

**TOWN OF WAXHAW
NORTH CAROLINA**

**Financial Statements and Supplementary
Information**

For the Year Ended June 30, 2023



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

Opinions

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, 2023, 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.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina, as of June 30, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 raise substantial doubt about the Town'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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, budgetary comparison information, and the pension plan schedules, as listed in the table of contents, 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 Town of Waxhaw, North Carolina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 relates 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 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 December 29, 2023 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
December 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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, 2023 ("2023" or "FY 2023") compared to the year ended June 30, 2022 ("2022" or "FY 2022"). 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 \$82,564,727 (total net position) for the Primary Government.
- Town's total net position increased by \$3,258,618 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 \$45,761,133, an increase of \$19,285,344 or 73% increase from the prior year fund balance. The increase is primarily due to installment purchase proceeds for the Town Campus Project.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds was \$36,497,826. The unassigned fund balance for the General Fund is \$36,497,826, which is 183.7% of total General Fund budgeted expenditures for the upcoming fiscal year.
- The Town's capital assets increased \$6,562,062 or 10.1% during the current fiscal year. This increase is due to capital asset additions of \$8,403,617, primarily for construction in progress, falling under depreciation expense of \$1,841,555.
- The Town's total debt increased \$24,656,762 or 406.3% during the current fiscal year. This increase is primarily due to an increase in long-term debt associated with the Town Campus Project.

Overview of the Financial Statements

Financial Statements

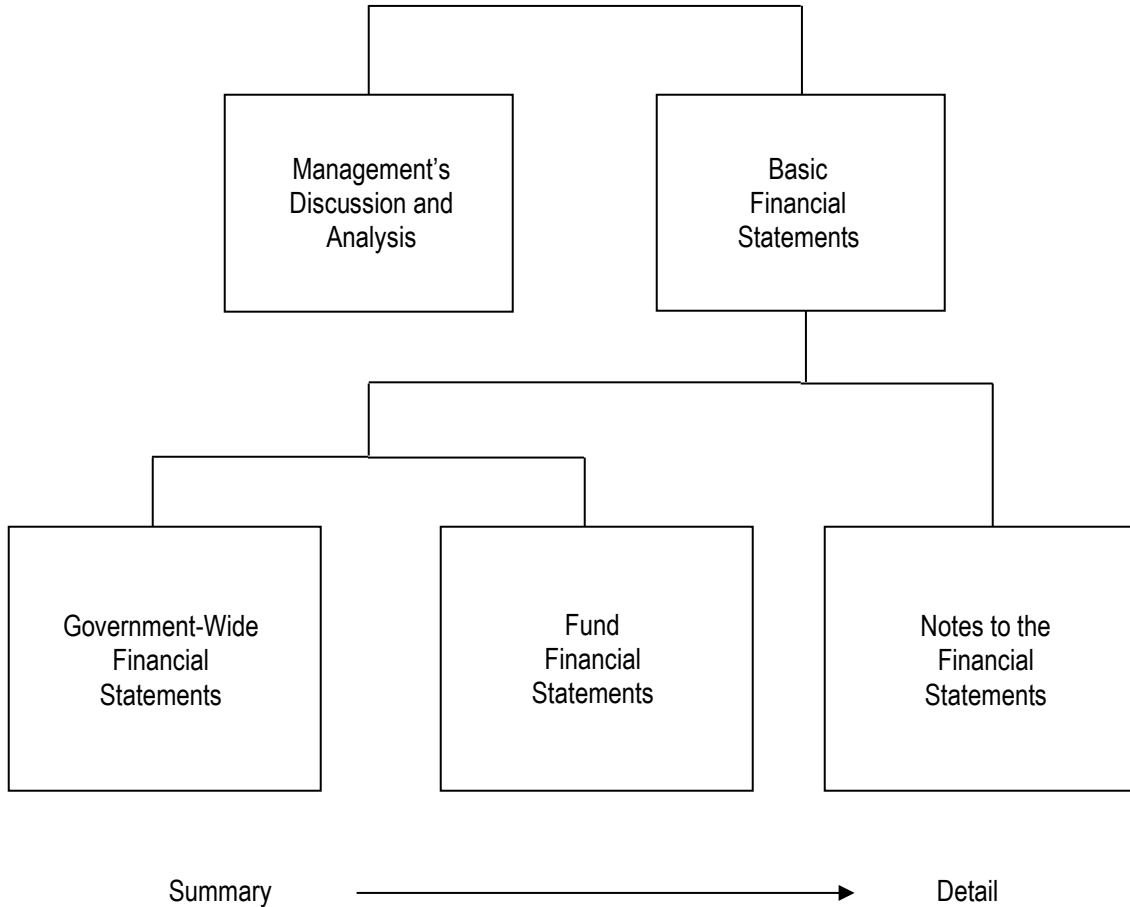
This MD&A is intended to serve as an introduction to the Town's financial statements. The Town's financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements 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, 2023

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, 2023

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 can also 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, 2023

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, 2023

Government-Wide Financial Analysis

The following table provides a summary of the Town's statement of net position as of June 30, 2023 compared to June 30, 2022:

Town's Statement of Net Position
Figure 2

	Governmental Activities	
	June 30, 2023	June 30, 2022
Current and Other Assets	\$ 49,039,947	\$ 29,298,767
Capital Assets (Net)	64,933,944	58,371,882
Deferred Outflows of Resources	2,768,196	541,102
Total Assets	116,742,087	88,211,751
Other Liabilities	3,150,006	2,674,999
Long-Term Obligations	30,725,709	6,068,947
Deferred Inflows of Resources	301,645	161,696
Total Liabilities	34,177,360	8,905,642
Net Investment in Capital Assets	56,815,640	54,684,324
Restricted	8,243,119	9,421,294
Unrestricted	17,505,968	15,200,491
Total Net Position	\$ 82,564,727	\$ 79,306,109

The Town's capital assets increased \$6,562,062 in the current year due to capital asset additions of \$8,403,617, primarily for construction in progress, exceeding depreciation expense of \$1,841,555. Current and other assets increased \$19,741,181, primarily due to the new Truist account funding the Town Campus Project.

The Town's liabilities increased \$31,936,698 primarily due to an increase in long-term debt 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 \$82,564,727 as of June 30, 2023. The Town's net position increased by \$3,258,618 for the fiscal year ended June 30, 2023.

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Government-Wide Financial Analysis (Continued)

The largest portion of net position of \$61,246,386 (74.2%) 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 \$7,600,046 (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town's net position of \$13,718,295 (16.6%) is unrestricted.

Town's Changes in Net Position
Figure 3

	Governmental Activities	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 586,322	\$ 1,106,492
Operating Grants	687,650	1,984,142
Capital Grants	3,731,028	104,300
General Revenues:		
Taxes	19,268,650	17,474,823
Other	1,152,807	169,624
Total Revenues	<u>25,426,457</u>	<u>20,839,381</u>
Expenses		
General Government	3,106,546	2,749,947
Public Safety	4,683,680	3,463,511
Economic and Community Development	4,353,100	2,872,821
Culture and Recreation	3,505,469	1,348,876
Public Service and Transportation	4,805,942	3,433,660
Environmental Protection	1,629,167	1,492,522
Interest on Long-Term Obligations	83,935	73,146
Total Expenses	<u>22,167,839</u>	<u>15,434,483</u>
Change in Net Position	3,258,618	5,404,898
Net Position, Beginning of Year	<u>79,306,109</u>	<u>73,901,211</u>
Net Position, End of Year	<u>\$ 82,564,727</u>	<u>\$ 79,306,109</u>

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Governmental Activities: Governmental activities increased the Town's net position by \$3,258,618 in the current year. The key element of this increase is the continued growth in the Town's property tax base.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$20,757,146 with a total fund balance of \$38,694,408, an increase of \$20,349,009 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, 2023 represents 104.5% 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 \$20,897,269 during FY 2023, which was an increase of \$2,742,224, or 15.1% over the \$18,155,045 recorded in FY 2022, primarily due to the Ad Valorem Tax revenue increasing \$701,885 or 5.9% over FY 2022, due to increased assessed value of the tax base. In addition, unrestricted intergovernmental revenues in FY 2023 increased \$1,642,545 over the prior fiscal year. Investment earnings increased \$953,477 in FY 2023 over the previous fiscal year due to the purchase of investments and increased interest for NCCMT accounts.

Expenditures in the General Fund were \$16,475,850 for FY 2023, which was an increase of \$4,322,195, or 35.6% over the \$12,153,655 recorded in FY 2022.

At June 30, 2023, the governmental funds of the Town reported a combined total governmental fund balance of \$45,761,133, a 42.1% 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 \$20,897,269, which was \$3,905,269 or 23.0% 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, 2023

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. The following factors contributed to the reduction of expenditures during FY 2023, 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 \$1,696,489 for FY 2023. The primary sources of these revenues were restricted intergovernmental revenue of \$1,183,099 in the Powell Bill Fund and municipal motor vehicle taxes of \$413,450 in the Small Transportation Projects Fund

Expenditures in the Non-Major governmental funds were \$4,386,912 for FY 2023. These expenditures primarily consisted of capital outlay expenditures of \$3,724,604 and public service and transportation expenditures of \$656,487.

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TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2023, totaled \$64,933,944 (net of accumulated depreciation). This was an increase of \$6,562,062 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, 2023 and 2022 were as follows:

Town's Net Capital Assets
Figure 4

	June 30, 2023	June 30, 2022
Capital Assets		
Land	\$ 6,785,207	\$ 6,159,723
Construction in Progress	7,850,958	2,986,235
Land Improvements	793,405	793,405
Buildings	10,703,311	8,828,795
Leasehold Improvements	9,766	9,766
Infrastructure	73,381,619	73,381,619
Equipment	973,611	934,256
Vehicles and Motorized Equipment	2,718,472	2,133,159
Computer Equipment and Software	479,699	311,033
Capital Vehicles	904,201	713,521
Less Accumulated Depreciation	(39,666,306)	(37,879,630)
Capital Assets, Net	\$ 64,933,943	\$ 58,371,882

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, 2023**

Capital Asset and Debt Administration (Continued)

Long-Term Debt

The Town's total debt obligations as of June 30, 2023 and 2022, were as follows:

**Town's Outstanding Debt
Figure 5**

	June 30, 2023	June 30, 2022
Capital Vehicle Leases	\$ 566,245	\$ 569,934
Installment Purchases:		
Police Building	2,655,528	3,117,624
Athletic Barn	1,750,000	-
Town Campus Bond	20,775,000	-
Total Outstanding Debt	\$ 25,746,773	\$ 3,687,558

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 2.9% continues to fall below the North Carolina average rate. The Town has invested significant resources into infrastructure improvement. The Capital Improvement Plan, now in its third year of implementation, has completed over 20 projects. Downtown Waxhaw is the epicenter of economic activity and is the business hub of western Union County. The downtown charms both locals and visitors alike. 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.

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.

While the Town population has grown for many years, the population is expected to slightly stall for the next year or two. The 2020 Census population for Waxhaw was 20,534, a 108% percent increase from the 2010 Census. The current population estimate from 2023 is 22,570. The robust Charlotte area housing market continues to keep housing demand high in Waxhaw, though the supply has diminished over the past year due to wastewater scarcity. Housing developments that contributed to the growth of the last decade have been completed and new housing developments are not yet on the market. Union County Public Works is expanding the wastewater treatment plant. The project is scheduled to take between two to three years to complete. The town expects to experience a short-term lull in significant population growth until the wastewater treatment plant expansion is complete.

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Budget Highlights for the Fiscal Year Ending June 30, 2023

Although housing might be stalled for the short term, the town has some commercial projects underway that will benefit the tax base. This coupled with the Town's excellent financial condition will allow the town to operate seamlessly.

In accordance with the North Carolina Local Budget and Fiscal Control Act, I am pleased to present the Annual Budget for Fiscal Year 2023-24. The proposed budget represents the goals and priorities developed during our budget process. The annual process starts in earnest in January and culminates in June. All revenues and expenditures are identified, and all funds within the budget are balanced.

The Town of Waxhaw continues to be one of the most sought-after communities in North Carolina. The 2020 Census showed the town's population at 20,534, a 108% increase from the 2010 Census, representing that Waxhaw is the seventh fastest-growing municipality in the state. The Census Bureau and the North Carolina Office of Budget and Management estimate populations annually between decennial counts. The latest population estimate is 21,673 from 2021, representing a 5% increase from 2020 to 2021. The Town anticipates a similar percentage of population increase when the 2023 estimate is released later this year

This fiscal budget will continue the Town's focus on expanding operational needs to meet service demand and adequately plan 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. As a result, Waxhaw has benefitted from the growth of its tax base. This tax base growth, along with sound management of financial resources by Waxhaw leadership, have allowed the Town to establish a Capital Improvement Plan while also growing our operations to meet service needs.

Once again, Waxhaw is able to operate in fiscal year 2023-24 within our existing resources. Thus, I am recommending the town maintain its tax rate of \$0.385/\$100 valuation. Waxhaw has successfully managed its financial condition by utilizing the growth of its tax base. Therefore, this will be the sixth consecutive budget wherein the tax rate has not changed

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 2023-24:

The recommended operating budget for the fiscal year 2023-24 is **\$19,864,000.00**.

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

- Total Value of Real Property Tax Base = \$2,940,583,833.00
- Total Value of Personal Property Tax Base = \$30,573,217.00
- Total Value of Motor Vehicle Tax Base = \$297,736,426.00
- Revenues based on tax rate of 0.385/\$100 (98% collection rate):
- Real Property/Personal Property Tax Revenue: \$11,210,000.00
- Prior Years Taxes, Penalties, and Interest: \$20,000.00
- Motor Vehicle Tax Revenue: \$1,123,000.00
- Sales and Use Tax: \$4,800,000.00
- Franchise Tax: \$800,000.00
- Other General Revenues: \$1,095,000.00
- Transfer from Fund Balance: \$733,000.00
- Cemetery Fund Revenue: \$20,000.00
- Carolina Thread Trail Fund Revenue: \$50,000.00
- Police Explorers Fund Revenue: \$5,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

General Fund Revenue (Continued)

- Police State Drug Fund Revenue: \$6,000.00
- Police Federal Drug Fund Revenue: \$2,000.00
- Total Estimated Revenues: \$19,864,000.00

A description of the general fund revenues are as follows:

- **Real & Personal Property Tax** – Is the largest revenue source for the town which is 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 are 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 on 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 that 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 to 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.
- **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.
- **A Transfer from Fund Balance** will be utilized this year to balance the budget. Municipalities are required by state law to maintain a fund balance in case of emergencies. Fund balance monies may also be utilized for projects or to balance budgets if financial conditions are favorable.
- **Special Revenues** are also part of the operating budget. These funds are established for special projects or programs that require a small yearly budget or may only require a year or less of funding. The Carolina Thread Trail, Police Explorers, and the State and Federal Drug Programs are included in these revenues. The town also 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 the operations of the cemetery.

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 50% 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 service contracts, utilities, insurance, supplies, fuel, fees, staff training, debt payment, and non-capital equipment necessary to provide services to the public.

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Key highlights of expenditures in the General Fund include:

- Waxhaw is in the process of acquiring property that will establish its first true Recreation Center. This center will provide both indoor and outdoor events and programming space for our citizens. This acquisition is a direct implementation from citizen feedback in the town's most recent Community Wide Survey. A seller financing agreement is being utilized for the acquisition. The debt service for the first year will be \$437,700.00. Startup costs will be \$250,000.00. These expenses are included in the Parks and Recreation budget.
- Waxhaw will transition its Downtown Department into the Business Development Department. The department will focus on recruiting, supporting, and retaining business in Waxhaw. The Town's downtown program will be housed within this department and will include management of the Waxhaw Main Street program and the newly formed Downtown Waxhaw Association.
- The Town Campus project encompasses building a new Town Hall and Public Services/Parks & Recreation Operations Center on property located at the intersection of Waxhaw-Marvin Road and Kensington Drive. The construction phase began in November 2022 with an anticipated completion date of Spring 2024. The project is being paid for through an installment financing contract. The town borrowed \$20.7 million dollars to complete the project. The installment financing contract is for 20 years, with annual payments due in August of each year. The total amount budgeted for the debt service for this year is \$1,750,000.00, including principal and interest. The full loan payment amount will be drawn from the Administration budget.
- With the Town Campus project underway, the expectation is for this fiscal year to be the last in our current Town Hall facility. Waxhaw continues to lease a building in the Olde Hickory Shopping Center at 1150 N Broome Street (Hwy 16). The expense is budgeted at \$120,500.00.
- Waxhaw continues to pay its debt on the up fit of the Police Department building. The loan was refinanced two years ago, 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 renewed the contract with Waste Pro to provide the trash, recycling, and yard waste removal for the town. The new contract is for five years, beginning July 1, 2023. The town has budgeted for 7,000 households. The total budget is proposed to be \$1,875,000.00.
- Waxhaw partners with Enterprise Fleet Management to lease vehicles. The program is designed to replace vehicles over a five-year cycle. Police is the primary department to utilize this program due to the wear and tear on their vehicle fleet. The program currently has over 30 vehicles in use, with four additional Police vehicles requested this year. The total lease cost is \$400,000.00, including the cost to up fit the new Police vehicles.
- Recruitment and retention of professional staff has been a key focus of town leadership. Staff performance has been paramount to successfully implementing multiple projects and policies over the last few years. It is imperative to recognize the importance of continuity of leadership to successfully govern and implement in local government. So much of what can be accomplished relies on years upon years of planning and relationship-making. Waxhaw will continue to invest in the betterment of our employees by:
 - a) Providing a work environment that is positive, flexible, and supportive of employees.
 - b) Providing training opportunities specific to discipline.
 - c) Providing resources to gain and maintain credentials essential to the field.
 - d) Providing opportunities for growth and advancement to build a career.
 - e) Staying competitive with insurance and benefit offerings.
 - f) Striving for our workforce to reflect and represent the diversity that exists in Waxhaw.

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

- The total number of staff positions is 100, including the following new positions:
 - a) The Police Department will add four new positions: three Patrol Officers and one Detective. The Town recently completed a pay and organization study focused on the Police Department. The study showed that our ratio of patrol officers to citizens is considerably higher than the national and local average. Lowering the ratio is a proactive goal to ensure that the Town can adequately protect the citizens. A Detective position is proposed to relieve the caseload of the Investigations Lieutenant, which will allow the Lieutenant to better direct on-going investigations of the entire unit and assist in managing the evidence control room.
 - b) Parks and Recreation will add six new positions: Downtown Park Manager, Program Coordinator, two Cultural Park Technicians, and two Part-Time Park Technicians. When Downtown Park opens this fiscal year, four of these new positions will staff the park. Two positions will staff the new Recreation Center.
 - c) The Finance Department will add a Part-Time Accounting Assistant position. This position will help with the growing need for accounting and budget support to other departments and assist with reporting requirements for audits and grants, special projects, and other general accounting duties.
 - d) Consumer Price Index data showed that prices for goods and services rose by 6.4% over the past 12 months. As of December 2022, the Consumer Price Index showed a 6.5% increase. The cost of living in the Charlotte metropolitan area remains high. Waxhaw will strive to remain competitive in recruiting and retaining employees within its resource means. This budget allows for a 3% cost of living adjustment for all staff and Board of Commissioners and up to a 2% merit increase for staff to help ease the burden of inflation.
 - e) A compensation study will also be completed this budget year to analyze Waxhaw's competitiveness with its peers.

- Events will continue to be an integral part of Waxhaw. The Town will offer a full schedule of events. Events expenses are primarily in the Parks & Recreation budget, with small amounts expensed from the Administration and Business Development Departments.

- Streetlights will continue to be a significant expense. Waxhaw is in the process of changing out a majority of the streetlights downtown to LED lights to be more energy efficient. The estimated bill for energy costs and maintenance is \$250,000.00.

- 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. Due to the program's success over the past few years, the budget for this program is recommended to increase to \$65,000.00. Both residential and non-residential properties are eligible for an award.

General Fund Expenditures by Department 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. The budget this year includes costs for the 2023 municipal election.

Original 2022-23 Budget: \$124,000.00

2023-24 Proposed Budget: \$147,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Administration

Budget for general administration and day-to-day administrative operation of the Town. The budget includes six staff positions, liability insurance, debt service on the Town Campus, professional service contracts for communications and lobbyists, and the lease of the current Town Hall building. It also includes a contingency of approximately 1% of the General Fund budget to help cover unforeseen expenses.

Original 2022-23 Budget: \$2,247,000.00
2023-24 Proposed Budget: \$3,300,000.00

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. Budget includes four staff positions and the costs to complete the annual audit.

Original 2022-23 Budget: \$369,000.00
2023-24 Proposed Budget: \$424,000.00

Tax Collections

Budget for collection of taxes. Waxhaw partners with Union County on the collection of taxes. The Union County Tax Department collects taxes on behalf of Waxhaw for an arranged fee.

Original 2022-23 Budget: \$140,000.00
2023-24 Proposed Budget: \$160,000.00

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. The budget includes three staff positions, all equipment for technical support, hardware, and software licenses.

Original 2022-23 Budget: \$826,000.00
2023-24 Proposed Budget: \$860,000.00

Public Services

The department is responsible for streets, utilities, and landscaping maintenance of town property and rights-of-way. They are also responsible for the maintenance of the town vehicle fleet. They provide oversight and support to Waste Pro for garbage, recycling, and yard waste collection. The budget includes ten staff positions, vehicle fleet costs including fuel and routine maintenance, and the vehicle lease program through Enterprise.

Original 2022-23 Budget: \$1,800,000.00
2023-24 Proposed Budget: \$1,741,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Police

The Police Department includes Administration, Patrol, Detectives, and Animal Control. The Police Department is committed to public safety by providing a safe and peaceful environment, aiding those in need, and protecting the lives, property, and rights of residents and visitors. The department also offers many other community education services. The budget includes 36 staff positions, 6 Reserve Officers, law enforcement equipment, debt service of the Police building renovation, K-9-unit expenses, and community policing expenses.

Original 2022-23 Budget: \$4,002,000.00
2023-24 Proposed Budget: \$4,517,000.00

Emergency Management & Safety

Budget to support the administration of emergency management and safety functions. The budget includes one staff position, an annual contribution to the Waxhaw Volunteer Fire Department, safety supplies, and monitoring equipment for hazard mitigation.

Original 2022-23 Budget: \$150,000.00
2023-24 Proposed Budget: \$211,000.00

Building Inspections

Budget for staff responsible for administering all applicable North Carolina Building Codes, including building permit issuance and building construction inspections. The budget includes four staff positions and other minor operating costs.

Original 2022-23 Budget: \$909,000.00
2023-24 Proposed Budget: \$535,000.00

Engineering

Engineering staff provides professional services related to development plan review, transportation planning, stormwater and drainage, and general design and construction inspection services. The budget includes six staff positions and professional services related to on-call engineering consulting services.

Original 2022-23 Budget: \$688,000.00
2023-24 Proposed Budget: \$848,000.00

Sanitation

The Town contracts its garbage, recycling, and yard waste pickup services through Waste Pro. This budget is based on the service provided to 7,000 residential properties.

Original 2022-23 Budget: \$1,660,000.00
2023-24 Proposed Budget: \$1,875,000.00

Planning and Zoning

Budget for operational expenses associated with planning, zoning, and subdivision administration. The budget also includes the Town's Façade Improvement Program. The budget includes five staff positions.

Original 2022-23 Budget: \$650,000.00
2023-24 Proposed Budget: \$760,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Code Enforcement

The budget includes one staff position associated with field enforcement of town codes and regulations.

Original 2022-23 Budget: \$97,000.00

2023-24 Proposed Budget: \$101,000.00

Business Development

The Business Development Department will provide support and retention services to businesses town wide as well as focus on strategy development and business recruitment. The department will also house Waxhaw's Main Street program and assist in managing the newly formed Downtown Waxhaw Association. The budget includes one staff position.

Original 2022-23 Budget: \$250,000.00

2023-24 Proposed Budget: \$309,000.00

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. The budget includes two staff positions.

Original 2022-23 Budget: \$381,000.00

2023-24 Proposed Budget: \$456,000.00

Parks & Recreation

Department maintains town parks and administers numerous programs for children, adults, and seniors. They also plan and execute the many events held in town throughout the year. The budget includes 19 staff positions.

Original 2022-23 Budget: \$1,780,000.00

2023-24 Proposed Budget: \$2,862,000.00

Pedestrian Connectivity Fund Transfer

The Pedestrian Connectivity Fund is newly created to establish a reserve for greenways and sidewalks. The Town will strive to transfer monies from the General Fund to the newly created Pedestrian Connectivity Fund annually.

Original 2022-23 Budget: \$0.00

2023-24 Proposed Budget: \$140,000.00

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.

Original 2022-23 Budget: \$194,000.00

2023-24 Proposed Budget: \$175,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

General Fund Expenditures by Department, Special Revenue Funds, and Transfers (Continued):

Building Inspections Transfer

The Town collects revenues for the expenses of its Building Inspections Department. These revenues are utilized only for Building Inspections operations. Due to the decrease in new housing starts and non-residential permits, the fund balance will need to be utilized to offset the expenses. This year \$360,000.00 will be drawn from the fund balance in Building Inspections revenues.

Original 2022-23 Budget: \$130,000.00
2023-24 Proposed Budget: \$360,000.00

Contingency and General Fund Balance:

Waxhaw has historically designated a contingency line item to fund unexpected expenses that occur throughout the year. The contingency line will be budgeted at \$190,000.00, approximately 1% of the expected general fund revenues and is in the Administration budget.

Government accounting standards require that governmental reserves be classified depending on the funding source's restrictions. Following this requirement, local governments set aside money in separate fund balance accounts as "restricted" by external sources, such as state statute or grantor requirements or 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 the unassigned fund balance for the General Fund to be a minimum 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, 2022, the Town of Waxhaw's Unassigned Fund Balance was \$14,988,980.00, which is 91% of the budgeted General Fund for the fiscal year 2022-23.

Waxhaw regularly utilizes special funds to allocate monies for specific projects or operations. This year's Special Revenue Funds include:

Cemetery Fund

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

Original 2022-23 Budget: \$20,000.00
2023-24 Proposed Budget: \$20,000.00

Carolina Thread Trail Fund

Waxhaw received a grant for repairs to compromised areas of the Carolina Thread Trail within the town. This fund will be utilized with money appropriated from the American Rescue Plan Fund to complete repairs to the Carolina Thread Trail section in the vicinity of Prescot Village and Town Creek Park.

Original 2022-23 Budget: \$50,000.00
2023-24 Proposed Budget: \$50,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

General Fund Expenditures by Department, Special Revenue Funds, and Transfers (Continued):

Police Funds

The Police State and Federal Drug Funds are utilized exclusively by the Police Department to prevent illegal drug activity. The Police Explorers utilize a small fund to support their community activity. Each of these funds are restricted to the purpose intended.

Original 2022-23 Budget:

Police Explorers Fund: \$2,500.00
Police State Drug Fund: \$1,000.00
Police Federal Drug Fund: \$1,000.00

2023-24 Proposed Budget:

Police Explorers Fund: \$5,000.00
Police State Drug Fund: \$6,000.00
Police Federal Drug Fund: \$2,000.00

Capital Improvement Plan Budget 2023-2027

The recommended Capital Improvement Plan budget for the fiscal year 2023-24 is **\$3,611,000.00**.

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

- Digital Downtown Directory Signs
- Cuthbertson Road Crosswalk & Beacon
- Nesbit Park – Baseball Field 3 Lights
- Christmas Tree – Downtown Park
- Waxhaw Library Building Renovation
- Message Board Trailers for Public Information and Emergency Management
- Downtown Public Plaza and Pedestrian Space Improvements
- PARTF Grant Expenditure and Reimbursement
- Broad/Givens/South Church Street Improvements
- Street Maintenance Plan
- Kensington Drive/NC 16 Intersection Improvements
- Powell Bill Annual Paving and Maintenance
- Transfer to CIP Reserve
- Pedestrian Connectivity Fund

**TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Capital Improvement Plan Budget 2023-2027 (Continued)

Specific project scopes and funding are described in this budget's Capital Improvement Plan section. Seven multi-year funds are included in the Capital Improvement Plan this year:

- Pedestrian Connectivity Fund
- American Rescue Plan Fund
- PARTF Grant Fund
- Powell Bill Fund
- Small Transportation Project Fund
- Capital Improvement Plan Fund
- Kensington Drive Fund

Each fund is described as follows:

Pedestrian Connectivity Fund:

The Pedestrian Connectivity Fund is newly created to establish a reserve for greenways and sidewalks. Money will be allocated to this fund annually as revenues allow. The fund will be utilized to save money for new construction projects, restoration projects, and local matches for grant opportunities.

Original 2022-23 Budget: \$0.00
2023-24 Proposed Budget: \$140,000.00

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 \$5,464,705.00 from the program. The monies were utilized for paying public safety employee salaries during the height of the pandemic and also for projects that qualify under regulations set forth by the Federal government for expenditure of the funds. All monies must be encumbered by December 2024 and spent by December 2026.

Original 2022-23 Budget: \$2,732,352.54
2023-24 Proposed Budget: \$846,000.00

PARTF Grant Fund:

Waxhaw received a grant award from the North Carolina Division of Parks and Recreation. The division established the Parks and Recreation Trust Fund in 1994 to help local governments in quality-of-life improvements to the community. The fund is typically referred to as PARTF. The grant award of \$425,000.00 will be utilized towards amenities in the Downtown Park.

Original 2022-23 Budget: \$0.00
2023-24 Proposed Budget: \$425,000.00

TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Capital Improvement Plan Budget 2023-2027 (Continued)

Powell Bill Fund:

North Carolina municipalities receive financial assistance from the state to help pay for the 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.

The Town will continue to utilize the Powell Bill funds for our annual street resurfacing program. This year will also mark the establishment of a regular street tree maintenance program. Street tree maintenance zones will be created where staff will focus on a specific area annually. Each area will receive focus every 5 years.

Original 2022-23 Budget: \$490,300.00
2023-24 Proposed Budget: \$550,000.00

Small Transportation Project Fund:

In the fiscal year 2019, this fund was created to support 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 fund projects on public streets. Projects completed using Small Transportation Project Fund monies include Sunbonnet Lane refurbishment, McDonald Street pedestrian/parking improvements, and Downtown Pedestrian Bridge renovations. Projects currently in design or construction include East North Main Street Pedestrian and Traffic improvements (TAP) and Broad/Givens/S Church Streets associated with the Downtown Park. The Broad/Givens/S Church Street project budget is spread over fiscal years 2022-23 and 2023-24.

Original 2022-23 Budget: \$425,000.00
2023-24 Proposed Budget: \$375,000.00

Capital Improvement Plan Fund:

The Capital Improvement Plan is predicated on the on-going provision of a set number 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. This fund will also house fees-in-lieu collected for recreation facilities, parks, greenways, and open space sites as defined in Chapter 8 of the Land Development Code.

Original 2022-23 Budget: \$194,000.00
2023-24 Proposed Budget: \$175,000.00

Kensington Drive Fund:

Waxhaw received a grant from the Charlotte Regional Transportation Planning Organization (CRTPO) a few years ago to improve Kensington Drive at the intersection of NC 16. It will add through and turn lanes, improve sight distance, and add sidewalk. The right-of-way acquisition phase of the project is on-going, with construction expected in the new fiscal year. This budget will carry the Town's local match obligation for the project's construction phase.

Original 2022-23 Budget: \$200,000.00
2023-24 Proposed Budget: \$1,100,000.00

**TOWN OF WAXHAW, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

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

BASIC FINANCIAL STATEMENTS
(Government-wide)

TOWN OF WAXHAW, NORTH CAROLINA
Statement of Net Position
June 30, 2023

Exhibit A

	Primary Government	Town of Waxhaw
	Governmental	ABC Board
	Activities	ABC Board
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,342,342	\$ 1,515,019
Cash and cash equivalents, restricted	23,921,976	-
Receivables, net:		
Property taxes	128,809	-
Accounts	1,260,981	12,656
Refundable taxes	217,880	-
Intergovernmental receivables	2,652	-
Due from component unit	164,250	-
Prepaid items and other assets	88	44,105
Inventories	969	287,123
Total current assets	49,039,947	1,858,903
Non-current assets:		
Right to use leased assets, net of amortization	-	1,123,751
Capital assets:		
Non-depreciable	14,636,165	-
Depreciable, net	50,297,779	73,180
Total capital assets	64,933,944	73,180
Total non-current assets	64,933,944	1,196,931
Total assets	113,973,891	3,055,834
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges	2,768,196	86,707
LIABILITIES		
Current liabilities:		
Accounts payable	1,172,789	473,582
Interest payable	-	3,414
Accrued salaries and benefits	277,232	16,698
Due to primary government	-	164,250
Unearned revenues	1,699,985	-
Total current liabilities	3,150,006	657,944
Long-term liabilities:		
Due within one year	2,128,590	65,910
Due in more than one year	28,597,119	1,215,163
Total long-term liabilities	30,725,709	1,281,073
Total liabilities	33,875,715	1,939,017
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	254,173	396
Refinancing debt proceeds	47,472	-
Total deferred inflows of resources	301,645	396
NET POSITION		
Net investment in capital assets	56,815,640	9,509
Restricted for:		
Stabilization by State Statute	1,713,025	-
Capital improvement plan	2,790,806	-
Public safety	83,622	-
Culture and recreation	77,000	-
Public service and transportation	3,044,599	-
Economic and community development	534,067	-
Working capital	-	165,994
Unrestricted	17,505,968	1,027,625
Total net position	\$ 82,564,727	\$ 1,203,128

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, 2023

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>
Primary government:						
Governmental activities:						
General government	\$ 3,106,546	\$ 297,828	\$ -	\$ 263,618	\$ (2,545,100)	\$ -
Public safety	4,683,680	210,834	87,531	-	(4,385,315)	-
Economic and community development	4,353,100	-	-	146,619	(4,206,481)	-
Culture and recreation	3,505,469	48,310	1,425	2,460,395	(995,339)	-
Public service and transportation	4,805,942	29,350	581,433	860,396	(3,334,763)	-
Environmental protection	1,629,167	-	17,261	-	(1,611,906)	-
Interest on long-term obligations	83,935	-	-	-	(83,935)	-
Total primary government	22,167,839	586,322	687,650	3,731,028	(17,162,839)	-
Component unit:						
Town of Waxhaw ABC Board	4,260,920	4,310,159	-	-	-	49,239
Total component unit	\$ 4,260,920	\$ 4,310,159	\$ -	\$ -	-	49,239
General revenues:						
Taxes:						
Property taxes					12,538,311	-
Sales taxes					5,149,921	-
Franchise taxes					1,580,418	-
Investment income					1,107,344	(41,942)
Miscellaneous					45,463	-
Total general revenues					20,421,457	(41,942)
Change in net position					3,258,618	7,297
Net position, beginning of year					79,306,109	1,195,831
Net position, end of year					\$ 82,564,727	\$ 1,203,128

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

FUND FINANCIAL STATEMENTS

TOWN OF WAXHAW, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit C

	General Fund	American Rescue Plan Fund	Town Campus Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 22,818,021	\$ -	\$ -	\$ 524,321	\$ 23,342,342
Cash and cash equivalents, restricted	15,740,680	2,238,072	96,680	5,846,544	23,921,976
Receivables, net:					
Taxes	128,809	-	-	-	128,809
Accounts	1,389,503	-	-	35,728	1,425,231
Refundable taxes	204,692	-	-	13,188	217,880
Intergovernmental receivables	-	-	-	2,652	2,652
Due from other funds	67,262	-	-	1,328,350	1,395,612
Prepaid items and other assets	89	-	-	-	89
Due from component unit	-	-	-	-	-
Inventories	969	-	-	-	969
Total assets	<u>40,350,025</u>	<u>2,238,072</u>	<u>96,680</u>	<u>7,750,783</u>	<u>50,435,560</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	299,057	92,994	27,966	752,772	1,172,789
Accrued salaries and benefits	277,232	-	-	-	277,232
Deposits	-	-	-	-	-
Due to other funds	643,073	752,539	-	-	1,395,612
Unearned revenues	307,446	1,392,539	-	-	1,699,985
Total liabilities	<u>1,526,808</u>	<u>2,238,072</u>	<u>27,966</u>	<u>752,772</u>	<u>4,545,618</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	128,809	-	-	-	128,809
Total deferred inflows of resources	<u>128,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,809</u>
Fund balances:					
Nonspendable:					
Prepaid items	89	-	-	-	89
Inventory	969	-	-	-	969
Restricted for:					
Stabilization by State statute	1,661,457	-	-	51,568	1,713,025
Capital improvement plan	-	-	-	2,790,806	2,790,806
Public safety	-	-	-	83,622	83,622
Culture and recreation	-	-	-	77,000	77,000
Public service and transportation	-	-	-	3,044,599	3,044,599
Economic and community development	534,067	-	-	-	534,067
Town Campus	15,740,680	-	-	-	15,740,680
Committed for:					
Public safety	-	-	-	13,975	13,975
Economic and community development	-	-	-	2,250	2,250
Public safety and transportation	-	-	-	114,702	114,702
Assigned for:					
Culture and recreation	-	-	68,714	406,193	474,907
Public service and transportation	-	-	-	413,296	413,296
Unassigned	20,757,146	-	-	-	20,757,146
Total fund balances	<u>38,694,408</u>	<u>-</u>	<u>68,714</u>	<u>6,998,011</u>	<u>45,761,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,350,025</u>	<u>\$ 2,238,072</u>	<u>\$ 96,680</u>	<u>\$ 7,750,783</u>	<u>\$ 50,435,560</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, 2023

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		\$ 45,761,133
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	104,600,249	
Accumulated depreciation	<u>(39,666,305)</u>	64,933,944
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.		
		128,809
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.		
		2,419,711
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.		
		94,312
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.		
		(47,472)
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		(25,746,774)
Compensated absences		(435,850)
Net pension liability - LGERS pension plan		(3,646,619)
Total pension liability - LEOSSA		<u>(896,467)</u>
Net position of governmental activities		<u>\$ 82,564,727</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, 2023

Exhibit D

	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Town Campus Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Ad valorem taxes	\$ 12,557,482	\$ -	\$ -	\$ -	\$ 12,557,482
Other taxes and licenses	17,926	-	-	413,450	431,376
Unrestricted intergovernmental	6,729,674	-	-	-	6,729,674
Restricted intergovernmental	26,000	2,744,975	-	1,183,099	3,954,074
Building inspection fees	-	-	-	30,358	30,358
Permits and fees	533,375	-	-	-	533,375
Sales and services	15,928	-	-	30,775	46,703
Investment earnings	995,458	75,189	-	36,697	1,107,344
Miscellaneous	21,426	-	-	2,110	23,536
Total revenues	<u>20,897,269</u>	<u>2,820,164</u>	<u>-</u>	<u>1,696,489</u>	<u>25,413,922</u>
EXPENDITURES					
Current:					
General government	2,891,267	259,285	-	-	3,150,552
Public safety	3,404,000	26,947	-	2,388	3,433,335
Economic and community development	2,148,358	144,209	-	11	2,292,578
Culture and recreation	1,377,406	82,937	-	3,422	1,463,765
Public services and transportation	1,346,993	439,600	-	656,487	2,443,080
Environmental protection	1,629,167	-	-	-	1,629,167
Capital outlay	2,968,932	1,746,878	5,273,769	3,724,604	13,714,183
Debt service:					
Principal	616,888	-	-	-	616,888
Interest and bank fees	92,839	-	-	-	92,839
Total expenditures	<u>16,475,850</u>	<u>2,699,856</u>	<u>5,273,769</u>	<u>4,386,912</u>	<u>28,836,387</u>
Excess (deficiency) of revenues over expenditures	<u>4,421,419</u>	<u>120,308</u>	<u>(5,273,769)</u>	<u>(2,690,423)</u>	<u>(3,422,465)</u>
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	13,205	-	-	-	13,205
Capital lease proceeds	151,103	-	-	-	151,103
Installment purchase proceeds	22,525,000	-	-	-	22,525,000
Sales of capital assets	18,501	-	-	-	18,501
Transfers in (out)	(6,780,219)	(120,308)	5,203,234	1,697,293	-
Total other financing sources (uses)	<u>15,927,590</u>	<u>(120,308)</u>	<u>5,203,234</u>	<u>1,697,293</u>	<u>22,707,809</u>
Net change in fund balance	20,349,009	-	(70,535)	(993,130)	19,285,344
Fund balances, beginning	<u>18,345,399</u>	<u>-</u>	<u>139,249</u>	<u>7,991,141</u>	<u>26,475,789</u>
Fund balances, ending	<u>\$ 38,694,408</u>	<u>\$ -</u>	<u>\$ 68,714</u>	<u>\$ 6,998,011</u>	<u>\$ 45,761,133</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, 2023

Exhibit E

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

Net changes in fund balances - total Governmental Funds	\$ 19,285,344
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.	(19,171)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	616,888
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.	(22,667,199)
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.	(329,069)
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.	(106,621)
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	(83,616)
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 cash capital asset additions of \$8,403,617 exceeded depreciation expense of \$1,841,555 in the current period.	6,562,062
Total changes in net position of Governmental Activities	\$ 3,258,618

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, 2023

Exhibit F

	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 11,925,000	\$ 11,925,000	\$ 12,557,482	\$ 632,482
Other taxes and licenses	-	10,000	17,926	7,926
Unrestricted intergovernmental	3,000,000	4,072,000	6,729,674	2,657,674
Restricted intergovernmental	-	28,000	26,000	(2,000)
Permits and fees	-	917,000	533,375	(383,625)
Sales and services	-	19,000	15,928	(3,072)
Investment earnings	-	9,000	995,458	986,458
Miscellaneous	1,342,000	12,000	21,426	9,426
Total revenues	<u>16,267,000</u>	<u>16,992,000</u>	<u>20,897,269</u>	<u>3,905,269</u>
EXPENDITURES				
Current:				
General government	4,087,000	3,333,100	2,891,267	441,833
Public safety	3,640,100	3,573,700	3,404,000	169,700
Economic and community development	2,594,000	2,431,600	2,148,358	283,242
Culture and recreation	1,780,000	1,441,000	1,377,406	63,594
Public service and transportation	1,491,000	1,491,000	1,346,993	144,007
Environmental protection	1,660,000	1,660,000	1,629,167	30,833
Capital outlay	-	3,279,600	2,968,932	310,668
Debt service:				
Principal retirement	771,000	1,140,400	616,888	523,512
Interest and other charges	49,900	86,100	92,839	(6,739)
Total expenditures	<u>16,073,000</u>	<u>18,436,500</u>	<u>16,475,850</u>	<u>1,960,650</u>
Revenues over (under) expenditures	<u>194,000</u>	<u>(1,444,500)</u>	<u>4,421,419</u>	<u>5,865,919</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	642,000	-	(642,000)
Insurance proceeds	-	-	13,205	13,205
Capital lease proceeds	-	-	151,103	151,103
Installment purchase proceeds	-	1,750,000	22,525,000	20,775,000
Sale of capital assets	-	25,000	18,501	(6,499)
Transfers in (out)	(194,000)	(972,500)	(6,780,219)	(5,807,719)
Total other financing sources (uses)	<u>(194,000)</u>	<u>1,444,500</u>	<u>15,927,590</u>	<u>14,483,090</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	20,349,009	<u>\$ 20,349,009</u>
Fund balance, beginning			<u>18,345,399</u>	
Fund balance, ending			<u>\$ 38,694,408</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 30th year end, is presented as a business-type activity (discrete presented component unit) in the Town's government-wide financial statements. Complete financial statements of the ABC Board may be requested via written request to its administrative offices at Post Office Box 86, Waxhaw, NC 28173.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A) The Reporting Entity (Continued)

2) 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, 2023

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, 2023

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Town Campus Fund, a major fund*, accounts for the multi-year capital project fund for the new town campus, including the design and construction of the town campus facility.

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, the expenditures in two of the Town's Special Revenue funds and one Capital Projects Fund exceeded the authorized appropriations made by the governing board. The expenditures made in the Transportation Alternatives Program Grant Fund for Public service and transportation by \$99,498; and the Downtown Park Honorarium Fund for General government by \$4,477. The Board was made aware of the excess expenditures and will monitor the budget reports at year-end more closely. Additionally, there was one fund that did not have an approved budget.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 30th), all departments/activities of the Town submit requests for appropriation to the Budget Officer so that a proposed budget may be prepared. The proposed budget is prepared by fund, function, and department, and includes information on the past year, the current year budget, and requested appropriations for the next fiscal year.
- 2) In March/April of each year, management reviews the budget compiled by the Budget Officer for the next year for propriety. In April/May of each year, the proposed budget is presented to Town Board for review and approval (legally required to be submitted by June 1st). The Town adopts the budget ordinance by July 1st of each year.
- 3) All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the Town Board and an interim budget must be adopted that covers that time until the annual ordinance can be adopted. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions to total expenditures of any fund must be approved by the Town Board. Effective for the fiscal year 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, 2023

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, 2023, the Town's deposits had a carrying amount of \$19,025,134 and a bank balance of \$20,323,833. Of the bank balance, \$500,000 was covered by Federal Depository Insurance and \$19,823,833 was covered by collateral held under the pooling method. The Town had \$9,723 in petty cash on hand, majority coming from the Drug Fund.

At June 30, 2023, the ABC Board's deposits had a carrying amount of \$1,514,119 and a bank balance of \$1,487,980. Of the bank balance, \$454,047 was covered by Federal Depository Insurance and \$1,033,934 was covered by collateral held under the pooling method. The Board had \$900 in petty cash on hand.

2) Investments

As of June 30, 2023, 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	\$ 28,229,461	\$ 28,229,461	\$ -	\$ -	\$ -
Total			\$ 28,229,461	\$ 28,229,461	\$ -	\$ -	\$ -

(^) 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, 2023

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	\$ 19,034,857
Fair Value of Investments	28,229,461
Total Deposits and Investments	<u>\$ 47,264,318</u>

Statement of Net Position:

Cash and Cash Equivalents	\$ 23,342,342
Cash and Cash Equivalents, Restricted	23,921,976
Total Cash, Cash Equivalents, and Investments	<u>\$ 47,264,318</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, 2023

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 \$128,809 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 2023 real and business personal property taxes (which excludes vehicle taxes), which was for tax year 2022, were levied in July 2022 based on a rate of .385 for the General Fund. The Town's assessed value of real and personal property for tax year 2022 was approximately \$3.2 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, 2023, 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	\$ 128,809	\$ -	\$ -	\$ 128,809
Unearned Revenues	General	-	-	1,699,985	1,699,985
Total		\$ 128,809	\$ -	\$ 1,699,985	\$ 1,828,794

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

C) Interfund Balances and Transfers

Interfund balances at June 30, 2023, consisted of the following receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
Major Governmental Funds:		
General Fund	\$ 67,262	643,073
American Rescue Plan Fund	-	752,539
Non-Major Governmental Funds:		
Special Revenue Funds	643,073	843
Capital Projects Funds	738,218	52,098
Totals	<u>\$ 1,448,553</u>	<u>\$ 1,448,553</u>

For year ended June 30, 2023, the Town had transfers between funds which consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 7,553	\$ 6,787,772
American Rescue Plan Fund	-	120,308
Town Campus Fund	5,203,234	-
Non-Major Governmental Funds:		
Special Revenue Funds	1,760,092	1,978
Capital Projects Funds	249,078	309,899
Totals	<u>\$ 7,219,957</u>	<u>\$ 7,219,957</u>

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, 2023

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, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 6,159,723	\$ 625,484	\$ -	\$ 6,785,207
Construction In Progress	2,986,235	4,864,723	-	7,850,958
Total Capital Assets, Non-Depreciable	<u>9,145,958</u>	<u>5,490,207</u>	<u>-</u>	<u>14,636,165</u>
Capital Assets, Depreciable:				
Land Improvements	793,405	-	-	793,405
Buildings	8,828,795	1,874,516	-	10,703,311
Leasehold Improvements	9,766	-	-	9,766
Infrastructure	73,381,619	-	-	73,381,619
Equipment	934,256	39,355	-	973,611
Vehicles and Motorized Equipment	2,133,159	640,193	54,880	2,718,472
Computer Equipment and Software	311,033	168,666	-	479,699
Capital Vehicles	713,521	190,680	-	904,201
Total Capital Assets, Depreciable	<u>87,105,554</u>	<u>2,913,410</u>	<u>54,880</u>	<u>89,964,084</u>
Less: Accumulated Depreciation for:				
Land Improvements	259,886	31,247	-	291,133
Buildings	2,368,297	240,899	-	2,609,196
Leasehold Improvements	488	244	-	732
Infrastructure	31,952,527	949,259	-	32,901,786
Equipment	796,522	67,144	-	863,666
Vehicles and Motorized Equipment	2,047,368	329,014	54,880	2,321,502
Computer Equipment and Software	297,260	60,775	-	358,035
Capital Vehicles	157,283	162,973	-	320,256
Total Accumulated Depreciation	<u>37,879,631</u>	<u>1,841,555</u>	<u>54,880</u>	<u>39,666,306</u>
Total Capital Assets, Depreciable, Net	<u>49,225,923</u>	<u>1,071,855</u>	<u>-</u>	<u>50,297,778</u>
Governmental Activities Capital Assets, Net	<u>\$ 58,371,881</u>	<u>\$ 6,562,062</u>	<u>\$ -</u>	<u>\$ 64,933,943</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 \$2,261,000 as of June 30, 2023.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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	\$ 3,290,326	\$ 21,670
Public Safety	192,172	458,847
Economic and Community Development	1,566,397	38,447
Public Services and Transportation	748,214	1,176,919
Culture and Recreation	2,606,508	145,672
Total - Governmental Activities	<u>\$ 8,403,617</u>	<u>\$ 1,841,555</u>

Capital asset activity for the ABC Board for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
ABC Board (Component Unit)				
Capital Assets, Depreciable:				
Store Equipment	\$ 74,017	\$ 1,472	\$ 233	\$ 75,256
Leasehold Improvements	157,928	15,657	-	173,585
Total Capital Assets, Depreciable	<u>231,945</u>	<u>17,129</u>	<u>233</u>	<u>248,841</u>
Less: Accumulated Depreciation for:				
Store Equipment	46,908	6,775	233	53,450
Leasehold Improvements	105,804	16,407	-	122,211
Total Accumulated Depreciation	<u>152,712</u>	<u>23,182</u>	<u>233</u>	<u>175,661</u>
Total Capital Assets, Depreciable, Net	<u>79,233</u>	<u>(6,053)</u>	<u>-</u>	<u>73,180</u>
Business-Type Activities Capital Assets, Net	<u>\$ 79,233</u>	<u>\$ (6,053)</u>	<u>\$ -</u>	<u>\$ 73,180</u>

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

Capital Asset Additions	Depreciation Expense
<u>\$ 17,129</u>	<u>\$ 23,182</u>

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
ABC Board (Component Unit)				
Right to Use Assets:				
Leased Building	\$ 1,316,395	\$ -	\$ -	\$ 1,316,395
Total Right to Use Assets	<u>1,316,395</u>	<u>-</u>	<u>-</u>	<u>1,316,395</u>
Less: Accumulated Amortization for:				
Leased Building	96,322	96,322	-	192,644
Total Accumulated Amortization	<u>96,322</u>	<u>96,322</u>	<u>-</u>	<u>192,644</u>
Total Right to Use Assets, Net	<u>\$ 1,220,073</u>	<u>\$ (96,322)</u>	<u>\$ -</u>	<u>\$ 1,123,751</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. During fiscal year 2022, the Town entered a supplemental agreement to the original. These vehicles also require 60 monthly payments, and these payments range from \$635 to \$646. 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 \$437 to \$707.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

F) Long-Term Obligations (Continued)

1) Capital Leases (Continued)

The following is an analysis of the assets recorded under capital leases at June 30, 2023:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles	\$ 904,201	\$ 320,256	\$ 583,945

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

For Year Ended	Capital Vehicle Payments		
Governmental Activities:	Principal	Interest	Total
2024	\$ 164,537	\$ 32,815	\$ 197,352
2025	164,538	32,815	197,353
2026	151,564	30,599	182,163
2027	74,832	18,327	93,159
2028	10,774	3,096	13,870
Totals	<u>\$ 566,245</u>	<u>\$ 117,652</u>	<u>\$ 683,897</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.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

F) Long-Term Obligations (Continued)

2) Installment Purchases (Continued)

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

Installment Purchase Contract (Direct Borrowing)

\$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.

2023

\$ 2,655,528

\$1,750,000 Promissory Note due to Suzanne Polito issued in May 2023, due in monthly installments ranging from \$27,722 to \$36,291 beginning on July 1, 2023 through January 1, 2028, with interest at 6.00% due monthly. The proceeds of this issue are secured by and used to purchase the Athletic Barn property in the Town's limits. A down payment of \$750,000 was made by the Town on the property. If an event of default occurs (as defined), the lender has the right to declare all balances outstanding to be immediately due and payable.

1,750,000

\$20,775,000 Installment Financing Contract with Truist Commercial Equity, Inc. (direct borrowing) issued in August 2022, due in annual installments of \$1,039,000 beginning on August 1, 2023 through August 1, 2042, with interest at 3.50% due annually. The proceeds of this issue are secured by and used to construct the Town's new campus property. 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.

20,775,000

\$ 25,180,528

Annual debt service payments of the installment purchase as of June 30, 2023, including \$8,025,868 of interest, are as follows:

For Year Ended	Police Building		Athletic Barn		Town Campus		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2024	\$ 468,096	\$ 43,245	\$ 341,972	\$ 95,697	\$ 1,039,000	\$ 710,967	\$ 1,849,068	\$ 849,909
2025	475,096	36,587	363,064	74,605	1,039,000	690,760	1,877,160	801,952
2026	482,096	29,895	385,457	52,212	1,039,000	654,395	1,906,553	736,502
2027	489,096	23,043	409,231	28,438	1,039,000	618,030	1,937,327	669,511
2028	496,096	16,095	250,276	5,031	1,039,000	581,665	1,785,372	602,791
2029-2033	245,048	3,668	-	-	5,195,000	2,362,850	5,440,048	2,366,518
2034-2038					5,195,000	1,453,725	5,195,000	1,453,725
2039-2043					5,190,000	544,950	5,190,000	544,950
Totals	<u>\$ 2,655,528</u>	<u>\$ 152,533</u>	<u>\$ 1,750,000</u>	<u>\$ 255,983</u>	<u>\$ 20,775,000</u>	<u>\$ 7,617,342</u>	<u>\$ 25,180,528</u>	<u>\$ 8,025,858</u>

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

F) Long-Term Obligations (Continued)

2) Installment Purchases (Continued)

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, 2023.

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Capital Vehicle Leases	\$ 569,934	\$ 151,103	\$ 154,792	\$ 566,245	\$ 164,537
2021 Pinnacle Police Dept Building	3,117,624	-	462,096	2,655,528	468,096
2023 Athletic Barn Property	-	1,750,000	-	1,750,000	341,972
2023 Town Campus Bond	-	20,775,000	-	20,775,000	1,039,000
Total Debt	<u>3,687,558</u>	<u>22,676,103</u>	<u>616,888</u>	<u>25,746,773</u>	<u>2,013,605</u>
Other Obligations:					
Compensated Absences	352,234	354,671	271,055	435,850	114,985
Net Pension Liability-LGERS	992,850	2,653,769	-	3,646,619	-
Total Pension Liability-LEOSSA	1,036,305	-	139,838	896,467	-
Total Other Obligations	<u>2,381,389</u>	<u>3,008,440</u>	<u>410,893</u>	<u>4,978,936</u>	<u>114,985</u>
Total Governmental Activities	<u>\$ 6,068,947</u>	<u>\$ 25,684,543</u>	<u>\$ 1,027,781</u>	<u>\$ 30,725,709</u>	<u>\$ 2,128,590</u>

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 \$1,123,751 at June 30, 2023. 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, 2023

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, 2023:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
ABC Board (Component Unit):					
Debt:					
Lease liabilities	\$ 1,251,100	\$ -	\$ 63,678	\$ 1,187,422	\$ 65,910

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, 2023

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.

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, 2023

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, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 \$701,675 and \$338,126 for the year ended June 30, 2023, 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, 2023, the Town reported a liability of \$3,646,619 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023 measurement date, the Town's proportion was 0.06464%, which was an decrease of 0.00010% from its proportion of 0.06474% measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$1,025,936. At June 30, 2023, 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	\$ 157,129	\$ 15,406
Changes in Assumptions	363,851	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,205,246	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	28,137	20,921
Employer Contributions Subsequent to the Measurement Date	701,675	-
	<u>\$ 2,456,038</u>	<u>\$ 36,327</u>

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

IV) OTHER INFORMATION (Continued)

B) Retirement/Pension Plans (Continued)

1) Local Governmental Employees' Retirement System (Continued)

\$701,675 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, 2024. 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>	
2024	\$ 535,962
2025	464,002
2026	143,871
2027	574,201
Total	<u>\$ 1,718,036</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2023

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, 2022 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 2021 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 6.50%. 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, 2023

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)	\$ 6,581,678	\$ 3,646,619	\$ 1,227,960

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, 2022, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Active Plan Members	30
Total	31

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2021 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	4.31 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, 2021.

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 \$27,361 as benefits came due for the reporting period.

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023, the Town reported a total pension liability of \$896,467. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$123,940.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 141,976	\$ 59,126
Changes in Assumptions	153,362	158,720
County Benefit Payments and Plan Administrative Expense Made Subsequent to the Measurement Date	16,820	-
	\$ 312,158	\$ 217,846

\$16,820 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, 2024.

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:

For Year Ended June 30:	
2024	\$ 34,874
2025	29,360
2026	34,869
2027	7,357
2028	(28,968)
Thereafter	-
Total	\$ 77,492

TOWN OF WAXHAW, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total Pension Liability	\$ 971,545	\$ 896,467	\$ 828,206

Schedule of Changes in Total Pension Liability

Total Pension Liability as of December 31, 2021	\$ 1,036,305
Changes for the Year:	
Service Cost at End of Year	64,377
Interest on the Total Pension Liability	23,085
Differences Between Expected and Actual Experience	(44,042)
Changes of Assumptions and Other Inputs	(162,674)
Benefit Payments	(20,584)
Net Changes	\$ (139,838)
Total Pension Liability as of December 31, 2022	\$ 896,467

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, 2023

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, 2023 were \$561,692 which consisted of \$282,209 from the Town and \$279,483 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, 2023

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, 2023.

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, 2023 was approximately \$1,625,564.

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	\$ 38,694,408
Less:	
Prepaid Items / Inventory	(1,058)
Stabilization by State Statute	(1,661,457)
Restricted for Economic and Community Development	(534,067)
Restricted for Town Campus	(15,740,680)
Remaining Fund Balance - General Fund	\$ 20,757,146

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 December 29, 2023 which is essentially the date financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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 Seven Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance of the total pension liability	\$ 1,036,305	\$ 814,675	\$ 489,555
Changes for the year:			
Service Cost	64,377	69,813	39,757
Interest on total pension liability	23,085	15,483	15,626
Differences between expected and actual experience in the measurement of the total pension liability	(44,042)	189,007	17,839
Changes of assumptions or other inputs	(162,674)	(27,768)	272,359
Benefit payments	(20,584)	(24,905)	(20,461)
Net changes	<u>(139,838)</u>	<u>221,630</u>	<u>325,120</u>
Ending balance of the total pension liability	<u>\$ 896,467</u>	<u>\$ 1,036,305</u>	<u>\$ 814,675</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance of the total pension liability	\$ 493,263	\$ 460,816	\$ 363,042
Changes for the year:			
Service Cost	31,769	36,109	29,312
Interest on total pension liability	17,796	14,424	13,851
Differences between expected and actual experience in the measurement of the total pension liability	(61,769)	14,247	29,446
Changes of assumptions or other inputs	17,219	(23,610)	33,565
Benefit payments	(8,723)	(8,723)	(8,400)
Net changes	<u>(3,708)</u>	<u>32,447</u>	<u>97,774</u>
Ending balance of the total pension liability	<u>\$ 489,555</u>	<u>\$ 493,263</u>	<u>\$ 460,816</u>
	<u>2017</u>		
Beginning balance of the total pension liability	\$ 338,590		
Changes for the year:			
Service Cost	28,893		
Interest on total pension liability	11,984		
Differences between expected and actual experience in the measurement of the total pension liability	-		
Changes of assumptions or other inputs	(10,610)		
Benefit payments	(5,815)		
Net changes	<u>24,452</u>		
Ending balance of the total pension liability	<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 Seven Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 896,467	\$ 1,036,305	\$ 814,675
Covered payroll	1,813,174	1,924,183	1,687,830
Total pension liability as a percentage of covered payroll	49.44%	53.86%	48.27%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 489,555	\$ 493,263	\$ 460,816
Covered payroll	1,373,791	1,413,533	1,257,819
Total pension liability as a percentage of covered payroll	35.64%	34.90%	36.64%
	<u>2017</u>		
Total pension liability	\$ 363,042		
Covered payroll	1,202,092		
Total pension liability as a percentage of covered payroll	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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Town's proportion of the net pension liability (asset)	0.064640%	0.064740%	0.064840%	0.063840%
Town's proportionate share of the net pension liability (asset)	\$ 3,646,619	\$ 992,850	\$ 2,317,009	\$ 1,743,421
Town's covered payroll	\$ 5,635,435	\$ 5,211,553	\$ 4,437,073	\$ 4,372,680
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.71%	19.05%	52.22%	39.87%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	88.61%	90.86%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	0.066400%	0.063500%	0.056290%	0.050670%
Town's proportionate share of the net pension liability (asset)	\$ 1,575,235	\$ 970,104	\$ 1,194,663	\$ 227,404
Town's covered payroll	\$ 3,996,926	\$ 3,661,407	\$ 3,401,993	\$ 2,986,658
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.41%	26.50%	35.12%	7.61%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%
	<u>2015</u>	<u>2014</u>		
Town's proportion of the net pension liability (asset)	0.045020%	0.037900%		
Town's proportionate share of the net pension liability (asset)	\$ (248,473)	\$ 163,236		
Town's covered payroll	\$ 2,751,009	\$ 2,283,306		
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.03%	7.15%		
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%		

Notes to schedule:

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

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

* 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 Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 701,675	\$ 606,069	\$ 463,408	\$ 405,085
Contributions in relation to the contractually required contribution	701,675	606,069	463,408	405,085
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 5,635,435	\$ 5,211,553	\$ 4,437,073	\$ 4,372,680
Contributions as a percentage of covered payroll	12.45%	11.63%	10.44%	9.26%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 321,807	\$ 285,738	\$ 250,109	\$ 188,223
Contributions in relation to the contractually required contribution	321,807	285,738	250,109	188,223
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,996,926	\$ 3,661,407	\$ 3,401,993	\$ 2,986,658
Contributions as a percentage of covered payroll	8.05%	7.80%	7.35%	6.30%
	<u>2015</u>	<u>2014</u>		
Contractually required contribution	\$ 198,076	\$ 163,236		
Contributions in relation to the contractually required contribution	198,076	163,236		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Town's covered payroll	\$ 2,751,009	\$ 2,283,306		
Contributions as a percentage of covered payroll	7.20%	7.15%		

Notes to schedule:

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

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

INDIVIDUAL FUND SCHEDULES

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, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes:			
Taxes	\$ 11,910,000	\$ 12,533,812	\$ 623,812
Interest	15,000	23,670	8,670
Total	<u>11,925,000</u>	<u>12,557,482</u>	<u>632,482</u>
Other taxes and licenses:			
Beer and wine	-	665	665
Solid waste disposal	10,000	17,261	7,261
Total	<u>10,000</u>	<u>17,926</u>	<u>7,926</u>
Unrestricted intergovernmental:			
Local option sales taxes	3,150,000	5,149,921	1,999,921
Utility franchise tax	600,000	1,093,461	493,461
Beer and wine tax	50,000	97,042	47,042
ABC profit distribution	272,000	389,250	117,250
Total	<u>4,072,000</u>	<u>6,729,674</u>	<u>2,657,674</u>
Restricted intergovernmental:			
ABC revenue for law enforcement	28,000	26,000	(2,000)
Permits and fees			
Building permits	703,100	190,054	(513,046)
Inspection fees	173,600	295,606	122,006
Technology fees	40,300	47,715	7,415
Total	<u>917,000</u>	<u>533,375</u>	<u>(383,625)</u>
Sales and services:			
Recreation fees	19,000	15,928	(3,072)
Investment earnings			
	9,000	995,458	986,458
Miscellaneous:			
Donations	-	500	500
Miscellaneous	12,000	20,926	8,926
Total	<u>12,000</u>	<u>21,426</u>	<u>9,426</u>
Total revenues	<u>\$ 16,992,000</u>	<u>\$ 20,897,269</u>	<u>\$ 3,905,269</u>

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

Schedule 1
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
EXPENDITURES			
General government:			
Board of Commissioners:			
Salaries and employee benefits	\$ 107,300	\$ 104,069	\$ 3,231
Operating expenditures	16,700	13,453	3,247
Total	<u>124,000</u>	<u>117,522</u>	<u>6,478</u>
Administration:			
Salaries and employee benefits	630,700	561,495	69,205
Operating expenditures	862,400	630,954	231,446
Total	<u>1,493,100</u>	<u>1,192,449</u>	<u>300,651</u>
Finance:			
Salaries and employee benefits	324,600	279,419	45,181
Operating expenditures	184,400	179,751	4,649
Total	<u>509,000</u>	<u>459,170</u>	<u>49,830</u>
Information technology:			
Salaries and employee benefits	320,355	312,488	7,867
Operating expenditures	505,645	411,633	94,012
Total	<u>826,000</u>	<u>724,121</u>	<u>101,879</u>
Human resources:			
Salaries and employee benefits	299,900	315,551	(15,651)
Operating expenditures	81,100	82,454	(1,354)
Total	<u>381,000</u>	<u>398,005</u>	<u>(17,005)</u>
Total general government	<u>3,333,100</u>	<u>2,891,267</u>	<u>441,833</u>
Public safety:			
Police:			
Salaries and employee benefits	3,158,900	3,024,877	134,023
Operating expenditures	272,400	248,817	23,583
Capital outlay	158,800	190,563	(31,763)
Total	<u>\$ 3,590,100</u>	<u>\$ 3,464,257</u>	<u>\$ 125,843</u>

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

Schedule 1
(Continued)

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Public safety (Continued):			
Emergency management and safety:			
Salaries and employee benefits	\$ 83,700	\$ 84,574	\$ (874)
Operating expenditures	58,700	45,732	12,968
Capital outlay	7,600	6,179	1,421
Total	150,000	136,485	13,515
Total public safety	3,740,100	3,600,742	139,358
Economic and community development:			
Planning and community development:			
Salaries and employee benefits	548,103	561,783	(13,680)
Operating expenditures	51,897	35,299	16,598
Façade grant expenditures	50,000	26,166	23,834
Total	650,000	623,248	26,752
Main Street:			
Salaries and employee benefits	132,900	130,383	2,517
Operating expenditures	117,100	84,333	32,767
Total	250,000	214,716	35,284
Engineering:			
Salaries and employee benefits	617,500	600,437	17,063
Operating expenditures	70,500	75,536	(5,036)
Total	688,000	675,973	12,027
Code enforcement:			
Salaries and employee benefits	79,900	79,565	335
Operating expenditures	17,100	2,623	14,477
Total	97,000	82,188	14,812
Building inspections:			
Salaries and employee benefits	693,300	518,012	175,288
Operating expenditures	53,300	34,221	19,079
Capital outlay	69,700	144,537	(74,837)
Total	816,300	696,770	119,530
Total economic and community development	\$ 2,501,300	\$ 2,292,895	\$ 88,875

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

Schedule 1
(Continued)

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	\$ 947,300	\$ 938,266	\$ 9,034
Operating expenditures	493,700	439,140	54,560
Capital outlay	2,530,000	2,574,346	(44,346)
Total culture and recreation	3,971,000	3,951,752	19,248
Public service and transportation:			
Public service:			
Salaries and employee benefits	741,400	693,132	48,268
Operating expenditures	749,600	653,861	95,739
Capital outlay	513,500	53,307	460,193
Total public service and transportation	2,004,500	1,400,300	604,200
Environmental protection:			
Sanitation contract	1,660,000	1,629,167	30,833
Debt service:			
Principal	1,140,400	616,888	523,512
Interest and bank fees	86,100	92,839	(6,739)
Total debt service	1,226,500	709,727	516,773
Total expenditures	18,436,500	16,475,850	1,960,650
Revenues over (under) expenditures	(1,444,500)	4,421,419	5,865,919
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	642,000	-	(642,000)
Insurance proceeds	-	13,205	13,205
Capital lease proceeds	-	151,103	151,103
Installment purchase proceeds	1,750,000	22,525,000	20,775,000
Sale of capital assets	25,000	18,501	(6,499)
Transfers in (out)	(972,500)	(6,780,219)	(5,807,719)
Total other financing sources (uses)	1,444,500	15,927,590	14,483,090
Net change in fund balance	\$ -	20,349,009	\$ 20,349,009
Fund balance, beginning		18,345,399	
Fund balances, ending		\$ 38,694,408	

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, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental:			
Coronavirus State and Local Fiscal Recovery Fund	\$ 2,732,352	\$ 2,744,975	\$ 12,623
Investment earnings	-	75,189	75,189
	<u>2,732,352</u>	<u>2,820,164</u>	<u>87,812</u>
Total revenues			
EXPENDITURES			
General government:			
Administration:			
Operating expenditures	97,230	97,230	-
Total	<u>97,230</u>	<u>97,230</u>	<u>-</u>
Information technology:			
Operating expenditures	27,380	27,380	-
Capital outlay	134,675	134,675	-
Total	<u>162,055</u>	<u>162,055</u>	<u>-</u>
Total general government	<u>259,285</u>	<u>259,285</u>	<u>-</u>
Public safety:			
Emergency management and safety:			
Salaries and employee benefits	-	-	-
Operating expenditures	26,947	26,947	-
Total	<u>26,947</u>	<u>26,947</u>	<u>-</u>
Total public safety	<u>26,947</u>	<u>26,947</u>	<u>-</u>
Economic and community development:			
Main Street:			
Capital outlay	103,109	103,109	-
Engineering:			
Operating expenditures	41,100	41,100	-
Total economic and community development	<u>144,209</u>	<u>144,209</u>	<u>-</u>
Culture and recreation:			
Parks and recreation:			
Capital outlay	82,937	82,937	-
Total culture and recreation	<u>82,937</u>	<u>82,937</u>	<u>-</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, 2023

Schedule 2
(Continued)

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (CONTINUED)			
Public service and transportation:			
Parks and recreation:			
Capital outlay	472,096	439,600	32,496
Total public service and transportation	472,096	439,600	32,496
Capital outlay	1,746,878	1,746,878	-
Total expenditures	2,732,352	2,699,856	32,496
Revenues over (under) expenditures	-	120,308	120,308
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(120,308)	(120,308)
Fund balance appropriated	-	-	-
Total other financing sources (uses)	-	(120,308)	(120,308)
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)
 Town Campus Fund
 For the Year Ended June 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay	21,751,800	837,551	5,273,769	6,111,320	15,640,480
Revenues over expenditures	(21,751,800)	(837,551)	(5,273,769)	(6,111,320)	15,640,480
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	21,751,800	976,800	5,203,234	6,180,034	(15,571,766)
Net change in fund balance	<u>\$ -</u>	<u>\$ 139,249</u>	(70,535)	<u>\$ 68,714</u>	<u>\$ 68,714</u>
Fund balance, beginning			139,249		
Fund balance, ending			<u>\$ 68,714</u>		

TOWN OF WAXHAW, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Schedule 4

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 131,228	\$ 393,093	\$ 524,321
Cash and cash equivalents, restricted	2,378,323	3,468,221	5,846,544
Receivables, net			
Accounts	4,353	31,375	35,728
Refundable taxes	13,188	-	13,188
Intergovernmental receivables	-	2,652	2,652
Due from other funds	642,230	686,120	1,328,350
Total assets	<u>3,169,322</u>	<u>4,581,461</u>	<u>7,750,783</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	367,633	385,139	752,772
Total liabilities	<u>367,633</u>	<u>385,139</u>	<u>752,772</u>
Fund balances:			
Restricted for:			
Stabilization by State statute	17,541	34,027	51,568
Capital improvement plan	-	2,790,806	2,790,806
Public safety	83,622	-	83,622
Culture and recreation	-	77,000	77,000
Public service and transportation	2,569,599	475,000	3,044,599
Committed for:			
Public safety	13,975	-	13,975
Economic and community development	2,250	-	2,250
Public service and transportation	114,702	-	114,702
Assigned for:			
Culture and recreation	-	406,193	406,193
Public service and transportation	-	413,296	413,296
Total fund balances	<u>2,801,689</u>	<u>4,196,322</u>	<u>6,998,011</u>
Total liabilities and fund balances	<u>\$ 3,169,322</u>	<u>\$ 4,581,461</u>	<u>\$ 7,750,783</u>

TOWN OF WAXHAW, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

Schedule 5

	Caboose Donation Fund	Cemetery Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 110,349	\$ 9,456	\$ 9,173	\$ -
Cash and cash equivalents, restricted	-	5,445	-	40,542	43,080
Receivables, net					
Accounts	-	-	-	-	-
Refundable taxes	-	759	37	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>-</u>	<u>116,553</u>	<u>9,493</u>	<u>49,715</u>	<u>43,080</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	3,811	-
Due to other funds	-	-	843	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>843</u>	<u>3,811</u>	<u>-</u>
Fund balances:					
Restricted for:					
Stabilization by State statute	-	759	37	-	-
Public safety	-	-	-	40,542	43,080
Public service and transportation	-	5,445	-	-	-
Committed for:					
Public safety	-	-	8,613	5,362	-
Economic and community development	-	-	-	-	-
Public service and transportation	-	110,349	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>116,553</u>	<u>8,650</u>	<u>45,904</u>	<u>43,080</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 116,553</u>	<u>\$ 9,493</u>	<u>\$ 49,715</u>	<u>\$ 43,080</u>

TOWN OF WAXHAW, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

Schedule 5
(Continued)

Powell Bill Fund	Downtown Park Honorarium Fund	Transportation Alternatives Program Grant Fund	Waxhaw- Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 2,250	\$ -	\$ -	\$ -	\$ 131,228
1,183,263	-	(285,411)	-	1,391,404	2,378,323
4,353	-	-	-	-	4,353
12,392	-	-	-	-	13,188
-	-	643,073	-	-	643,073
<u>1,200,008</u>	<u>2,250</u>	<u>357,662</u>	<u>-</u>	<u>1,391,404</u>	<u>3,170,165</u>
6,160	-	357,662	-	-	367,633
-	-	-	-	-	843
<u>6,160</u>	<u>-</u>	<u>357,662</u>	<u>-</u>	<u>-</u>	<u>368,476</u>
16,745	-	-	-	-	17,541
-	-	-	-	-	83,622
1,172,750	-	-	-	1,391,404	2,569,599
-	-	-	-	-	13,975
-	2,250	-	-	-	2,250
4,353	-	-	-	-	114,702
-	-	-	-	-	-
<u>1,193,848</u>	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>1,391,404</u>	<u>2,801,689</u>
<u>\$ 1,200,008</u>	<u>\$ 2,250</u>	<u>\$ 357,662</u>	<u>\$ -</u>	<u>\$ 1,391,404</u>	<u>\$ 3,170,165</u>

TOWN OF WAXHAW, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2023

Schedule 6

	Capital Projects Fund	Capital Improvements Reserve Fund	Small Transportation Projects Fund
ASSETS			
Cash and cash equivalents	\$ 30,647	\$ -	\$ 362,446
Cash and cash equivalents, restricted	-	2,791,094	475,000
Receivables, net			
Accounts	-	1,072	30,303
Intergovernmental receivables	-	336	2,111
Due from other funds	-	-	97,230
Total assets	30,647	2,792,502	967,090
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	23,984	288	945
Due to other funds	-	-	52,098
Total liabilities	23,984	288	53,043
 Fund balances:			
Restricted for:			
Stabilization by State statute	-	1,408	32,414
Capital improvement plan	-	2,790,806	-
Culture and recreation	-	-	-
Public service and transportation	-	-	475,000
Assigned for:			
Culture and recreation	-	-	-
Public service and transportation	6,663	-	406,633
Unassigned	-	-	-
Total fund balances	6,663	2,792,214	914,047
Total liabilities and fund balances	\$ 30,647	\$ 2,792,502	\$ 967,090

TOWN OF WAXHAW, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2023

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	Downtown Park Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,093
-	82,000	-	-	120,127	3,468,221
-	-	-	-	-	31,375
-	-	205	-	-	2,652
-	-	-	-	640,988	738,218
<u>-</u>	<u>82,000</u>	<u>205</u>	<u>-</u>	<u>761,115</u>	<u>4,633,559</u>
-	5,000	-	-	354,922	385,139
-	-	-	-	-	52,098
<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>354,922</u>	<u>437,237</u>
-	-	205	-	-	34,027
-	-	-	-	-	2,790,806
-	77,000	-	-	-	77,000
-	-	-	-	-	475,000
-	-	-	-	406,193	406,193
-	-	-	-	-	413,296
-	-	-	-	-	-
<u>-</u>	<u>77,000</u>	<u>205</u>	<u>-</u>	<u>406,193</u>	<u>4,196,322</u>
<u>\$ -</u>	<u>\$ 82,000</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 761,115</u>	<u>\$ 4,633,559</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, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental revenue	\$ 583,099	\$ 600,000	\$ 1,183,099
Other taxes and licenses	-	413,450	413,450
Building inspection fees	30,358	-	30,358
Sales and services	30,775	-	30,775
Investment earnings	36,697	-	36,697
Miscellaneous	2,110	-	2,110
Total revenues	<u>683,039</u>	<u>1,013,450</u>	<u>1,696,489</u>
EXPENDITURES			
Current:			
Public safety	2,388	-	2,388
Economic and community development	11	-	11
Culture and recreation	-	3,422	3,422.00
Public service and transportation	656,487	-	656,487
Capital outlay	1,853,569	1,871,035	3,724,604
Total expenditures	<u>2,512,455</u>	<u>1,874,457</u>	<u>4,386,912</u>
Revenues over expenditures	<u>(1,829,416)</u>	<u>(861,007)</u>	<u>(2,690,423)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	1,758,114	(60,821)	1,697,293
Total other financing sources (uses)	<u>1,758,114</u>	<u>(60,821)</u>	<u>1,697,293</u>
Net change in fund balances	(71,302)	(921,828)	(993,130)
Fund balance, beginning	<u>2,872,991</u>	<u>5,118,150</u>	<u>7,991,141</u>
Fund balance, ending	<u>\$ 2,801,689</u>	<u>\$ 4,196,322</u>	<u>\$ 6,998,011</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, 2023

	Caboose Donation Fund	Cemetery Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
REVENUES					
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,151	\$ 515
Unrestricted intergovernmental revenue	-	-	-	-	30,358
Permits and fees	-	-	-	-	-
Sales and services	-	29,350	-	-	-
Investment earnings	-	197	-	-	-
Miscellaneous	-	-	2,110	-	-
Total revenues	<u>-</u>	<u>29,547</u>	<u>2,110</u>	<u>1,151</u>	<u>30,873</u>
EXPENDITURES					
Current:					
Public safety	-	-	2,388	-	-
Economic and community development	-	-	-	-	-
Public service and transportation	-	4,203	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,203</u>	<u>2,388</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>25,344</u>	<u>(278)</u>	<u>1,151</u>	<u>30,873</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	44	-	-	554	(554)
Sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>44</u>	<u>-</u>	<u>-</u>	<u>554</u>	<u>(554)</u>
Net change in fund balances	44	25,344	(278)	1,705	30,319
Fund balance, beginning	<u>(44)</u>	<u>91,209</u>	<u>8,928</u>	<u>44,199</u>	<u>12,761</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 116,553</u>	<u>\$ 8,650</u>	<u>\$ 45,904</u>	<u>\$ 43,080</u>

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, 2023

Schedule 8
(Continued)

Powell Bill Fund	Downtown Park Honorarium Fund	Transportation Alternatives Program Grant Fund	Waxhaw- Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	Total Nonmajor Special Revenue Funds
\$ 581,433	\$ -	\$ -	\$ -	\$ -	\$ 583,099
-	-	-	-	-	30,358
-	-	-	-	-	-
-	1,425	-	-	-	30,775
36,500	-	-	-	-	36,697
-	-	-	-	-	2,110
<u>617,933</u>	<u>1,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,039</u>
-	-	-	-	-	2,388
-	11	-	-	-	11
652,284	-	-	-	-	656,487
-	54,466	1,719,039	-	80,064	1,853,569
<u>652,284</u>	<u>54,477</u>	<u>1,719,039</u>	<u>-</u>	<u>80,064</u>	<u>2,512,455</u>
<u>(34,351)</u>	<u>(53,052)</u>	<u>(1,719,039)</u>	<u>-</u>	<u>(80,064)</u>	<u>(1,829,416)</u>
-	23,421	1,536,073	(1,424)	200,000	1,758,114
-	-	-	-	-	-
<u>-</u>	<u>23,421</u>	<u>1,536,073</u>	<u>(1,424)</u>	<u>200,000</u>	<u>1,758,114</u>
<u>(34,351)</u>	<u>(29,631)</u>	<u>(182,966)</u>	<u>(1,424.00)</u>	<u>119,936</u>	<u>(71,302)</u>
<u>1,228,199</u>	<u>31,881</u>	<u>182,966</u>	<u>1,424</u>	<u>1,271,468</u>	<u>2,872,991</u>
<u>\$ 1,193,848</u>	<u>\$ 2,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,391,404</u>	<u>\$ 2,801,689</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, 2023

	Capital Projects Fund	Capital Improvements Reserve Fund	Small Transportation Projects Fund
REVENUES			
Restricted intergovernmental revenue	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	413,450
Local contributions	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>413,450</u>
EXPENDITURES			
Current:			
Culture and recreation	3,422	-	-
Economic and community development	-	-	-
Public service and transportation	-	-	-
Capital outlay	230,851	-	186,863
Total expenditures	<u>234,273</u>	<u>-</u>	<u>186,863</u>
Revenues over expenditures	<u>(234,273)</u>	<u>-</u>	<u>226,587</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(200,000)</u>	<u>194,000</u>	<u>(103,770)</u>
Net change in fund balances	(434,273)	194,000	122,817
Fund balance, beginning	<u>440,936</u>	<u>2,598,214</u>	<u>791,230</u>
Fund balance, ending	<u>\$ 6,663</u>	<u>\$ 2,792,214</u>	<u>\$ 914,047</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	Downtown Park Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000
-	-	-	-	-	413,450
-	-	-	-	-	-
-	-	-	-	600,000	1,013,450
-	-	-	-	-	3,422
-	-	-	-	-	-
-	-	-	-	-	-
-	5,000	-	-	1,448,321	1,871,035
-	5,000	-	-	1,448,321	1,874,457
-	(5,000)	-	-	(848,321)	(861,007)
(5,251)	32,000	(761)	(117)	23,078	(60,821)
(5,251)	27,000	(761)	(117)	(825,243)	(921,828)
5,251	50,000	966	117	1,231,436	5,118,150
\$ -	\$ 77,000	\$ 205	\$ -	\$ 406,193	\$ 4,196,322

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 10

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Caboose Donation Fund

For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ -	\$ -
EXPENDITURES			
Current;			
Culture and recreation:			
Capital outlay	-	-	-
Revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	44	44
Net change in fund balance	<u>\$ -</u>	<u>44</u>	<u>\$ 44</u>
Fund balance, beginning		<u>(44)</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)
 Cemetery Fund
 For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and services:			
Cemetery fees	\$ 20,000	\$ 29,350	\$ 9,350
Investment earnings	-	197	197
Total revenues	<u>20,000</u>	<u>29,547</u>	<u>9,547</u>
EXPENDITURES			
Current:			
Public service and transportation:			
Operating expenditures	20,000	4,203	15,797
Total expenditures	<u>20,000</u>	<u>4,203</u>	<u>15,797</u>
Revenues over expenditures	<u>-</u>	<u>25,344</u>	<u>25,344</u>
Net change in fund balance	<u>\$ -</u>	25,344	<u>\$ 25,344</u>
Fund balance, beginning		<u>91,209</u>	
Fund balance, ending		<u>\$ 116,553</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 12

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Police Explorer Fund

For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Dues and donations	\$ -	\$ 2,110	\$ 2,110
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures	2,500	2,388	112
Revenues over expenditures	(2,500)	(278)	2,222
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	2,500	-	(2,500)
Net change in fund balance	<u>\$ -</u>	(278)	<u>\$ (278)</u>
Fund balance, beginning		8,928	
Fund balance, ending		<u>\$ 8,650</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Police State Drug Fund

For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental revenue:			
State distribution revenue	\$ -	\$ 1,151	\$ 1,151
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures	1,000	-	1,000
Revenues over expenditures	(1,000)	1,151	2,151
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	1,000	554	(446)
Net change in fund balance	<u>\$ -</u>	1,705	<u>\$ 1,705</u>
Fund balance, beginning		<u>44,199</u>	
Fund balance, ending		<u>\$ 45,904</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 14

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Police Federal Drug Fund

For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental revenues:			
Department of Treasury revenues	\$ -	\$ 515	\$ 515
Unrestricted intergovernmental revenues:			
Federal distribution revenue	-	30,358	30,358
Total revenues	<u>-</u>	<u>30,873</u>	<u>30,873</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Revenues over expenditures	<u>(1,000)</u>	<u>30,873</u>	<u>31,873</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>1,000</u>	<u>(554)</u>	<u>(1,554)</u>
Net change in fund balance	<u>\$ -</u>	<u>30,319</u>	<u>\$ 30,319</u>
Fund balance, beginning		<u>12,761</u>	
Fund balance, ending		<u>\$ 43,080</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 15

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Powell Bill Fund
 For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental revenue:			
State street-aid (Powell Bill) program	\$ 425,000	\$ 581,433	\$ 156,433
Investment earnings	-	36,500	36,500
Total revenues	<u>425,000</u>	<u>617,933</u>	<u>192,933</u>
EXPENDITURES			
Current:			
Public service and transportation:			
Operating expenditures	550,000	260,403	289,597
Capital outlay	220,000	391,881	(171,881)
Total expenditures	<u>770,000</u>	<u>652,284</u>	<u>117,716</u>
Revenues over expenditures	<u>(345,000)</u>	<u>(34,351)</u>	<u>310,649</u>
Fund balance appropriated	<u>345,000</u>		<u>(345,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(34,351)</u>	<u>\$ (34,351)</u>
Fund balance, beginning		<u>1,228,199</u>	
Fund balance, ending		<u>\$ 1,193,848</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 16

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Downtown Park Honorarium Fund
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales and services:			
Sale of promotional items	\$ 50,000	\$ 1,425	\$ (48,575)
EXPENDITURES			
Current:			
General government:			
Operating expenditures	-	11	(11)
Capital outlay	50,000	54,466	(4,466)
Total expenditures	<u>50,000</u>	<u>54,477</u>	<u>(4,477)</u>
Revenues over expenditures	<u>-</u>	<u>(53,052)</u>	<u>(53,052)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>23,421</u>	<u>23,421</u>
Net change in fund balance	<u>\$ -</u>	<u>(29,631)</u>	<u>\$ (29,631)</u>
Fund balance, beginning		<u>31,881</u>	
Fund balance, ending		<u>\$ 2,250</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, 2023

Schedule 17

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental revenue:					
Grant revenue - FHWA	\$ 514,575	\$ 180,000	\$ -	\$ 180,000	\$ (334,575)
EXPENDITURES					
Current:					
Public service and transportation:					
Operating expenditures	155,000	12,230	-	12,230	142,770
Capital outlay	1,876,150	399,379	1,719,039	2,118,418	(242,268)
Total expenditures	<u>2,031,150</u>	<u>411,609</u>	<u>1,719,039</u>	<u>2,130,648</u>	<u>(99,498)</u>
Revenues over expenditures	<u>(1,516,575)</u>	<u>(231,609)</u>	<u>(1,719,039)</u>	<u>(1,950,648)</u>	<u>(434,073)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>1,516,575</u>	<u>414,575</u>	<u>1,536,073</u>	<u>1,950,648</u>	<u>434,073</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 182,966</u>	<u>(182,966)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>182,966</u>		
Fund balance, ending			<u>\$ -</u>		

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, 2023

Schedule 18

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental revenue:					
Grant revenue - CDBG	\$ 283,796	\$ 245,603	\$ -	\$ 245,603	\$ (38,193)
EXPENDITURES					
Capital outlay	289,296	249,679	-	249,679	39,617
Revenues over expenditures	(5,500)	(4,076)	-	(4,076)	1,424
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	5,500	5,500	(1,424)	4,076	(1,424)
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,424</u>	(1,424)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>1,424</u>		
Fund balance, ending			<u>\$ -</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, 2023

Schedule 19

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
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>
EXPENDITURES					
Capital outlay	<u>4,681,760</u>	<u>170,532</u>	<u>80,064</u>	<u>250,596</u>	<u>4,431,164</u>
Revenues over expenditures	<u>(1,512,000)</u>	<u>(40,532)</u>	<u>(80,064)</u>	<u>(120,596)</u>	<u>1,391,404</u>
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>1,512,000</u>	<u>1,312,000</u>	<u>200,000</u>	<u>1,512,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,271,468</u>	<u>119,936</u>	<u>\$ 1,391,404</u>	<u>\$ 1,391,404</u>
Fund balance, beginning			<u>1,271,468</u>		
Fund balance, ending			<u>\$ 1,391,404</u>		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 20

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Capital Projects Fund
 For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Culture and recreation:					
Operating expenses	-	-	3,422	3,422	(3,422)
Capital outlay	469,500	28,574	230,851	259,425	210,075
Total expenditures	469,500	28,574	234,273	262,847	206,653
Revenues over expenditures	(469,500)	(28,574)	(234,273)	(262,847)	206,653
OTHER FINANCING SOURCES (USES)					
Fund balance appropriated	469,500	469,510	-	469,510	10
Transfers in (out)	-	-	(200,000)	(200,000)	(200,000)
Total other financing sources (uses)	469,500	469,510	(200,000)	269,510	(199,990)
Net change in fund balance	\$ -	\$ 440,936	(434,273)	\$ 6,663	\$ 6,663
Fund balance, beginning			440,936		
Fund balance, ending			\$ 6,663		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 21

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Capital Improvements Reserve Fund
 For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay	194,000	-	194,000
Revenues over expenditures	(194,000)	-	194,000
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	194,000	194,000	-
Net change in fund balance	<u>\$ -</u>	194,000	<u>\$ 194,000</u>
Fund balance, beginning		<u>2,598,214</u>	
Fund balance, ending		<u>\$ 2,792,214</u>	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 22

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Small Transportation Projects Fund
 For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Other taxes and licenses:			
Municipal motor vehicle tax	\$ 360,000	\$ 413,450	\$ 53,450
EXPENDITURES			
Capital outlay	425,000	186,863	238,137
Total expenditures	425,000	186,863	238,137
Revenues over expenditures	(65,000)	226,587	291,587
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(201,000)	(103,770)	97,230
Fund balance appropriated	266,000	-	(266,000)
Total other financing sources (uses)	65,000	(103,770)	(168,770)
Net change in fund balance	\$ -	122,817	\$ 122,817
Fund balance, beginning		791,230	
Fund balance, ending		\$ 914,047	

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 23

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, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental revenue:					
Grant revenue - CRTPO	\$ 48,000	\$ 48,000	\$ -	\$ 48,000	\$ -
EXPENDITURES					
Current:					
Economic and community development					
Operating expenses	70,000	64,749	-	64,749	5,251
Revenues over expenditures	(22,000)	(16,749)	-	(16,749)	5,251
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	22,000	22,000	(5,251)	16,749	(5,251)
Net change in fund balance	\$ -	\$ 5,251	(5,251)	\$ -	\$ -
Fund balance, beginning			5,251		
Fund balance, ending			\$ -		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 24

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, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Local grant revenue:					
Carolina Thread Trail	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
EXPENDITURES					
Culture and recreation					
Capital outlay	132,000	-	5,000	5,000	127,000
Revenues over expenditures	(82,000)	50,000	(5,000)	45,000	127,000
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	82,000	-	32,000	32,000	(50,000)
Total other financing sources (uses)	82,000	-	32,000	32,000	(50,000)
Net change in fund balance	\$ -	\$ 50,000	27,000	\$ 77,000	\$ 77,000
Fund balance, beginning			50,000		
Fund balance, ending			\$ 77,000		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 25

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, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Local contributions	\$ 2,705	\$ 2,704	\$ -	\$ 2,704	\$ (1)
EXPENDITURES					
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)
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	-	2,204	-	2,204	2,204
Transfers in (out)	388,000	388,000	(761)	387,239	(761)
Total other financing sources (uses)	388,000	390,204	(761)	389,443	1,443
Net change in fund balance	\$ -	\$ 966	(761)	\$ 205	\$ 205
Fund balance, beginning			966		
Fund balance, ending			\$ 205		

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 26

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, 2023

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

TOWN OF WAXHAW, NORTH CAROLINA

Schedule 27

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, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental revenue	\$ 600,000	\$ -	\$ 600,000	\$ 600,000	\$ -
EXPENDITURES					
Capital outlay	4,328,425	841,189	1,448,321	2,289,510	2,038,915
Revenues over expenditures	(3,728,425)	(841,189)	(848,321)	(1,689,510)	2,038,915
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	3,728,425	2,072,625	23,078	2,095,703	(1,632,722)
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,231,436</u>	(825,243)	<u>\$ 406,193</u>	<u>\$ 406,193</u>
Fund balance, beginning			<u>1,231,436</u>		
Fund balance, ending			<u>\$ 406,193</u>		

Town of Waxhaw, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Schedule 28

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 12,514,658	\$ 12,506,574	\$ 8,084
2021-2022	85,240		24,379	60,861
2020-2021	587		799	(212)
2019-2020	21,471		633	20,838
2018-2019	3,149		573	2,576
2017-2018	1,321		76	1,245
2016-2017	2,293		76	2,217
2015-2016	1,225		76	1,149
2014-2015	3,332		149	3,183
2013 and prior	29,361		493	28,868
	<u>\$ 147,979</u>	<u>\$ 12,514,658</u>	<u>\$ 12,533,828</u>	<u>128,809</u>
Less: allowance for uncollectible accounts:				
	General Fund			-
	Ad valorem taxes receivable - net			128,809
<u>Reconciliation to revenues:</u>				
	Ad valorem taxes - General Fund			\$ 12,557,482
	Reconciling items:			
	Interest collected			(23,670)
	Taxes written off			16
	Subtotal			(23,654)
	Total collections and credits			\$ 12,533,828

Town of Waxhaw, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2023

Schedule 29

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current rate	\$ 3,248,668,170	0.385	\$ 12,507,372	\$ 11,303,536	\$ 1,203,836
Discoveries - current and prior years	350,891	0.385	1,351	1,351	-
Supplemental bill	3,048,044	0.385	11,735	11,735	-
Releases	(1,506,519)	0.385	(5,800)	(5,800)	-
Total property valuation	<u>\$ 3,250,560,586</u>				
Net levy			12,514,658	11,310,822	1,203,836
Unpaid (by taxpayer) taxes at June 30, 2023			<u>(8,084)</u>	<u>(8,084)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 12,506,574</u>	<u>\$ 11,302,738</u>	<u>\$ 1,203,836</u>
Current levy collection percentage			<u>99.94%</u>	<u>99.93%</u>	<u>100.00%</u>

COMPLIANCE SECTION



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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2023. 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 limited purpose described in the first paragraph 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. Given these limitations, during our audit we did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

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*.

Town of Waxhaw's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Waxhaw's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's responses were not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Strickland Hardee PLLC

Lexington, North Carolina
December 29, 2023



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, 2023. 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, 2023.

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
December 29, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE 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 Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Waxhaw, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Waxhaw, North Carolina's major state programs for the year ended June 30, 2023. Town of Waxhaw, North Carolina's major state programs are 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 each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State 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); and the State Single Audit Implementation Act. 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 related 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 each major state program. Our audit does not provide a legal determination of Town of Waxhaw, North Carolina's compliance with the compliance requirements referred to above.

Responsibilities 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 state programs.

Auditor's Responsibilities 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 judgement made by a reasonable user of the report on compliance about Town of Waxhaw, North Carolina's compliance with the requirements of each major state 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 judgement 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 may exist that have not been 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
December 29, 2023

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes _____ no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ none reported

Noncompliance material to financial statements noted _____ yes _____ 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? _____ yes _____ no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ none reported

Any audit findings disclosed that are required to be reported in accordance with §200.516 of the Uniform Guidance _____ yes _____ no

Identification of major federal programs:

Assistance Listing Number

21.027

Assistance Listing Program Title

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? _____ yes _____ no

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Schedule 30
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001: Budgetary Controls

Type of Finding: Significant Deficiency in Internal Control over Budgets (Repeat Finding)

Condition: During the year under review, it was noted that the Town over expended its budget in two special revenue funds and one capital projects fund. It was also noted that the Town did not budget for one capital projects fund.

Criteria: The Town is in violation of North Carolina General Statutes 159-28, which states in part, "No obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation..."

Context: The expenditures made in the Transportation Alternatives Program Grant Fund for the Public Service and transportation function exceeded the authorized appropriations by \$99,498; and the Downtown Park Honorarium Fund for the General government function by \$4,477. In addition, there was one Capital Project Fund that did not have an authorized budget.

Effect: The Town expended funds in excess of approved budgets, violating North Carolina General Statute. In addition, not ensuring all expenditures have been appropriately budgeted, could result in the Town spending funds not available for specific purposes.

Cause: During the year under review, the Transportation Alternative Program Grant was behind in reviewing the Town's cost share reimbursements for multi-year projects, so reimbursements were not received for expenses that had already occurred. The Town knew the outstanding reimbursements would cover the expenditures and did not believe a budget amendment was necessary until the project was completed. The other funds' expended in excess of approved budgets were overlooked by Town staff.

Recommendation: It is recommended that the Town implement procedures to ensure that all funds have an approved budget and that those budgets are monitored and compared to the actual activity in a timely manner to ensure compliance with general statutes and that funds are available.

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

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Schedule 30
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

TOWN OF WAXHAW, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Schedule 31

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding Number	Description	Status
2022-001	Material Weakness in Internal Control over Capital Assets	Resolved
2022-002	Significant Deficiency in Internal Control over Budgets	Unresolved

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

Corrective Action Plan

For the Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS



Significant Deficiency

2023-001: Budgetary Controls

Name of Contact Person: Rosemary Dodd, Finance Director

Corrective Action:

The TAP project will not be completed until FY24. We had to carry the costs of the project while we wait for cost share reimbursement from Union County and NCDOT. This is a long review process for the reimbursements, and we have recently received funds for the County part but are still waiting for NCDOT. The total of both cost share reimbursements should cover the over expenditures which is why we did not believe that a budget amendment was necessary until the project has been completed.

As soon as we receive the remaining supplemental funds reimbursement from the NCDOT, we will process a budget amendment to rectify and bring the budget to balance.

Corrective action for the other items:

All budgets will be reviewed more carefully to avoid any overages.

We will also make sure to adjust the project fund budget each year, not to rely on the budget solely from the previous fiscal year.

Proposed Completion Date:

It is expected that all shall be completed by June 30, 2024.



Hours: Monday-Friday
8:00 a.m. - 5:00 p.m.

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Waxhaw, NC 28173

TOWN OF WAXHAW, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2023

Schedule 32
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

TOWN OF WAXHAW, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Schedule 33

Grantor/Pass-Through Grantor/Program or Cluster Title:	Assistance Listing Number	State/Pass-Through Entity Identifying Number	Expenditures
Federal Assistance			
<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		\$ 2,820,164
<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		5,251
Total Federal Assistance			4,362,912
State Assistance			
<u>N.C. Department of Transportation</u>			
Powell Bill Program		DOT-4	652,284
Total State Assistance			652,284
Total Federal and State Assistance			
Total Federal and State Assistance			\$ 5,015,196

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, 2023. 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.