wide)**

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2022**

Exhibit A

	<b>Primary Government Governmental Activities</b>	<b>Town of Waxhaw ABC Board</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,147,437	\$ 1,335,442
Cash and cash equivalents, restricted	10,501,776	-
Receivables, net:		
Property taxes	147,979	-
Accounts	1,336,345	26,661
Refundable taxes	81,072	-
Intergovernmental receivables	2,652	-
Due from component unit	79,500	-
Prepaid items and other assets	90	45,320
Inventories	1,916	252,131
Total current assets	29,298,767	1,659,554
Non-current assets:		
Right to use leased assets, net of amortization	-	1,220,073
Capital assets:		
Non-depreciable	9,145,958	-
Depreciable, net	49,225,924	79,233
Total capital assets	58,371,882	79,233
Total non-current assets	58,371,882	1,299,306
Total assets	87,670,649	2,958,860
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension charges	541,102	71,524
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	928,557	408,626
Interest payable	-	3,597
Accrued salaries and benefits	86,307	17,979
Due to primary government	-	79,500
Unearned revenues	1,660,135	-
Total current liabilities	2,674,999	509,702
Long-term liabilities:		
Due within one year	691,987	63,678
Due in more than one year	5,376,960	1,217,790
Total long-term liabilities	6,068,947	1,281,468
Total liabilities	8,743,946	1,791,170
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension credits	105,320	43,383
Refinancing debt proceeds	56,376	-
Total deferred inflows of resources	161,696	43,383
<b>NET POSITION</b>		
Net investment in capital assets	54,684,324	79,233
Restricted for:		
Stabilization by State Statute	1,988,129	-
Capital improvement plan	2,596,806	-
Public safety	51,598	-
Culture and recreation	189,249	-
Public service and transportation	3,155,133	-
Economic and community development	1,440,379	-
Working capital	-	156,170
Unrestricted	15,200,491	960,428
Total net position	\$ 79,306,109	\$ 1,195,831

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Exhibit B

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and</u>		
		<u>Charges for</u>	<u>Grants and Contributions</u>		<u>Primary Government</u>	
		<u>Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Governmental</u>	<u>Town of</u>
					<u>Activities</u>	<u>Waxhaw ABC</u>
						<u>Board</u>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 2,749,947	\$ 232,723	\$ -	\$ -	\$ (2,517,224)	\$ -
Public safety	3,463,511	11,991	1,372,104	6,300	(2,073,116)	-
Economic and community development	2,872,821	799,927	-	48,000	(2,024,894)	-
Culture and recreation	1,348,876	23,581	31,875	50,000	(1,243,420)	-
Public service and transportation	3,433,660	38,270	564,615	-	(2,830,775)	-
Environmental protection	1,492,522	-	15,548	-	(1,476,974)	-
Interest on long-term obligations	73,146	-	-	-	(73,146)	-
Total primary government	15,434,483	1,106,492	1,984,142	104,300	(12,239,549)	-
<b>Component unit:</b>						
Town of Waxhaw ABC Board	3,904,036	4,055,477	-	-	-	151,441
Total component unit	\$ 3,904,036	\$ 4,055,477	\$ -	\$ -	-	151,441
<b>General revenues:</b>						
Taxes:						
Property taxes					12,317,135	-
Sales taxes					3,763,219	-
Franchise taxes					69,967	-
Other taxes					1,324,502	-
Investment income					43,924	(44,123)
Miscellaneous					125,700	-
Total general revenues					17,644,447	(44,123)
<b>Change in net position</b>						
					5,404,898	107,318
Net position, beginning of year, as previously reported					73,901,211	1,088,513
Prior period adjustments					-	-
Net position, beginning of year, restated					73,901,211	1,088,513
Net position, end of year					\$ 79,306,109	\$ 1,195,831

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

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## FUND FINANCIAL STATEMENTS

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## TOWN OF WAXHAW, NORTH CAROLINA

Exhibit C

Balance Sheet  
Governmental Funds  
June 30, 2022

	General Fund	American Rescue Plan Fund	Downtown Park Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,773,611	\$ -	\$ -	\$ 1,373,826	\$ 17,147,437
Cash and cash equivalents, restricted	1,440,379	2,030,375	1,016,428	6,014,594	10,501,776
Receivables, net:					
Taxes	147,979	-	-	-	147,979
Accounts	1,325,389	-	-	90,456	1,415,845
Refundable taxes	71,104	-	-	9,968	81,072
Intergovernmental receivables	-	-	-	2,652	2,652
Due from other funds	517,541	-	617,910	-	1,135,451
Prepaid items and other assets	90	-	-	-	90
Inventories	1,916	-	-	-	1,916
Total assets	<u>19,278,009</u>	<u>2,030,375</u>	<u>1,634,338</u>	<u>7,491,496</u>	<u>30,434,218</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	443,350	-	402,902	82,305	928,557
Accrued salaries and benefits	86,307	-	-	-	86,307
Due to other funds	-	625,214	-	510,237	1,135,451
Unearned revenues	254,974	1,405,161	-	-	1,660,135
Total liabilities	<u>784,631</u>	<u>2,030,375</u>	<u>402,902</u>	<u>592,542</u>	<u>3,810,450</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	147,979	-	-	-	147,979
Total deferred inflows of resources	<u>147,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,979</u>
Fund balances:					
Nonspendable:					
Prepaid items	90	-	-	-	90
Inventory	1,916	-	-	-	1,916
Restricted for:					
Stabilization by State statute	1,914,034	-	-	74,095	1,988,129
Capital improvement plan	-	-	-	2,596,806	2,596,806
Public safety	-	-	-	51,598	51,598
Culture and recreation	-	-	-	189,249	189,249
Public service and transportation	-	-	-	3,155,133	3,155,133
Economic and community development	1,440,379	-	-	-	1,440,379
Committed for:					
Public safety	-	-	-	14,253	14,253
Economic and community development	-	-	-	31,881	31,881
Public safety and transportation	-	-	-	85,158	85,158
Assigned for:					
Culture and recreation	-	-	1,231,436	878	1,232,314
Public service and transportation	-	-	-	699,903	699,903
Unassigned	14,988,980	-	-	-	14,988,980
Total fund balances	<u>18,345,399</u>	<u>-</u>	<u>1,231,436</u>	<u>6,898,954</u>	<u>26,475,789</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,278,009</u>	<u>\$ 2,030,375</u>	<u>\$ 1,634,338</u>	<u>\$ 7,491,496</u>	<u>\$ 30,434,218</u>

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, 2022**

**Exhibit C**  
**(Continued)**

**Reconciliation of the Balance Sheet to the Statement of Net Position:**

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Total fund balance - governmental funds		\$ 26,475,789
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	96,251,512	
Accumulated depreciation	<u>(37,879,630)</u>	58,371,882
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 fund.		
		147,979
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.		
		95,011
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 pension plan, is not recorded in the governmental funds but is recorded in the Statement of Net Position.		
		340,771
The proceeds from refinancing debt provides current financial resources to Governmental Funds. The transaction is reported as a deferred inflow of resources as the government-wide level.		
		(56,376)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term debt		(3,687,558)
Compensated absences		(352,234)
Net pension liability - LGERS pension plan		(992,850)
Total pension liability - LEOSSA		<u>(1,036,305)</u>
Net position of governmental activities		<u><u>\$ 79,306,109</u></u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

Exhibit D

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Downtown Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Ad valorem taxes	\$ 11,855,597	\$ -	\$ -	\$ -	\$ 11,855,597
Other taxes and licenses	16,140	-	-	386,400	402,540
Unrestricted intergovernmental	5,087,129	-	-	-	5,087,129
Restricted intergovernmental	28,000	1,330,341	-	638,369	1,996,710
Permits and fees	1,032,650	-	-	-	1,032,650
Sales and services	23,581	-	-	70,145	93,726
Local contributions	-	-	-	50,000	50,000
Investment earnings	41,981	-	-	1,943	43,924
Miscellaneous	69,967	-	-	2,870	72,837
Total revenues	<u>18,155,045</u>	<u>1,330,341</u>	<u>-</u>	<u>1,149,727</u>	<u>20,635,113</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,693,756	77,197	-	-	2,770,953
Public safety	2,627,409	620,241	-	21,571	3,269,221
Economic and community development	2,104,420	7,688	-	64,743	2,176,851
Culture and recreation	1,112,747	7,304	-	-	1,120,051
Public services and transportation	1,030,977	-	-	438,730	1,469,707
Environmental protection	1,492,522	-	-	-	1,492,522
Capital outlay	462,026	617,911	718,287	1,073,471	2,871,695
Debt service:					
Principal	547,748	-	-	-	547,748
Interest and bank fees	82,050	-	-	-	82,050
Total expenditures	<u>12,153,655</u>	<u>1,330,341</u>	<u>718,287</u>	<u>1,598,515</u>	<u>15,800,798</u>
Excess (deficiency) of revenues over expenditures	<u>6,001,390</u>	<u>-</u>	<u>(718,287)</u>	<u>(448,788)</u>	<u>4,834,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance proceeds	108,095	-	-	-	108,095
Capital lease proceeds	273,689	-	-	-	273,689
Sales of capital assets	14,735	-	-	-	14,735
Sales of assets	-	-	-	6,300	6,300
Transfers in (out)	457,293	-	1,700,000	(2,157,293)	-
Total other financing sources (uses)	<u>853,812</u>	<u>-</u>	<u>1,700,000</u>	<u>(2,150,993)</u>	<u>402,819</u>
Net change in fund balance	6,855,202	-	981,713	(2,599,781)	5,237,134
Fund balances, beginning	11,490,197	-	249,723	9,498,735	21,238,655
Fund balances, ending	<u>\$ 18,345,399</u>	<u>\$ -</u>	<u>\$ 1,231,436</u>	<u>\$ 6,898,954</u>	<u>\$ 26,475,789</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

Exhibit E

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

Net changes in fund balances - total Governmental Funds	\$ 5,237,134
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.	75,138
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	547,748
The issuance of long-term debt and the proceeds from refinancing debt provides current financial resources to Governmental Funds. Neither transaction has any effect on net position.	(264,785)
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.	183,780
Changes in the Town's LEOSA total 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.	(124,859)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absences	(15,140)
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 \$2,000,507 exceeded cash capital asset additions of \$1,766,389 in the current period.	(234,118)
Total changes in net position of Governmental Activities	<u>\$ 5,404,898</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**

Exhibit F

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 11,532,000	\$ 9,876,200	\$ 11,855,597	\$ 1,979,397
Other taxes and licenses	-	9,000	16,140	7,140
Unrestricted intergovernmental	2,600,000	2,839,000	5,087,129	2,248,129
Restricted intergovernmental	-	11,000	28,000	17,000
Permits and fees	-	1,033,900	1,032,650	(1,250)
Sales and services	-	9,000	23,581	14,581
Investment earnings	-	1,000	41,981	40,981
Miscellaneous	1,319,000	16,100	69,967	53,867
Total revenues	<u>15,451,000</u>	<u>13,795,200</u>	<u>18,155,045</u>	<u>4,359,845</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,465,000	2,830,470	2,693,756	136,714
Public safety	3,911,000	2,471,530	2,627,409	(155,879)
Economic and community development	2,434,000	2,381,000	2,104,420	276,580
Culture and recreation	1,620,000	1,131,300	1,112,747	18,553
Public service and transportation	1,360,000	1,045,000	1,030,977	14,023
Environmental protection	1,503,000	1,503,000	1,492,522	10,478
Capital outlay	-	607,963	462,026	145,937
Debt service:				
Principal retirement	-	554,037	547,748	6,289
Interest and other charges	-	112,900	82,050	30,850
Total expenditures	<u>14,293,000</u>	<u>12,637,200</u>	<u>12,153,655</u>	<u>483,545</u>
Revenues over (under) expenditures	<u>1,158,000</u>	<u>1,158,000</u>	<u>6,001,390</u>	<u>4,843,390</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	108,095	108,095
Capital lease proceeds	-	-	273,689	273,689
Sale of capital assets	-	-	14,735	14,735
Transfers in (out)	(1,158,000)	(1,158,000)	457,293	1,615,293
Total other financing sources (uses)	<u>(1,158,000)</u>	<u>(1,158,000)</u>	<u>853,812</u>	<u>2,011,812</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,855,202	<u>\$ 6,855,202</u>
Fund balance, beginning			11,490,197	
Fund balance, ending			<u>\$ 18,345,399</u>	

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

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## NOTES TO THE FINANCIAL STATEMENTS

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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 and one potential discretely presented component unit.

**1) 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 30<sup>th</sup> 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A) The Reporting Entity (Continued)**

**2) Potential Component Unit – Waxhaw Police Foundation (“Foundation”)**

The Foundation is a nonprofit organization whose purpose is to support the Town of Waxhaw Police Department. The economic resources of the Foundation are almost entirely for the direct benefit of the Town. Since the activities and balances of the Foundation are not considered significant to the Town, the Foundation has not been included in the financial reporting of the Town as a discretely presented component unit.

**3) Major Operations**

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

**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.



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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 **American Rescue Plan Fund, a major fund**, accounts for the transactions related to the American Rescue Plan Funds.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The ***Downtown Park Fund, a major fund***, accounts for the multi-year capital project fund in downtown, including the design and construction of the downtown park.

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

**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.

**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, which consists of an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Services. It is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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).

**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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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. Building inspection fees are restricted as they may only be used for expenditures of the inspections department. In the Capital Project Funds, municipal motor vehicle taxes are restricted as they may only be used to fund transportation projects.

**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.

**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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9) Deferred Outflows/Inflows of Resources (Continued)**

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: The Town reports *deferred 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 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. (3) The Town also reports proceeds from refinancing debt in its Statement of Net Position and it is amortized over the life of the loan.

**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 contributors 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:

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**10) Fund Balance (Continued)**

**Restricted for Stabilization by State Statute** – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute ("RSS") is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159- 8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

**Restricted for Capital Improvement Plan** – The Town established the Capital Improvement Plan on March 27, 2018. This fund was set up as a reserve funding for capital equipment and projects. Once funds are placed in the fund, they become restricted and cannot be used for any other purpose.

**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 municipal motor vehicle taxes, unspent grant and developer proceeds, and other fund balances that are restricted by revenue source for street construction and maintenance expenditures.

**Restricted for Economic and Community Development** – portion of fund balance that is restricted by revenue source for inspection department 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 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.

**Committed for Public Service and Transportation** – portion of fund balance committed for public service and transportation.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**10) Fund Balance (Continued)**

**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.

**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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**12) Pensions (Continued)**

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.

**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 assets 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.



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**13) Fair Value (Continued)**

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) Significant Violations of Finance-Related Legal and Contractual Provisions**

None noted.

**B) Deficit in Fund Balance of Individual Funds**

None noted.

**C) Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2022, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for Police, and Emergency Management and Safety by \$38,564. This over-expenditure occurred because of additional pay to Police and Emergency workers during the year. This occurred at the same time there was a change in the finance director and the budget was not updated for the extra pay. The Board was made aware of the excess expenditures and will monitor the budget reports at year-end more closely.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**II) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**D) 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 30<sup>th</sup>), 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 1<sup>st</sup>). The Town adopts the budget ordinance by July 1<sup>st</sup> 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 2020, 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**

**1) 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**A) Deposits and Investments**

**1) Deposits (Continued)**

**Custodial Credit Risk for Deposits (Continued):** 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.

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, 2022, the Town's deposits had a carrying amount of \$4,358,363 and a bank balance of \$4,640,580. Of the bank balance, \$282,984 was covered by Federal Depository Insurance and \$4,357,596 was covered by collateral held under the pooling method. The Town had \$5,912 in petty cash on hand, majority coming from the Drug Fund.

At June 30, 2022, the ABC Board's deposits had a carrying amount of \$1,334,542 and a bank balance of \$1,402,517. Of the bank balance, \$454,010 was covered by Federal Depository Insurance and \$948,507 was covered by collateral held under the pooling method. The Board had \$900 in petty cash on hand.

**2) Investments**

As of June 30, 2022, 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.
NCCMT Government Portfolio	Level 1	AAAm	\$ 23,284,938	\$ 23,284,938	\$ -	\$ -	\$ -
Total			\$ 23,284,938	\$ 23,284,938	\$ -	\$ -	\$ -

(^) 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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**A) Deposits and Investments (Continued)**

**2) Investments (Continued)**

**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, 2022 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.).

**3) Reconciliation to the Financial Statements**

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

Description	Amount
Carrying Amount of Deposits	\$ 4,364,275
Fair Value of Investments	23,284,938
Total Deposits and Investments	<u>\$ 27,649,213</u>

Statement of Net Position:

Cash and Cash Equivalents	\$ 17,147,437
Cash and Cash Equivalents, Restricted	10,501,776
Total Cash, Cash Equivalents, and Investments	<u>\$ 27,649,213</u>

**B) Receivables and Unavailable, Deferred, and Unearned Revenues**

**1) 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

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

**1) Property Taxes Receivable (Continued)**

Gross property taxes receivable of \$147,979 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 2022 real and business personal property taxes (which excludes vehicle taxes), which was for tax year 2021, were levied in July 2021 based on a rate of .385 for the General Fund. The Town's assessed value of real and personal property for tax year 2021 was approximately \$2.7 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).

**2) 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.

**3) 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, 2022, the Town had the following unavailable, deferred, and unearned revenues in its governmental funds:

Description	Fund(s)	Deferred Inflows of Resources		Liabilities	Total
		Unavailable	Deferred	Unearned	
Unavailable Revenues - Property Taxes	General	\$ 147,979	\$ -	\$ -	\$ 147,979
Unearned Revenues	General	-	-	1,660,135	1,660,135
Total		\$ 147,979	\$ -	\$ 1,660,135	\$ 1,808,114

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**C) Interfund Balances and Transfers**

Interfund balances at June 30, 2022, consisted of the following receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
<b>Major Governmental Funds:</b>		
General Fund	\$ 517,541	\$ -
American Rescue Plan Fund	-	625,214
Downtown Park Fund	617,910	-
<b>Non-Major Governmental Funds:</b>		
Special Revenue Funds	-	458,139
Capital Projects Funds	-	52,098
<b>Totals</b>	<b>\$ 1,135,451</b>	<b>\$ 1,135,451</b>

For year ended June 30, 2022, the Town had transfers between funds which consisted of the following:

Fund	Transfers In	Transfers Out
<b>Major Governmental Funds:</b>		
General Fund	\$ 1,615,292	\$ 1,158,000
Downtown Park Fund	1,700,000	-
<b>Non-Major Governmental Funds:</b>		
Special Revenue Funds	-	1,972,506
Capital Projects Funds	538,214	723,000
<b>Totals</b>	<b>\$ 3,853,506</b>	<b>\$ 3,853,506</b>

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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**D) Capital Assets**

Capital asset activity for the Town's governmental activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 6,159,723	\$ -	\$ -	\$ 6,159,723
Construction In Progress	1,650,038	1,336,197	-	2,986,235
Total Capital Assets, Non-Depreciable	<u>7,809,761</u>	<u>1,336,197</u>	<u>-</u>	<u>9,145,958</u>
Capital Assets, Depreciable:				
Land Improvements	793,405	-	-	793,405
Buildings	8,828,795	-	-	8,828,795
Leasehold Improvements	9,766	-	-	9,766
Infrastructure	73,381,619	-	-	73,381,619
Equipment	839,765	94,491	-	934,256
Vehicles and Motorized Equipment	2,253,705	-	120,546	2,133,159
Computer Equipment and Software	283,374	27,659	-	311,033
Capital Vehicles	405,479	308,042	-	713,521
Total Capital Assets, Depreciable	<u>86,795,908</u>	<u>430,192</u>	<u>120,546</u>	<u>87,105,554</u>
Less: Accumulated Depreciation for:				
Land Improvements	228,638	31,248	-	259,886
Buildings	2,154,980	213,317	-	2,368,297
Leasehold Improvements	244	244	-	488
Infrastructure	30,611,760	1,340,767	-	31,952,527
Equipment	723,216	73,306	-	796,522
Vehicles and Motorized Equipment	1,986,256	181,658	120,546	2,047,368
Computer Equipment and Software	279,996	17,264	-	297,260
Capital Vehicles	14,579	142,704	-	157,283
Total Accumulated Depreciation	<u>35,999,669</u>	<u>2,000,508</u>	<u>120,546</u>	<u>37,879,631</u>
Total Capital Assets, Depreciable, Net	<u>50,796,239</u>	<u>(1,570,316)</u>	<u>-</u>	<u>49,225,923</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,606,000</u>	<u>\$ (234,119)</u>	<u>\$ -</u>	<u>\$ 58,371,881</u>

Ongoing construction in progress in the Town's governmental activities primarily relates to the Downtown Park project and the Town Campus building project. The Town had remaining commitments on projects in the amount of approximately \$1,736,000 as of June 30, 2022.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**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	\$ 1,336,197	\$ 22,032
Public Safety	9,742	74,646
Economic and Community Development	96,038	326,289
Public Services and Transportation	303,970	1,546,944
Culture and Recreation	20,442	30,597
Total - Governmental Activities	<u>\$ 1,766,389</u>	<u>\$ 2,000,508</u>

Capital asset activity for the ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ABC Board (Component Unit)</b>				
Capital Assets, Depreciable:				
Store Equipment	\$ 52,543	\$ 21,474	\$ -	\$ 74,017
Leasehold Improvements	157,928	-	-	157,928
Total Capital Assets, Depreciable	<u>210,471</u>	<u>21,474</u>	<u>-</u>	<u>231,945</u>
Less: Accumulated Depreciation for:				
Store Equipment	41,976	4,932	-	46,908
Leasehold Improvements	90,049	15,755	-	105,804
Total Accumulated Depreciation	<u>132,025</u>	<u>20,687</u>	<u>-</u>	<u>152,712</u>
Total Capital Assets, Depreciable, Net	<u>78,446</u>	<u>787</u>	<u>-</u>	<u>79,233</u>
Business-Type Activities Capital Assets, Net	<u>\$ 78,446</u>	<u>\$ 787</u>	<u>\$ -</u>	<u>\$ 79,233</u>

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

Capital Asset Additions	Depreciation Expense
<u>\$ 21,474</u>	<u>\$ 20,687</u>



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**E) Right to Use Leased Assets**

The ABC Board has recorded a right to use leased asset as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line bases over the life of the related lease.

The ABC Board has recorded one right to use leased asset for a building. The ABC Board uses the building for store, office, and warehouse space. The related leases are discussed in a leases section in a later note. The right to use lease assets are amortized on a straight-line bases over the term of the related lease.

Right to use asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ABC Board (Component Unit)</b>				
Right to Use Assets:				
Leased Building	\$ -	\$ 1,316,395	\$ -	\$ 1,316,395
Total Right to Use Assets	<u>-</u>	<u>1,316,395</u>	<u>-</u>	<u>1,316,395</u>
Less: Accumulated Amortization for:				
Leased Building	-	96,322	-	96,322
Total Accumulated Amortization	<u>-</u>	<u>96,322</u>	<u>-</u>	<u>96,322</u>
Total Right to Use Assets, Net	<u>\$ -</u>	<u>\$ 1,220,073</u>	<u>\$ -</u>	<u>\$ 1,220,073</u>

**F) Long-Term Obligations**

**1) Capital Leases**

The Town has entered into agreements to lease vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on July 21, 2020, to lease various vehicles and requires 60 monthly payments ranging from \$271 to \$521. In the agreement, title passes to the Town at the end of the lease term. The Town's new capital vehicles for the current fiscal year are supplemental to the original agreement. These vehicles also require 60 monthly payments, and these payments range from \$635 to \$646.

The following is an analysis of the assets recorded under capital leases at June 30, 2022:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles	<u>\$ 713,521</u>	<u>\$ 157,283</u>	<u>\$ 556,238</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**F) Long-Term Obligations (Continued)**

**1) Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

For Year Ended	Capital Vehicle Payments		
<b>Governmental Activities:</b>	Principal	Interest	Total
2023	\$ 134,523	\$ 23,986	\$ 158,509
2024	134,522	23,986	158,508
2025	134,523	23,986	158,509
2026	121,549	21,770	143,319
2027	44,817	9,498	54,315
Totals	<u>\$ 569,934</u>	<u>\$ 103,226</u>	<u>\$ 673,160</u>

**2) Installment Purchases**

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.

The Town had an original \$6,500,000 installment purchase contract that was issued in October 2013 with SunTrust Bank for the purposes of constructing the Town’s police department building. In May 2021, the Town refinanced, entering into a new \$3,636,000 installment purchase contract with Pinnacle Bank, with monthly payments and an interest rate of 1.38 percent.

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

***Installment Purchase Contract (Direct Borrowing)***

2022

\$3,636,000 Installment Purchase Contract with Pinnacle Bank (direct borrowing) issued in May 2021 (“IPC – May 2021”), due in monthly installments ranging from \$38,000 to \$64,000 beginning on July 10, 2021 through October 10, 2028, with interest at 1.38% due monthly. The proceeds of this issue are secured by and used to construct the Town’s police department building. If an event of default occurs (as defined), the lender has the right to declare all balances outstanding to be immediately due and payable and/or can enforce its security interest in the property.

\$ 3,117,624

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**F) Long-Term Obligations (Continued)**

**2) Installment Purchases (Continued)**

Annual debt service payments of the installment purchase as of June 30, 2022, including \$145,903 of interest, are as follows:

For Year Ended	Installment Purchase Contracts		
<b>Governmental Activities:</b>	Principal	Interest	Total
2023	\$ 462,096	\$ 49,745	\$ 511,841
2024	468,096	43,245	511,341
2025	475,096	36,587	511,683
2026	482,096	29,895	511,991
2027	489,096	23,043	512,139
2028-2029	741,144	19,763	760,907
Totals	<u>\$ 3,117,624</u>	<u>\$ 202,278</u>	<u>\$ 3,319,902</u>

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, 2022.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**F) Long-Term Obligations (Continued)**

**2) Installment Purchases (Continued)**

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	PY Adjustment	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>						
Debt:						
Capital Vehicle Leases	\$ 390,897	\$ -	\$ 273,689	\$ 94,652	\$ 569,934	\$ 134,523
2021 Pinnacle Police Dept Building	3,636,000	(65,280)	-	453,096	3,117,624	462,096
<b>Total Debt</b>	<b>4,026,897</b>	<b>(65,280)</b>	<b>273,689</b>	<b>547,748</b>	<b>3,687,558</b>	<b>596,619</b>
Other Obligations:						
Compensated Absences	337,095	-	355,486	340,347	352,234	95,368
Net Pension Liability-LGERS	2,317,009	-	-	1,324,159	992,850	-
Total Pension Liability-LEOSSA	814,675	-	221,630	-	1,036,305	-
<b>Total Other Obligations</b>	<b>3,468,779</b>	<b>-</b>	<b>577,116</b>	<b>1,664,506</b>	<b>2,381,389</b>	<b>95,368</b>
<b>Total Governmental Activities</b>	<b>\$ 7,495,676</b>	<b>\$ (65,280)</b>	<b>\$ 850,805</b>	<b>\$ 2,212,254</b>	<b>\$ 6,068,947</b>	<b>\$ 691,987</b>

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

The ABC Board entered into an agreement to lease a building. The lease agreement qualifies as other than a short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The agreement was executed and effective on March 9, 2015, to lease a building and requires 120 monthly payments escalating from \$7,875 to \$11,974. Variable payments for CAM, taxes and interest are currently \$1,855 per month. The lease liability is measured at a discount rate of 3.45%, which was determined to be the incremental borrowing rate of the ABC Board. As a result of the lease, the ABC Board has recorded a right to use asset with a net book value of \$1,220,073 at June 30, 2022. The right to use asset is discussed in more detail at Note E.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**G) Long-Term Obligations (Continued)**

**3) Installment Purchases (Continued)**

Presented below is a summary of changes in long-term obligations for the ABC Board for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>ABC Board (Component Unit):</b>					
Debt:					
Lease liabilities	\$ -	\$ 1,316,395	\$ 65,295	\$ 1,251,100	\$ 63,678

**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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans**

**1) 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](http://www.osc.nc.gov).

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**1) Local Governmental Employees' Retirement System (Continued)**

The Town's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 \$606,069 and \$312,694 for the year ended June 30, 2022, 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, 2022, the Town reported a liability of \$992,850 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022 measurement date, the Town's proportion was 0.06474%, which was an decrease of 0.00010% from its proportion of 0.06484% measured as of June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$418,103. At June 30, 2022, 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	\$ 315,861	\$ -
Changes in Assumptions	623,763	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,418,484
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	7,089	39,287
Employer Contributions Subsequent to the Measurement Date	606,069	-
	<u>\$ 1,552,782</u>	<u>\$ 1,457,771</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**1) Local Governmental Employees' Retirement System (Continued)**

\$606,069 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, 2023. 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:

<u>For Year Ended June 30:</u>	
2023	\$ 77,784
2024	(41,349)
2025	(113,429)
2026	(434,065)
Total	<u>\$ (511,059)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	6.50 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**1) Local Governmental Employees' Retirement System (Continued)**

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35.8%	1.4%
Fixed Income	23.9%	5.3%
Cash and Receivable:	14.3%	4.3%
Other*	26.0%	8.9%
	<u>100.0%</u>	

\* Real Estate, Alternatives, Inflation, and Credit

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**1) Local Governmental Employees' Retirement System (Continued)**

**Sensitivity Analysis.** The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,854,161	\$ 992,850	\$ (1,361,843)

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

**2) 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, 2021, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	2
Active Plan Members	30
Total	32

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**2) Law Enforcement Officers Special Separation Allowance (Continued)**

**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 criteria which are outlined in GASB Statement 73.

**Actuarial Assumptions.** The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	2.25 percent
Cost of Living Adjustments	N/A

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the Pub-2010 amount-weighted tables. RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**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 this plan 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 \$2,208 as benefits came due for the reporting period.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**2) Law Enforcement Officers Special Separation Allowance (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2022, the Town reported a total pension liability of \$1,036,305. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$157,109.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 182,705	\$ 32,402
Changes in Assumptions	204,014	33,631
County Benefit Payments and Plan Administrative Expense Made Subsequent to the Measurement Date	10,043	-
	\$ 396,762	\$ 66,033

\$10,043 paid as benefits came due subsequent to the measurement date have been 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, 2023.

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:

<b>For Year Ended June 30:</b>	
2023	\$ 71,815
2024	70,211
2025	64,697
2026	70,206
2027	42,694
Thereafter	1,063
Total	\$ 320,686

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**2) Law Enforcement Officers Special Separation Allowance (Continued)**

**Sensitivity Analysis.** The following presents the Town’s total pension liability calculated using the discount rate of 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total Pension Liability	\$ 1,125,653	\$ 1,036,305	\$ 954,358

**Schedule of Changes in Total Pension Liability**

Total Pension Liability as of December 31, 2020	\$ 814,675
Changes for the Year:	
Service Cost at End of Year	69,813
Interest on the Total Pension Liability	15,483
Differences Between Expected and Actual Experience	189,007
Changes of Assumptions and Other Inputs	(27,768)
Benefit Payments	(24,905)
Net Changes	\$ 221,630
Total Pension Liability as of December 31, 2021	\$ 1,036,305

**3) 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 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. 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans (Continued)**

**3) Supplemental Retirement Income Plan (Continued)**

**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 employees may also make voluntary contributions to the Plan. Total contributions for the year ended June 30, 2022 were \$486,337 which consisted of \$227,172 from the Town and \$259,166 from the employees.

**C) Postemployment Benefit Other Than Pensions**

**1) 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**

**1) 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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV) OTHER INFORMATION (Continued)**

**D) Contingent Liabilities and Commitments (Continued)**

**2) 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, 2022.

**3) Solid Waste Commitment**

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, 2022 was approximately \$1,488,904.

**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	\$ 18,345,399
Less:	
Prepaid Items / Inventory	(2,006)
Stabilization by State Statute	(1,914,034)
Restricted for Economic and Community Development	(1,440,379)
Remaining Fund Balance - General Fund	<u><u>\$ 14,988,980</u></u>

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) Subsequent Events**

Management has evaluated subsequent events through November 23, 2022 which is essentially the date financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Schedule of Changes in the Town's Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance

Schedule of the Town's Total Pension Liability as a Percentage of Covered Payroll  
Law Enforcement Officers' Special Separation Allowance

Schedule of the Town's Proportionate Share of Net Pension Liability (Asset)  
Local Government Employees' Retirement System

Schedule of the Town's Contributions  
Local Government Employees' Retirement System



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Changes in the Town's Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Six Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance of the total pension liability	\$ 814,675	\$ 489,555	\$ 493,263
Changes for the year:			
Service Cost	69,813	39,757	31,769
Interest on total pension liability	15,483	15,626	17,796
Differences between expected and actual experience in the measurement of the total pension liability	189,007	17,839	(61,769)
Changes of assumptions or other inputs	(27,768)	272,359	17,219
Benefit payments	(24,905)	(20,461)	(8,723)
Net changes	<u>221,630</u>	<u>325,120</u>	<u>(3,708)</u>
Ending balance of the total pension liability	<u>\$ 1,036,305</u>	<u>\$ 814,675</u>	<u>\$ 489,555</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 460,816	\$ 363,042	\$ 338,590
Changes for the year:			
Service Cost	36,109	29,312	28,893
Interest on total pension liability	14,424	13,851	11,984
Differences between expected and actual experience in the measurement of the total pension liability	14,247	29,446	-
Changes of assumptions or other inputs	(23,610)	33,565	(10,610)
Benefit payments	(8,723)	(8,400)	(5,815)
Net changes	<u>32,447</u>	<u>97,774</u>	<u>24,452</u>
Ending balance of the total pension liability	<u>\$ 493,263</u>	<u>\$ 460,816</u>	<u>\$ 363,042</u>

Notes to schedule:

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

The Town implemented GASB #73 during the year ended June 30, 2017. Information before 2017 is not available.

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of the Town's Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Six Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 1,036,305	\$ 814,675	\$ 489,555
Covered payroll	1,924,183	1,687,830	1,373,791
Total pension liability as a percentage of covered payroll	53.86%	48.27%	35.64%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 493,263	\$ 460,816	\$ 363,042
Covered payroll	1,413,533	1,257,819	1,202,092
Total pension liability as a percentage of covered payroll	34.90%	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.

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of the Town's Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Nine Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability (asset)	0.064740%	0.064840%	0.063840%	0.066400%
Town's proportionate share of the net pension liability (asset)	\$ 992,850	\$ 2,317,009	\$ 1,743,421	\$ 1,575,235
Town's covered payroll	\$ 4,437,073	\$ 4,372,680	\$ 3,996,926	\$ 3,661,407
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.38%	52.99%	43.62%	43.02%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.063500%	0.056290%	0.050670%	0.045020%
Town's proportionate share of the net pension liability (asset)	\$ 970,104	\$ 1,194,663	\$ 227,404	\$ (248,473)
Town's covered payroll	\$ 3,401,993	\$ 2,986,658	\$ 2,751,009	\$ 2,283,306
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.52%	40.00%	8.27%	-10.88%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%
	<u>2014</u>			
Town's proportion of the net pension liability (asset)	0.037900%			
Town's proportionate share of the net pension liability (asset)	\$ 163,236			
Town's covered payroll	\$ 2,283,306			
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.15%			
Plan fiduciary net position as a percentage of the total pension liability**	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.

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of the Town's Contributions**  
**Local Government Employees' Retirement System**  
**Last Nine Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 606,069	\$ 463,408	\$ 405,085	\$ 321,807
Contributions in relation to the contractually required contribution:	606,069	463,408	405,085	321,807
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 5,211,553	\$ 4,437,073	\$ 4,372,680	\$ 3,996,926
Contributions as a percentage of covered payroll	11.63%	10.44%	9.26%	8.05%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 285,738	\$ 250,109	\$ 188,223	\$ 198,076
Contributions in relation to the contractually required contribution:	285,738	250,109	188,223	198,076
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,661,407	\$ 3,401,993	\$ 2,986,658	\$ 2,751,009
Contributions as a percentage of covered payroll	7.80%	7.35%	6.30%	7.20%
	<u>2014</u>			
Contractually required contribution	\$ 163,236			
Contributions in relation to the contractually required contribution:	163,236			
Contribution deficiency (excess)	<u>\$ -</u>			
Town's covered payroll	\$ 2,283,306			
Contributions as a percentage of covered payroll	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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## INDIVIDUAL FUND SCHEDULES

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TOWN OF WAXHAW, NORTH CAROLINA

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes	\$ 9,861,200	\$ 11,828,573	\$ 1,967,373
Interest	15,000	27,024	12,024
Total	<u>9,876,200</u>	<u>11,855,597</u>	<u>1,979,397</u>
Other taxes and licenses:			
Beer and wine	-	592	592
Solid waste disposal	9,000	15,548	6,548
Total	<u>9,000</u>	<u>16,140</u>	<u>7,140</u>
Unrestricted intergovernmental:			
Local option sales taxes	2,000,000	3,763,219	1,763,219
Utility franchise tax	600,000	937,565	337,565
Beer and wine tax	50,000	81,845	31,845
ABC profit distribution	189,000	304,500	115,500
Total	<u>2,839,000</u>	<u>5,087,129</u>	<u>2,248,129</u>
Restricted intergovernmental:			
ABC revenue for law enforcement	11,000	28,000	17,000
Permits and fees			
Building permits	900,000	719,863	(180,137)
Inspection fees	-	234,321	234,321
Technology fees	133,900	78,466	(55,434)
Total	<u>1,033,900</u>	<u>1,032,650</u>	<u>(1,250)</u>
Sales and services:			
Recreation fees	9,000	23,581	14,581
Investment earnings	1,000	41,981	40,981
Miscellaneous:			
Donations	-	500	500
Miscellaneous	16,100	69,467	53,367
Total	<u>16,100</u>	<u>69,967</u>	<u>53,867</u>
Total revenues	<u>\$ 13,795,200</u>	<u>\$ 18,155,045</u>	<u>\$ 4,359,845</u>

**TOWN OF WAXHAW, NORTH CAROLINA** **Schedule 1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual** **(Continued)**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government:			
Board of Commissioners:			
Salaries and employee benefits	\$ 101,400	\$ 95,767	\$ 5,633
Operating expenditures	114,600	79,941	34,659
Total	216,000	175,708	40,292
Administration:			
Salaries and employee benefits	515,700	517,142	(1,442)
Operating expenditures	655,300	541,889	113,411
Total	1,171,000	1,059,031	111,969
Finance:			
Salaries and employee benefits	333,000	314,486	18,514
Operating expenditures	55,000	53,538	1,462
Total	388,000	368,024	19,976
Information technology:			
Salaries and employee benefits	218,700	212,994	5,706
Operating expenditures	476,770	482,567	(5,797)
Capital outlay	-	53,412	(53,412)
Total	695,470	748,973	(53,503)
Human resources:			
Salaries and employee benefits	279,300	273,508	5,792
Operating expenditures	80,700	68,512	12,188
Total	360,000	342,020	17,980
Total general government	2,830,470	2,693,756	136,714
Public safety:			
Police:			
Salaries and employee benefits	2,099,730	2,204,450	(104,720)
Operating expenditures	257,500	308,323	(50,823)
Capital outlay	270,300	152,985	117,315
Total	\$ 2,627,530	\$ 2,665,758	\$ (38,228)

**TOWN OF WAXHAW, NORTH CAROLINA** **Schedule 1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual** **(Continued)**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Public safety (Continued):			
Emergency management and safety:			
Salaries and employee benefits	\$ 45,400	\$ 55,302	\$ (9,902)
Operating expenditures	68,900	59,334	9,566
Total	114,300	114,636	(336)
Total public safety	2,741,830	2,780,394	(38,564)
Economic and community development:			
Planning and community development:			
Salaries and employee benefits	494,600	467,508	27,092
Operating expenditures	42,400	24,009	18,391
Façade grant expenditures	30,000	24,590	5,410
Total	567,000	516,107	50,893
Main Street:			
Salaries and employee benefits	117,000	121,864	(4,864)
Operating expenditures	43,000	26,843	16,157
Total	160,000	148,707	11,293
Engineering:			
Salaries and employee benefits	551,900	561,599	(9,699)
Operating expenditures	157,100	101,737	55,363
Total	709,000	663,336	45,664
Code enforcement:			
Salaries and employee benefits	72,000	75,759	(3,759)
Operating expenditures	13,000	7,804	5,196
Total	85,000	83,563	1,437
Building inspections:			
Salaries and employee benefits	663,900	593,296	70,604
Operating expenditures	186,100	39,430	146,670
Capital outlay	10,000	59,981	(49,981)
Total	860,000	692,707	167,293
Total economic and community development	\$ 2,381,000	\$ 2,104,420	\$ 109,287



**TOWN OF WAXHAW, NORTH CAROLINA** **Schedule 1**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual** **(Continued)**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	\$ 643,300	\$ 673,834	\$ (30,534)
Operating expenditures	488,000	438,913	49,087
Capital outlay	35,700	19,447	16,253
Total culture and recreation	1,167,000	1,132,194	34,806
Public service and transportation:			
Public service:			
Salaries and employee benefits	620,900	611,913	8,987
Operating expenditures	424,100	419,064	5,036
Capital outlay	301,963	289,594	12,369
Total public service and transportation	1,346,963	1,320,571	26,392
Environmental protection:			
Sanitation contract	1,503,000	1,492,522	10,478
Debt service:			
Principal	554,037	547,748	6,289
Interest and bank fees	112,900	82,050	30,850
Total debt service	666,937	629,798	37,139
Total expenditures	12,637,200	12,153,655	483,545
Revenues over (under) expenditures	1,158,000	6,001,390	4,843,390
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance proceeds	-	108,095	108,095
Capital lease proceeds	-	273,689	273,689
Sale of capital assets	-	14,735	14,735
Transfers in (out)	(1,158,000)	457,293	1,615,293
Total other financing sources (uses)	(1,158,000)	853,812	2,011,812
Net change in fund balance	\$ -	6,855,202	\$ 6,855,202
Fund balance, beginning		11,490,197	
Fund balances, ending		\$ 18,345,399	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

American Rescue Plan Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental:			
Coronavirus State and Local Fiscal Recovery Fund	\$ 2,732,353	\$ 1,330,341	\$ (1,402,012)
Total revenues	<u>2,732,353</u>	<u>1,330,341</u>	<u>(1,402,012)</u>
<b>EXPENDITURES</b>			
General government:			
Information technology:			
Capital outlay	<u>165,000</u>	<u>77,197</u>	<u>87,803</u>
Total general government	<u>165,000</u>	<u>77,197</u>	<u>87,803</u>
Public safety:			
Police:			
Salaries and employee benefits	<u>718,336</u>	<u>587,178</u>	<u>131,158</u>
Total	<u>718,336</u>	<u>587,178</u>	<u>131,158</u>
Emergency management and safety:			
Salaries and employee benefits	<u>62,818</u>	<u>30,099</u>	<u>32,719</u>
Operating expenditures	<u>10,000</u>	<u>2,964</u>	<u>7,036</u>
Total	<u>72,818</u>	<u>33,063</u>	<u>39,755</u>
Total public safety	<u>791,154</u>	<u>620,241</u>	<u>170,913</u>
Economic and community development:			
Main Street:			
Capital outlay	<u>50,000</u>	<u>7,688</u>	<u>42,312</u>
Total economic and community development	<u>50,000</u>	<u>7,688</u>	<u>42,312</u>
Culture and recreation:			
Parks and recreation:			
Capital outlay	<u>99,500</u>	<u>7,304</u>	<u>92,196</u>
Total culture and recreation	<u>99,500</u>	<u>7,304</u>	<u>92,196</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**American Rescue Plan Fund**  
**For the Year Ended June 30, 2022**

**Schedule 2**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Capital outlay	1,562,584	617,911	944,673
Total expenditures	2,668,238	1,330,341	1,337,897
Revenues over (under) expenditures	64,115	-	(64,115)
Fund balance appropriated	(64,115)		64,115
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balances, ending		\$ -	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Downtown Park Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Capital outlay	3,728,425	122,902	718,287	841,189	2,887,236
Revenues over expenditures	(3,728,425)	(122,902)	(718,287)	(841,189)	2,887,236
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,728,425	372,625	1,700,000	2,072,625	(1,655,800)
Net change in fund balance	<u>\$ -</u>	<u>\$ 249,723</u>	981,713	<u>\$ 1,231,436</u>	<u>\$ 1,231,436</u>
Fund balance, beginning			<u>249,723</u>		
Fund balance, ending			<u>\$ 1,231,436</u>		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

Schedule 4

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 589,431	\$ 784,395	\$ 1,373,826
Cash and cash equivalents, restricted	2,742,369	3,272,225	6,014,594
Receivables, net			
Accounts	-	90,456	90,456
Refundable taxes	9,968	-	9,968
Intergovernmental receivables	-	2,652	2,652
Total assets	<u>3,341,768</u>	<u>4,149,728</u>	<u>7,491,496</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	10,638	71,667	82,305
Due to other funds	458,139	52,098	510,237
Total liabilities	<u>468,777</u>	<u>123,765</u>	<u>592,542</u>
Fund balances:			
Restricted for:			
Stabilization by State statute	9,968	64,127	74,095
Capital improvement plan	-	2,596,806	2,596,806
Public safety	51,598	-	51,598
Culture and recreation	-	189,249	189,249
Public service and transportation	2,680,133	475,000	3,155,133
Committed for:			
Public safety	14,253	-	14,253
Economic and community development	31,881	-	31,881
Public service and transportation	85,158	-	85,158
Assigned for:			
Culture and recreation	-	878	878
Public service and transportation	-	699,903	699,903
Total fund balances	<u>2,872,991</u>	<u>4,025,963</u>	<u>6,898,954</u>
Total liabilities and fund balances	<u>\$ 3,341,768</u>	<u>\$ 4,149,728</u>	<u>\$ 7,491,496</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2022**

Schedule 5

	Rental Property Fund	Coronavirus Relief Fund	Caboose Donation Fund	Cemetery Fund	Federal Excess Property Program Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 457,296	\$ (44)	\$ 85,202	\$ -	\$ 9,734	\$ 5,362	\$ -
Cash and cash equivalents, restricted	-	-	-	5,248	-	-	38,837	12,761
Receivables, net								
Refundable taxes	-	-	-	759	-	37	-	-
Total assets	<u>-</u>	<u>457,296</u>	<u>(44)</u>	<u>91,209</u>	<u>-</u>	<u>9,771</u>	<u>44,199</u>	<u>12,761</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Due to other funds	-	457,296	-	-	-	843	-	-
Total liabilities	<u>-</u>	<u>457,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>843</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted for:								
Stabilization by State statute	-	-	-	759	-	37	-	-
Public safety	-	-	-	-	-	-	38,837	12,761
Culture and recreation	-	-	-	-	-	-	-	-
Public service and transportation	-	-	-	5,248	-	-	-	-
Committed for:								
Public safety	-	-	-	-	-	8,891	5,362	-
Economic and community development	-	-	-	-	-	-	-	-
Public service and transportation	-	-	(44)	85,202	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>(44)</u>	<u>91,209</u>	<u>-</u>	<u>8,928</u>	<u>44,199</u>	<u>12,761</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 457,296</u>	<u>\$ (44)</u>	<u>\$ 91,209</u>	<u>\$ -</u>	<u>\$ 9,771</u>	<u>\$ 44,199</u>	<u>\$ 12,761</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2022**

Schedule 5  
(Continued)

Powell Bill Fund	Technology Fund	Building Inspection Fund	Downtown Park Honorarium Fund	Transportation Alternatives Program Grant Fund	Waxhaw-Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	COPS SVPP Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 31,881	\$ -	\$ -	\$ -	\$ -	\$ 589,431
1,224,629	-	-	-	182,966	1,424	1,276,504	-	2,742,369
9,172	-	-	-	-	-	-	-	9,968
<u>1,233,801</u>	<u>-</u>	<u>-</u>	<u>31,881</u>	<u>182,966</u>	<u>1,424</u>	<u>1,276,504</u>	<u>-</u>	<u>3,341,768</u>
5,602	-	-	-	-	-	5,036	-	10,638
-	-	-	-	-	-	-	-	458,139
<u>5,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,036</u>	<u>-</u>	<u>468,777</u>
9,172	-	-	-	-	-	-	-	9,968
-	-	-	-	-	-	-	-	51,598
-	-	-	-	-	-	-	-	-
1,219,027	-	-	-	182,966	1,424	1,271,468	-	2,680,133
-	-	-	-	-	-	-	-	14,253
-	-	-	31,881	-	-	-	-	31,881
-	-	-	-	-	-	-	-	85,158
-	-	-	-	-	-	-	-	-
<u>1,228,199</u>	<u>-</u>	<u>-</u>	<u>31,881</u>	<u>182,966</u>	<u>1,424</u>	<u>1,271,468</u>	<u>-</u>	<u>2,872,991</u>
<u>\$ 1,233,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,881</u>	<u>\$ 182,966</u>	<u>\$ 1,424</u>	<u>\$ 1,276,504</u>	<u>\$ -</u>	<u>\$ 3,341,768</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2022**

**Schedule 6**

	<u>Capital Projects Fund</u>	<u>Capital Improvements Reserve Fund</u>	<u>Small Transportation Projects Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 440,936	\$ -	\$ 342,581
Cash and cash equivalents, restricted	-	2,597,094	475,000
Receivables, net			
Accounts	-	1,072	55,152
Intergovernmental receivables	-	336	2,111
Total assets	<u>440,936</u>	<u>2,598,502</u>	<u>874,844</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	288	31,516
Due to other funds	-	-	52,098
Total liabilities	<u>-</u>	<u>288</u>	<u>83,614</u>
 Fund balances:			
Restricted for:			
Stabilization by State statute	-	1,408	57,263
Capital improvement plan	-	2,596,806	-
Culture and recreation	-	-	-
Public service and transportation	-	-	475,000
Assigned for:			
Culture and recreation	-	-	-
Public service and transportation	440,936	-	258,967
Total fund balances	<u>440,936</u>	<u>2,598,214</u>	<u>791,230</u>
 Total liabilities and fund balances	 <u>\$ 440,936</u>	 <u>\$ 2,598,502</u>	 <u>\$ 874,844</u>



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2022**

**Schedule 6**  
**(Continued)**

Downtown Waxhaw Origin- Destination Project Fund	Carolina Thread Trail Grant Fund	Nesbit Park Phase I Project Fund	Town Creek Park Phase I Project Fund	PSPR Fund	Town Campus Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 761	\$ 117	\$ -	\$ -	\$ 784,395
(28,019)	50,000	-	-	-	178,150	3,272,225
34,232	-	-	-	-	-	90,456
-	-	205	-	-	-	2,652
<u>6,213</u>	<u>50,000</u>	<u>966</u>	<u>117</u>	<u>-</u>	<u>178,150</u>	<u>4,149,728</u>
962	-	-	-	-	38,901	71,667
-	-	-	-	-	-	52,098
<u>962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,901</u>	<u>123,765</u>
5,251	-	205	-	-	-	64,127
-	-	-	-	-	-	2,596,806
-	50,000	-	-	-	139,249	189,249
-	-	-	-	-	-	475,000
-	-	761	117	-	-	878
-	-	-	-	-	-	699,903
<u>5,251</u>	<u>50,000</u>	<u>966</u>	<u>117</u>	<u>-</u>	<u>139,249</u>	<u>4,025,963</u>
<u>\$ 6,213</u>	<u>\$ 50,000</u>	<u>\$ 966</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 178,150</u>	<u>\$ 4,149,728</u>

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 7

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Restricted intergovernmental revenue	\$ 590,369	\$ 48,000	\$ 638,369
Other taxes and licenses	-	386,400	386,400
Sales and services	70,145	-	70,145
Local contributions	-	50,000	50,000
Investment earnings	1,943	-	1,943
Miscellaneous	2,870	-	2,870
Total revenues	<u>665,327</u>	<u>484,400</u>	<u>1,149,727</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	21,571	-	21,571
Economic and community development	(6)	64,749	64,743
Public service and transportation	438,730	-	438,730
Capital outlay	51,461	1,022,010	1,073,471
Total expenditures	<u>511,756</u>	<u>1,086,759</u>	<u>1,598,515</u>
Revenues over expenditures	<u>153,571</u>	<u>(602,359)</u>	<u>(448,788)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(1,972,507)	(184,786)	(2,157,293)
Sale of assets	6,300	-	6,300
Total other financing sources (uses)	<u>(1,966,207)</u>	<u>(184,786)</u>	<u>(2,150,993)</u>
Net change in fund balances	(1,812,636)	(787,145)	(2,599,781)
Fund balance, beginning	<u>4,685,627</u>	<u>4,813,108</u>	<u>9,498,735</u>
Fund balance, ending	<u>\$ 2,872,991</u>	<u>\$ 4,025,963</u>	<u>\$ 6,898,954</u>

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 8

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2022

	Rental Property Fund	Coronavirus Relief Fund	Caboose Donation Fund	Cemetery Fund	Federal Excess Property Program Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
<b>REVENUES</b>								
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,763	\$ 11,991
Sales and services	-	-	-	38,270	-	-	-	-
Investment earnings	-	-	5	8	-	-	-	-
Miscellaneous	-	-	-	-	-	2,870	-	-
Total revenues	-	-	5	38,278	-	2,870	13,763	11,991
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	6,300	-	15,271	-
Economic and community development	-	-	-	-	-	-	-	-
Public service and transportation	-	-	-	4,647	-	-	-	-
Capital outlay	-	-	3,600	-	-	-	-	-
Total expenditures	-	-	3,600	4,647	6,300	-	15,271	-
Revenues over expenditures	-	-	(3,595)	33,631	(6,300)	2,870	(1,508)	11,991
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in (out)	(224,070)	-	-	-	-	-	-	39
Sale of assets	-	-	-	-	6,300	-	-	-
Total other financing sources (uses)	(224,070)	-	-	-	6,300	-	-	39
Net change in fund balances	(224,070)	-	(3,595)	33,631	-	2,870	(1,508)	12,030
Fund balance, beginning	224,070	-	3,551	57,578	-	6,058	45,707	731
Fund balance, ending	\$ -	\$ -	\$ (44)	\$ 91,209	\$ -	\$ 8,928	\$ 44,199	\$ 12,761

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2021**

**Schedule 8**  
**(Continued)**

Powell Bill Fund	Technology Fund	Building Inspection Fund	Downtown Park Honorarium Fund	Transportation Alternatives Program Grant Fund	Waxhaw-Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	COPS SVPP Grant Fund	Total Nonmajor Special Revenue Funds
\$ 564,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 590,369
-	-	-	31,875	-	-	-	-	70,145
1,930	-	-	-	-	-	-	-	1,943
-	-	-	-	-	-	-	-	2,870
<u>566,545</u>	<u>-</u>	<u>-</u>	<u>31,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,327</u>
-	-	-	-	-	-	-	-	21,571
-	-	-	(6)	-	-	-	-	(6)
434,083	-	-	-	-	-	-	-	438,730
-	-	-	-	26,041	-	21,820	-	51,461
<u>434,083</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>26,041</u>	<u>-</u>	<u>21,820</u>	<u>-</u>	<u>511,756</u>
132,462	-	-	31,881	(26,041)	-	(21,820)	-	153,571
-	(335,214)	(1,413,223)	-	-	-	-	(39)	(1,972,507)
-	-	-	-	-	-	-	-	6,300
<u>-</u>	<u>(335,214)</u>	<u>(1,413,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(1,966,207)</u>
132,462	(335,214)	(1,413,223)	31,881	(26,041)	-	(21,820)	(39)	(1,812,636)
1,095,737	335,214	1,413,223	-	209,007	1,424	1,293,288	39	4,685,627
<u>\$ 1,228,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,881</u>	<u>\$ 182,966</u>	<u>\$ 1,424</u>	<u>\$ 1,271,468</u>	<u>\$ -</u>	<u>\$ 2,872,991</u>

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 9

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Projects Funds  
 For the Year Ended June 30, 2022

	Capital Projects Fund	Capital Improvements Reserve Fund	Small Transportation Projects Fund
<b>REVENUES</b>			
Restricted intergovernmental revenue	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	386,400
Local contributions	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>386,400</u>
<b>EXPENDITURES</b>			
Current:			
Economic and community development	-	-	-
Capital outlay	28,574	-	268,328
Total expenditures	<u>28,574</u>	<u>-</u>	<u>268,328</u>
Revenues over expenditures	<u>(28,574)</u>	<u>-</u>	<u>118,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	<u>-</u>	<u>(206,786)</u>	<u>-</u>
Net change in fund balances	(28,574)	(206,786)	118,072
Fund balance, beginning	<u>469,510</u>	<u>2,805,000</u>	<u>673,158</u>
Fund balance, ending	<u><u>\$ 440,936</u></u>	<u><u>\$ 2,598,214</u></u>	<u><u>\$ 791,230</u></u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2022**

**Schedule 9**  
**(Continued)**

Downtown Waxhaw Origin- Destination Project Fund	Carolina Thread Trail Grant Fund	Nesbit Park Phase I Project Fund	Town Creek Park Phase I Project Fund	PSPR Fund	Town Campus Fund	Total Nonmajor Capital Projects Funds
\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,000
-	-	-	-	-	-	386,400
-	50,000	-	-	-	-	50,000
<u>48,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,400</u>
64,749	-	-	-	-	-	64,749
-	-	-	-	7,280	717,828	1,022,010
<u>64,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,280</u>	<u>717,828</u>	<u>1,086,759</u>
<u>(16,749)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(7,280)</u>	<u>(717,828)</u>	<u>(602,359)</u>
22,000	-	-	-	-	-	(184,786)
5,251	50,000	-	-	(7,280)	(717,828)	(787,145)
-	-	966	117	7,280	857,077	4,813,108
<u>\$ 5,251</u>	<u>\$ 50,000</u>	<u>\$ 966</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 139,249</u>	<u>\$ 4,025,963</u>

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 10

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Rental Property Fund  
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services:			
Rental income	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
Economic and community development:			
Operating expenditures	-	-	-
Revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	(224,070)	(224,070)
Net change in fund balance	<u>\$ -</u>	<u>(224,070)</u>	<u>\$ -</u>
Fund balance, beginning		<u>224,070</u>	
Fund balance, ending		<u>\$ -</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 11

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Coronavirus Relief Fund  
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenue	\$ 533,918	\$ -	\$ (533,918)
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Salaries and employee benefits	390,716	-	390,716
Operating expenditures	143,202	-	143,202
Total expenditures	533,918	-	533,918
Revenues over expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	



TOWN OF WAXHAW, NORTH CAROLINA

Schedule 12

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Caboose Donation Fund  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 5	\$ 5
<b>EXPENDITURES</b>			
Current;			
Culture and recreation:			
Capital outlay	-	3,600	(3,600)
Revenues over expenditures	-	(3,595)	(3,595)
Net change in fund balance	<u>\$ -</u>	<u>(3,595)</u>	<u>\$ (3,595)</u>
Fund balance, beginning		<u>3,551</u>	
Fund balance, ending		<u>\$ (44)</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Cemetery Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services:			
Cemetery fees	\$ 20,000	\$ 38,270	\$ 18,270
Investment earnings	-	8	8
Total revenues	<u>20,000</u>	<u>38,278</u>	<u>18,278</u>
<b>EXPENDITURES</b>			
Current:			
Public service and transportation:			
Operating expenditures	20,000	4,647	15,353
Total expenditures	<u>20,000</u>	<u>4,647</u>	<u>15,353</u>
Revenues over expenditures	<u>-</u>	<u>33,631</u>	<u>33,631</u>
Net change in fund balance	<u>\$ -</u>	<u>33,631</u>	<u>\$ 33,631</u>
Fund balance, beginning		<u>57,578</u>	
Fund balance, ending		<u>\$ 91,209</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Federal Excess Property Program Fund**  
**For the Year Ended June 30, 2022**

**Schedule 14**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	6,300	6,300	-
Total expenditures	6,300	6,300	-
Revenues over expenditures	(6,300)	(6,300)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	6,300	6,300	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 15

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Police Explorer Fund  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Dues and donations	<u>\$ -</u>	<u>\$ 2,870</u>	<u>\$ 2,870</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>2,870</u>	<u>2,870</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>2,870</u>	<u><u>\$ 2,870</u></u>
Fund balance, beginning		<u>6,058</u>	
Fund balance, ending		<u><u>\$ 8,928</u></u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 16

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Police State Drug Fund

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Restricted intergovernmental revenue:			
State distribution revenue	\$ -	\$ 13,763	\$ 13,763
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	-	15,271	(15,271)
Revenues over expenditures	-	(1,508)	(1,508)
Net change in fund balance	<u>\$ -</u>	<u>(1,508)</u>	<u>\$ (1,508)</u>
Fund balance, beginning		<u>45,707</u>	
Fund balance, ending		<u>\$ 44,199</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 17

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Police Federal Drug Fund

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenues:			
Department of Treasury revenues	\$ -	\$ 11,991	\$ 11,991
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	-	-	-
Revenues over expenditures	-	11,991	11,991
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	39	39
Net change in fund balance	<u>\$ -</u>	12,030	<u>\$ 12,030</u>
Fund balance, beginning		<u>731</u>	
Fund balance, ending		<u>\$ 12,761</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 18

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Powell Bill Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenue:			
State street-aid (Powell Bill) program	\$ 360,000	\$ 564,615	\$ 204,615
Investment earnings	300	1,930	1,630
Total revenues	<u>360,300</u>	<u>566,545</u>	<u>206,245</u>
<b>EXPENDITURES</b>			
Current:			
Public service and transportation:			
Operating expenditures	450,300	104,663	345,637
Capital outlay	40,000	329,420	(289,420)
Total expenditures	<u>490,300</u>	<u>434,083</u>	<u>56,217</u>
Revenues over expenditures	<u>(130,000)</u>	<u>132,462</u>	<u>262,462</u>
Fund balance appropriated	<u>130,000</u>		<u>(130,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>132,462</u>	<u>\$ 132,462</u>
Fund balance, beginning		<u>1,095,737</u>	
Fund balance, ending		<u>\$ 1,228,199</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 19

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Technology Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total expenditures	-	-	-
Revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	(335,214)	(335,214)
Net change in fund balance	<u>\$ -</u>	<u>(335,214)</u>	<u>\$ (335,214)</u>
Fund balance, beginning		<u>335,214</u>	
Fund balance, ending		<u>\$ -</u>	



TOWN OF WAXHAW, NORTH CAROLINA

Schedule 20

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Building Inspection Fund

For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Building inspection fees	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Total expenditures	-	-	-
Revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	(1,413,223)	(1,413,223)
Net change in fund balance	<u>\$ -</u>	<u>(1,413,223)</u>	<u>\$ (1,413,223)</u>
Fund balance, beginning		<u>1,413,223</u>	
Fund balance, ending		<u>\$ -</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 21

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Downtown Park Honorarium Fund  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Sales and services:			
Sale of promotional items	<u>\$ 50,000</u>	<u>\$ 31,875</u>	<u>\$ (18,125)</u>
<b>EXPENDITURES</b>			
Current:			
General government:			
Operating expenditures	<u>50,000</u>	<u>(6)</u>	<u>50,006</u>
Total expenditures	<u>50,000</u>	<u>(6)</u>	<u>50,006</u>
Revenues over expenditures	<u>-</u>	<u>31,881</u>	<u>(31,881)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>31,881</u>	<u><u>\$ 31,881</u></u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u><u>\$ 31,881</u></u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Transportation Alternatives Program Grant Fund**  
**For the Year Ended June 30, 2022**

Schedule 22

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - FHWA	\$ 514,575	\$ 180,000	\$ -	\$ 180,000	\$ (334,575)
<b>EXPENDITURES</b>					
Current:					
Public service and transportation:					
Operating expenditures	155,000	12,230	-	12,230	142,770
Capital outlay	774,150	373,338	26,041	399,379	374,771
Total expenditures	929,150	385,568	26,041	411,609	517,541
Revenues over expenditures	(414,575)	(205,568)	(26,041)	(231,609)	182,966
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	414,575	414,575	-	414,575	-
Net change in fund balance	\$ -	\$ 209,007	(26,041)	\$ 182,966	\$ 182,966
Fund balance, beginning			209,007		
Fund balance, ending			\$ 182,966		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Waxhaw-Marvin Sidewalk CDBG Grant Fund**  
**For the Year Ended June 30, 2022**

Schedule 23

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - CDBG	\$ 283,796	\$ 245,603	\$ -	\$ 245,603	\$ (38,193)
<b>EXPENDITURES</b>					
Capital outlay	289,296	249,679	-	249,679	39,617
Revenues over expenditures	(5,500)	(4,076)	-	(4,076)	1,424
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,500	5,500	-	5,500	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,424</u>	-	<u>\$ 1,424</u>	<u>\$ 1,424</u>
Fund balance, beginning			<u>1,424</u>		
Fund balance, ending			<u>\$ 1,424</u>		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Kensington Drive Improvements Grant Fund**  
**For the Year Ended June 30, 2022**

Schedule 24

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - FHWA	\$ 3,169,760	\$ -	\$ -	\$ -	\$ (3,169,760)
Miscellaneous	-	130,000	-	130,000	130,000
Total revenues	<u>3,169,760</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>(3,039,760)</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>4,481,760</u>	<u>148,712</u>	<u>21,820</u>	<u>170,532</u>	<u>(4,311,228)</u>
Revenues over expenditures	<u>(1,312,000)</u>	<u>(18,712)</u>	<u>(21,820)</u>	<u>(40,532)</u>	<u>1,271,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>1,312,000</u>	<u>1,312,000</u>	<u>-</u>	<u>1,312,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,293,288</u>	<u>(21,820)</u>	<u>\$ 1,271,468</u>	<u>\$ 1,271,468</u>
Fund balance, beginning			<u>1,293,288</u>		
Fund balance, ending			<u>\$ 1,271,468</u>		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**COPS SVPP Grant Fund**  
**For the Year Ended June 30, 2022**

Schedule 25

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - COPS	\$ 373,971	\$ 350,745	\$ -	\$ 350,745	\$ (23,226)
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Operating expenditures	119,902	118,295	-	118,295	1,607
Capital outlay	289,668	268,010	-	268,010	21,658
Total expenditures	409,570	386,305	-	386,305	23,265
Revenues over expenditures	(35,599)	(35,560)	-	(35,560)	39
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	35,599	35,599	(39)	35,560	(39)
Net change in fund balance	\$ -	\$ 39	(39)	\$ -	\$ -
Fund balance, beginning			39		
Fund balance, ending			\$ -		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 26

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Capital Projects Fund  
 For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital outlay	469,500	28,574	440,926
Revenues over expenditures	(469,500)	(28,574)	440,926
Fund balance appropriated	469,500	-	(469,500)
Net change in fund balance	<u>\$ -</u>	(28,574)	<u>\$ (28,574)</u>
Fund balance, beginning		<u>469,510</u>	
Fund balance, ending		<u>\$ 440,936</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 27

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Capital Improvements Reserve Fund  
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital outlay	470,431	-	470,431
Revenues over expenditures	(470,431)	-	470,431
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	470,431	(206,786)	677,217
Net change in fund balance	<u>\$ -</u>	<u>(206,786)</u>	<u>\$ (206,786)</u>
Fund balance, beginning		<u>2,805,000</u>	
Fund balance, ending		<u>\$ 2,598,214</u>	



TOWN OF WAXHAW, NORTH CAROLINA

Schedule 28

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual (Non-GAAP)  
 Small Transportation Projects Fund  
 For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other taxes and licenses:			
Municipal motor vehicle tax	\$ 360,000	\$ 386,400	\$ 26,400
<b>EXPENDITURES</b>			
Capital outlay	441,000	268,328	172,672
Total expenditures	441,000	268,328	172,672
Revenues over expenditures	(81,000)	118,072	199,072
Fund balance appropriated	81,000		(81,000)
Net change in fund balance	\$ -	118,072	\$ 118,072
Fund balance, beginning		673,158	
Fund balance, ending		\$ 791,230	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 29

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Downtown Waxhaw Origin-Destination Project Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - CRTPO	\$ 48,000	\$ -	\$ 48,000	\$ 48,000	\$ -
<b>EXPENDITURES</b>					
Current:					
Economic and community development					
Operating expenses	60,000	-	64,749	64,749	(4,749)
Revenues over expenditures	(12,000)	-	(16,749)	(16,749)	(4,749)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	12,000	-	22,000	22,000	10,000
Net change in fund balance	\$ -	\$ -	5,251	\$ 5,251	\$ 5,251
Fund balance, beginning			-		
Fund balance, ending			\$ 5,251		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 30

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Carolina Thread Trail Grant Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Local grant revenue:					
Carolina Thread Trail	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
<b>EXPENDITURES</b>					
Total expenditures	-	-	-	-	-
Revenues over expenditures	-	-	50,000	50,000	50,000
Net change in fund balance	\$ -	\$ -	50,000	\$ 50,000	\$ 50,000
Fund balance, beginning			-		
Fund balance, ending			\$ 50,000		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 31

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Nestbit Park Phase I Project Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Local contributions	\$ 2,705	\$ 2,704	\$ -	\$ 2,704	\$ (1)
<b>EXPENDITURES</b>					
Current:					
Culture and recreation:					
Operating expenditures	28,083	26,459	-	26,459	1,624
Capital outlay	362,622	365,483	-	365,483	(2,861)
Total expenditures	390,705	391,942	-	391,942	(1,237)
Revenues over expenditures	(388,000)	(389,238)	-	(389,238)	(1,238)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance proceeds	-	2,204	-	2,204	2,204
Transfers in	388,000	388,000	-	388,000	-
Total other financing sources (uses)	388,000	390,204	-	390,204	2,204
Net change in fund balance	\$ -	\$ 966	-	\$ 966	\$ 966
Fund balance, beginning			966		
Fund balance, ending			\$ 966		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 32

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Town Creek Park Phase I Project Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Local contributions	\$ 1,200	\$ 1,200	\$ -	\$ 1,200	\$ -
<b>EXPENDITURES</b>					
Capital outlay	152,995	152,878	-	152,878	117
Revenues over expenditures	(151,795)	(151,678)	-	(151,678)	117
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	151,795	151,795	-	151,795	-
Net change in fund balance	\$ -	\$ 117	-	\$ 117	\$ 117
Fund balance, beginning			117		
Fund balance, ending			\$ 117		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 33

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 PSPR Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Capital outlay	675,000	667,720	7,280	675,000	-
Revenues over expenditures	(675,000)	(667,720)	(7,280)	(675,000)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	675,000	675,000	-	675,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,280</u>	(7,280)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			7,280		
Fund balance, ending			<u>\$ -</u>		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 34

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Project Authorization and Actual (Non-GAAP)  
 Town Campus Fund  
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Capital outlay	976,800	119,723	717,828	837,551	139,249
Revenues over expenditures	(976,800)	(119,723)	(717,828)	(837,551)	139,249
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	976,800	976,800	-	976,800	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 857,077</u>	(717,828)	<u>\$ 139,249</u>	<u>\$ 139,249</u>
Fund balance, beginning			<u>857,077</u>		
Fund balance, ending			<u>\$ 139,249</u>		

**Town of Waxhaw, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2022**

**Schedule 35**

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 11,901,460	\$ 11,816,220	\$ 85,240
2020-2021	752	5,398	5,563	587
2019-2020	23,324	452	2,305	21,471
2018-2019	5,553	337	2,741	3,149
2017-2018	3,879	311	2,869	1,321
2016-2017	2,863	(80)	490	2,293
2015-2016	1,711	9	495	1,225
2014-2015	3,785	12	465	3,332
2013-2014	2,993	10	300	2,703
2012 and prior	27,981	93	1,416	26,658
	<u>\$ 72,841</u>	<u>\$ 11,908,002</u>	<u>\$ 11,832,864</u>	<u>147,979</u>
Less: allowance for uncollectible accounts:				
	General Fund			-
	Ad valorem taxes receivable - net			147,979
<u>Reconciliation to revenues:</u>				
	Ad valorem taxes - General Fund			\$ 11,855,597
	Reconciling items:			
	Interest collected			(27,024)
	Discounts allowed			182
	Taxes written off			4,109
	Subtotal			(22,733)
	Total collections and credits			\$ 11,832,864



**Town of Waxhaw, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**June 30, 2022**

**Schedule 36**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 3,053,199,527	0.385	\$ 11,754,818	\$ 10,683,256	\$ 1,071,562
Discoveries - current and prior years	3,346,257	0.385	12,883	12,883	-
Supplemental bill	35,702,657	0.385	137,455	137,455	-
Releases	(960,054)	0.385	(3,696)	(3,696)	-
Total property valuation	<u>\$ 3,091,288,387</u>				
Net levy			11,901,460	10,829,898	1,071,562
Unpaid (by taxpayer) taxes at June 30, 2022			(85,240)	(85,240)	-
Current year's taxes collected			<u>\$ 11,816,220</u>	<u>\$ 10,744,658</u>	<u>\$ 1,071,562</u>
Current levy collection percentage			<u>99.27%</u>	<u>99.20%</u>	<u>100.00%</u>

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## COMPLIANCE SECTION

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# Strickland Hardee PLLC

Certified Public Accountants

INTEGRITY MEETS TRUST

## INDEPENDENT AUDITOR'S 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

To the Honorable Mayor and Member of 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 23, 2022. Our report includes a reference to other auditors who audited the financial statements of the Town of Waxhaw Alcoholic Beverage Control Board ("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 those auditors. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

### Report on 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) as a basis for designing 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 identified certain a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

### Report on 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*.

**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.

*Strickland Hardee PLLC*

Lexington, North Carolina  
November 23, 2022



# Strickland Hardee PLLC

Certified Public Accountants

INTEGRITY MEETS TRUST

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

### Report on Compliance for Major Federal Program

#### *Opinion on Major Federal Program*

We have audited the Town of Waxhaw, North Carolina's compliance with the types of compliance requirements as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town of Waxhaw, North Carolina's major federal program for the year ended June 30, 2022. Town of Waxhaw, North Carolina's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Waxhaw, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

### Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Waxhaw, North Carolina and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Town of Waxhaw, North Carolina's compliance with the compliance requirements referred to above.

### Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Waxhaw, North Carolina's federal programs.

## **Auditor's Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Waxhaw, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Waxhaw, North Carolina's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Waxhaw, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Waxhaw, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Waxhaw, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Strickland Hardee PLLC*

Lexington, North Carolina  
November 23, 2022

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

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**Financial Statements**

Type of auditor's report issued:

Governmental Activities	Modified
Governmental Funds	
Major Funds	Unmodified
Aggregate Remaining Funds	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>  ✓  </u>	yes	<u>      </u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u>	yes	<u>  ✓  </u>	none reported
Noncompliance material to financial statements noted	<u>      </u>	yes	<u>  ✓  </u>	no

**Federal Awards**

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

Unmodified

Internal control over major federal programs:

Material weaknesses identified?	<u>      </u>	yes	<u>  ✓  </u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u>	yes	<u>  ✓  </u>	none reported
Any audit findings disclosed that are required to be reported in accordance with §200.516 of the Uniform Guidance	<u>      </u>	yes	<u>  ✓  </u>	no

Identification of major federal programs:

**CFDA Numbers**

21.027

**Names of Federal Program or Cluster**

Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

	<u>  ✓  </u>	yes	<u>      </u>	no
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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2022**

**Schedule 37**  
**(Continued)**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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**2022-001: Capital Assets**

Type of Finding: Material Weakness in Internal Control over Capital Assets

**Condition:** During audit procedures conducted over the Town's capital assets, it was noted that the capital asset listing did not contain all the Town's major capital asset items. This included major construction in progress projects as well as other capital asset purchases. The depreciation expenditures were understated due to not recording all capital assets. In addition, the listing had not rolled forward the prior years depreciation for the past two years, resulting in the beginning accumulated depreciation amount being understated.

**Criteria:** The Town should have the proper financial procedures and controls in place to ensure that all capital assets are properly identified and capitalized in the year they are incurred.

**Context:** Beginning accumulated depreciation was understated by \$6,213,611 as compared to the prior year's ending accumulated depreciation. The unrecorded capital asset's amount is unknown but believed to be at least \$812,397.

**Effect:** The design of the internal controls over the capital asset listing and reconciliation to the financial statements limited the Town's ability to detect a material misstatement.

**Cause:** The Town's procedures to identify capital assets and reconcile the capital assets at year-end did not contain sufficient procedures and reviews to ensure year-end balances were complete. The missed capital outlay occurred in 2021-2022, when the Town also experienced turnover at the Chief Finance Officer's position.

**Recommendation:** We recommend Town's management review its procedures and controls related to identifying capital outlay and reconciliations of capital assets to ensure all amounts are properly captured and capitalized. It is also our recommendation that the Town consider purchasing a capital asset module in order to maintain the list of capital assets and ensure the proper recognition of depreciation.

**Views of Responsible Officials:** The Town does not disagree with the finding.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

TOWN OF WAXHAW, NORTH CAROLINA  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022

Schedule 38

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

Corrective Action Plan

For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS



November 16, 2022

**Material Weakness**

**2022-001: Capital Assets**

Name of Contact Person: Rosemary Dodd, Finance Director

Corrective Action: On 11/03/22, the Town of Waxhaw purchased a Fixed Assets module which was installed into our financial software system FMS. This will allow us to accurately track and report our Capital Assets. In addition, Finance is working with all town departments to review the current asset listing for accuracy and implement a viable asset tagging system uniform in design.

Proposed Completion Date: The Town expects this project to be completed by 06/30/23, or sooner.

TOWN OF WAXHAW, NORTH CAROLINA  
Corrective Action Plan  
For the Year Ended June 30, 2022

Schedule 39  
(Continued)

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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None reported.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2022**

**Schedule 40**

Grantor/Pass-Through Grantor/Program or Cluster Title:	Federal CFDA Number	State/Pass- Through Entity Identifying Number	Expenditures
<b>Federal Assistance</b>			
<u>U.S. Department of Treasury</u>			
Pass-through from NC Office of State Budget and Management:			
Coronavirus State and Local Fiscal Recovery Fund	21.027		\$ 1,330,341
<u>U.S. Department of Transportation</u>			
Pass-through from NC Department of Transportation:			
Charlotte Regional Transportation Planning Organization:			
Highway Planning and Construction - Downtown Waxhaw Origin-Destination Study	20.205		<u>48,000</u>
Total Federal Assistance			<u><u>1,378,341</u></u>
<b>State Assistance</b>			
<u>N.C. Department of Transportation</u>			
Powell Bill Program		DOT-4	<u>434,083</u>
Total State Assistance			<u><u>434,083</u></u>
<b>Total Federal and State Assistance</b>			
Total Federal and State Assistance			<u><u>\$ 1,812,424</u></u>

**Notes to the Schedule of Expenditures of Federal and State Awards**

**A. Basis of Presentation**

The accompanying Schedule of Federal and State Awards (SEFSA) 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, 2022. 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 SEFSA. The information in this SEFSA 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 SEFSA is presented using the modified accrual basis of accounting, which is described in the notes to the Town's financial statements.

**C. Indirect Cost Rate**

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