

**TOWN OF WAXHAW,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

TOWN OF WAXHAW, NORTH CAROLINA

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TOWN OF WAXHAW, NORTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2019

Established

1889

MAYOR

Stephen Maher

BOARD OF COMMISSIONERS

Brenda McMillon, Mayor Pro-Tem

Brenda Burns

Kat Lee

Tracy Wesolek

TOWN MANAGER

Greg Ferguson

FINANCE DIRECTOR

Lisa White, CPA, CGFO

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Town of Waxhaw 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Greene Finney, LLP".

Greene Finney, LLP
Mauldin, South Carolina
October 18, 2019

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

As management of the Town of Waxhaw (“Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2019 (“2019” or “FY 2019”) compared to the year ended June 30, 2018 (“2018” or “FY 2018”). The intent of this management’s discussion and analysis (“MD&A”) is to look at the Town’s financial performance as a whole, with an emphasis on the Primary Government, which excludes the Town’s discretely presented component unit – the Town of Waxhaw ABC Board (“ABC Board”). We would encourage readers to not only consider the information presented here, but also the information provided in the financial statements and the notes to the financial statements to enhance their understanding the Town’s overall financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by approximately \$61,740,000 (total net position) for the Primary Government.
- The Town’s total net position increased by approximately \$5,025,000 in large part due to developer donations of street infrastructure 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 approximately \$13,528,000, an increase of approximately \$3,276,000 or 32% increase from the prior year fund balance. The increase is primarily due to revenues exceeding expenditures for the current year.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds was approximately \$5,000,000. The unassigned fund balance for the General Fund is approximately \$5,029,000, which is 42% of total General Fund budgeted expenditures for the upcoming fiscal year.
- The Town’s capital assets increased approximately \$1,618,000 or 3% during the current fiscal year. This increase is due to capital asset additions of approximately \$3,770,000, primarily for street infrastructure, exceeding depreciation expense of \$2,092,000.
- The Town’s total debt decreased approximately \$403,000 or 8% during the current fiscal year. This decrease is primarily due to regularly scheduled principal payments.

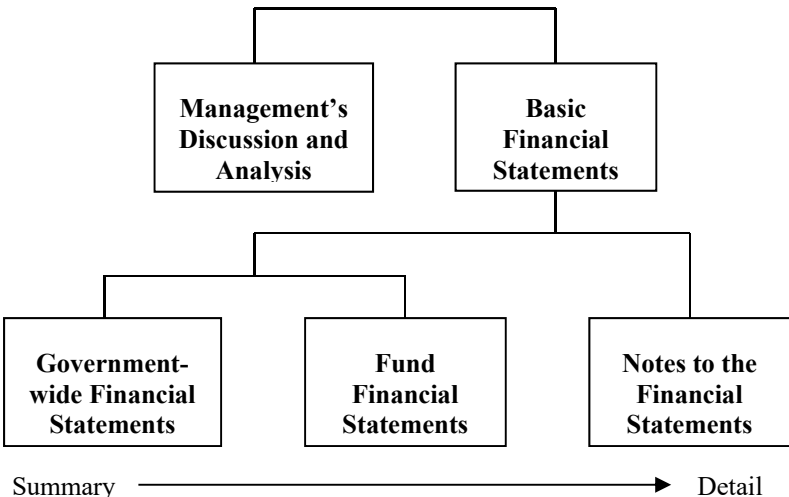
OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Statements

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

Required Components of Annual Financial Report

Figure 1



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: (1) governmental activities and (2) component units. The governmental activities include most of the Town's basic services such as general government, public safety, economic and community development, culture and recreation, public service and transportation, and environmental protection. Taxes, state grants, and federal grants finance most of these activities. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the ABC Board by appointing its members. The ABC Board is required by North Carolina statute to distribute 75% of its profits to the Town.

Fund Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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

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

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

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

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

TOWN OF WAXHAW, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a summary of the Town's statement of net position as of June 30, 2019 compared to June 30, 2018:

Town's Statement of Net Position

Figure 2

	Governmental Activities	
	June 30, 2019	June 30, 2018
Assets		
Current and Other Assets	\$ 14,213,346	\$ 11,073,746
Capital Assets (Net)	53,687,753	52,069,955
Total Assets	67,901,099	63,143,701
Deferred Outflows of Resources		
Deferred Pension Charges	1,283,691	826,590
Liabilities		
Other Liabilities	629,463	732,656
Long-Term Obligations	6,768,263	6,487,778
Total Liabilities	7,397,726	7,220,434
Deferred Inflows of Resources		
Deferred Pension Credits	47,283	35,039
Net Position		
Net Investment in Capital Assets	49,278,355	47,257,551
Restricted	4,901,792	2,345,126
Unrestricted	7,559,634	7,112,141
Total Net Position	\$ 61,739,781	\$ 56,714,818

The Town's capital assets increased approximately \$1,618,000 in the current year due to capital asset additions of approximately \$3,770,000, primarily for street infrastructure, exceeding depreciation expense of \$2,092,000. Current and other assets increased approximately \$3,140,000, primarily due to the increase in net position related to operating activities. The Town's liabilities increased approximately \$177,000 primarily due to an increase of approximately \$638,000 in the Town's pension liabilities, partially offset by regularly scheduled principal payments on the Town's outstanding debt of approximately \$403,000 and decreases in other short liabilities. Deferred outflows/inflows of resources changed between years due to deferred gains and losses related to the Town's participation in the State retirement plans (Local Governmental Employees' Retirement System and the Law Enforcement Officers Special Separation Allowance).

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by approximately \$61,740,000 as of June 30, 2019. The Town's net position increased by approximately \$5,025,000 for the fiscal year ended June 30, 2019.

The largest portion of net position of approximately \$49,278,000 (80%) 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.

TOWN OF WAXHAW, NORTH CAROLINA**MANAGEMENT'S DISCUSSION AND ANALYSIS****YEAR ENDED JUNE 30, 2019****GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

An additional portion of the Town's net position of approximately \$4,902,000 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town's net position of approximately \$7,560,000 (12%) is unrestricted.

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

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues:		
Charges for Services	\$ 1,768,673	\$ 1,609,386
Operating Grants	304,506	175,688
Capital Grants	2,923,158	6,992,899
General Revenues:		
Taxes	11,107,311	9,504,271
Other	384,413	150,831
Total Revenues	<u>16,488,061</u>	<u>18,433,075</u>
Expenses		
General Government	1,720,813	1,744,729
Public Safety	3,115,596	2,969,535
Economic and Community Development	1,957,200	1,973,626
Culture and Recreation	1,075,205	850,602
Public Service and Transportation	2,198,051	2,508,187
Environmental Protection	1,275,084	1,159,085
Interest on Long-Term Obligations	121,149	162,432
Total Expenses	<u>11,463,098</u>	<u>11,368,196</u>
Change in Net Position	5,024,963	7,064,879
Net Position, Beginning of Year	<u>56,714,818</u>	<u>49,649,939</u>
Net Position, End of Year	<u>\$ 61,739,781</u>	<u>\$ 56,714,818</u>

Governmental Activities: Governmental activities increased the Town's net position by approximately \$5,025,000 in the current year. The key element of this increase is due to capital infrastructure contributions from developers (streets) of approximately \$2,361,000 plus continued growth in the Town's property tax base.

TOWN OF WAXHAW, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$5,029,000 with a total fund balance of approximately \$7,210,000, an increase of approximately \$1,668,000 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, 2019 represents 42% of total next year General Fund budgeted expenditures, which slightly exceeds the Town's Fund Balance Policy goal in the range of 30%-40% of the next year budgeted expenditures.

The General Fund recorded revenues of approximately \$11,782,000 during FY 2019, which was an increase of approximately \$561,000, or 5% over the approximately \$11,221,000 recorded in FY 2018, primarily due to the Ad Valorem Tax revenue increasing approximately \$1,125,000 or 17% over FY 2018, due to increases in millage and the assessed value of the tax base. In addition, several other revenue sources increased during fiscal year 2019. Interest investments increased approximately \$167,000 over the prior fiscal year due to continued investment of the Town's fund balance reserves. Sales and Use Tax and Franchise Tax in fiscal year 2019, increased approximately \$236,000 over the prior fiscal year.

Expenditures in the General Fund were approximately \$9,446,000 for FY 2019, which was a decrease of approximately \$179,000, or 2% under the approximately \$9,625,000 recorded in FY 2018, primarily due to a decrease in economic and community development expenditures as building inspection expenditures were recorded in a separate fund in FY 2019, in addition to several open employee positions in Planning and Engineering during fiscal year 2019.

At June 30, 2019, the governmental funds of the Town reported a combined total governmental fund balance of approximately \$13,528,000, a 32% 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.

During the current fiscal year, there was a decrease in appropriations between the original and final amended General Fund expenditure budget (including transfers out) totaling approximately \$573,000. The following are the components of the increase:

FY 2019 Original Adopted Budget:	\$ 11,606,330
Amendments:	
To Transfer funding to separate Building Inspection Fund	(645,503)
To Appropriate Fund Balance for PetData Collection Company	1,000
Appropriate Fund Balance for additional costs of Nesbit Park Project	48,000
Increase Revenue and Expense for Insurance Proceeds on wrecked Police Vehicle	23,650
Final FY 2019 Amended Budget	<u><u>\$ 11,033,477</u></u>

TOWN OF WAXHAW, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Governmental Funds (Continued)

General Fund actual revenues were approximately \$11,782,000, which was approximately \$821,000 or 7% higher than budgeted revenues. The following factors contributed to the increase in General Fund revenues:

Property Tax rate collections for the current levy were approximately \$119,000 over budget, and Motor Vehicle property tax came in approximately \$102,000 over the budgeted amount for fiscal year 2019. The Finance Department strives to continue to conservatively invest its idle funds and was able to earn approximately \$179,000 more investment earnings as was budgeted for the fiscal year.

All General Fund departments stayed within the appropriated budgets for the current fiscal year. In total, the General Fund actual expenditures ended the year at approximately \$9,446,000, which was approximately \$889,000 or 9% below the approximately \$10,335,000 revised expenditures budget for the current fiscal year. The following factors contributed to the reduction of expenditures during FY 2019, these include:

There were several open positions in the Planning Department resulting in unspent salaries and employee benefits in that department. Those personnel expense lines, in addition to the full façade grant not being fully distributed out and Professional Services and other Planning Department expense lines coming in under budget resulted in approximately \$201,000 of the total reduction of expenditures.

Similarly, there were open positions and unspent Professional Services budget that were not able to be utilized due to the vacancies in the Engineering Department. This contributed approximately \$163,000 of the under budget condition.

The Police Department had open positions throughout the fiscal year and did not expend the full amount of budget in several other account lines, therefore the total of unspent funding in that department was approximately \$103,000.

The Town historically has budgeted 1% of the annual expenditure budget in a Contingency Line in the Administration Department for unforeseen items that may come up. During the year a portion of that budget was transferred to the newly established Emergency Management Department as a response to the hurricane in the fall of 2019. However, approximately \$103,000 of budget still remained unspent, which contributed to the expenditures coming in under budget.

The Town had budgeted \$135,000 to begin the capital software conversion for the financial system. However, that project was not completed by year end, resulting in approximately \$80,000 of unspent budget funds.

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

Revenues in the Non-Major governmental funds were approximately \$2,351,000. The primary sources of these revenues were building inspection fees of approximately \$1,257,000 in the Building Inspection Fund, restricted intergovernmental revenue of approximately \$349,000 in the Powell Bill Fund, and other taxes and licenses of approximately \$251,000 in the Small Transportation Projects Fund.

Expenditures in the Non-Major governmental funds were approximately \$1,441,000. These expenditures primarily consisted of capital outlay of approximately \$613,000, economic and community development expenditures of approximately \$686,000, and other expenditures of approximately \$142,000.

TOWN OF WAXHAW, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2019, totaled approximately \$53,688,000 (net of accumulated depreciation). This was an increase of approximately \$1,618,000 from the prior year total. These capital assets include land, construction in progress, land improvements, buildings, infrastructure, equipment, and vehicles.

The Town's capital assets (net of depreciation) as of June 30, 2019 and 2018 were as follows:

Town's Net Capital Assets

Figure 4

	June 30, 2019	June 30, 2018
Capital Assets		
Land	\$ 5,560,222	\$ 5,500,732
Construction in Progress	1,382,217	1,053,863
Land Improvements	793,405	778,005
Buildings	9,453,465	9,080,359
Infrastructure	65,594,499	63,233,671
Equipment	750,183	648,608
Vehicles and Motorized Equipment	2,293,247	2,000,502
Computer Equipment and Software	259,242	126,221
Less Accumulated Depreciation	(32,398,727)	(30,352,006)
Capital Assets, Net	<u>\$ 53,687,753</u>	<u>\$ 52,069,955</u>

Major capital asset transactions during the year include the following:

- Capital assets additions of \$3,770,000 which consisted of the following:
 - Donated street infrastructure of approximately \$2,361,000.
 - Acquisition of vehicles and motorized equipment for approximately \$347,000.
 - Software and technology upgrades for approximately \$133,000.
 - Downtown pedestrian and bicycle enhancements of approximately \$85,000.
 - Nesbit Park projects of approximately \$240,000.
 - Town Creek Park projects of approximately \$26,000.
 - Other capital assets of approximately \$578,000.
- Depreciation expense of approximately \$2,092,000.
- Disposals of approximately \$60,000.

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

TOWN OF WAXHAW, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

The Town's total debt obligations as of June 30, 2019 and 2018, were as follows:

. Town's Outstanding Debt

Figure 5

	June 30, 2019	June 30, 2018
Installment Purchases	\$ 4,409,398	\$ 4,812,404

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The following key information reflect the prosperity of the Town:

The Union County unemployment rate of 3.9% continues to fall below the North Carolina average rate. Downtown Waxhaw is a jewel which charms both locals and visitors and is home to a unique and flourishing business community. The continued positive economy for Waxhaw also presents some challenges for the Town leaders. The Board is committed to retaining a highly skilled workforce in order to continue to maintain a thriving and safe community. Therefore, to ensure competitiveness within the locally tight job market, the Town has begun a Pay and Class study which will be completed by November 2019 and possibly implemented during the fiscal year 2020.

The Town population continues to grow, adding approximately 500 new homes each year. This is a positive increase to the property tax base, however such growth may continue to require budget increases in order to continue to provide the current level of services, such as the need to increase the number public safety officers in the coming year in order to retain the excellent safety that Waxhaw enjoys.

Sales Tax and Franchise Tax revenues continue to increase as has been the positive trend over the past several years due to statewide increased consumer confidence and improved economic conditions.

The Town employs a Tax Collector for the property tax collection who works consistently to collect funds due, including arranging payment plans, NC Debt Set Off and placing liens on property, thereby resulting in a very high collection rate.

Budget Highlights for the Fiscal Year Ending June 30, 2020

The Town of Waxhaw responsibly and conservatively budgets its annual revenues. Several revenue sources are budgeted based on estimates provided by the North Carolina League of Municipalities. Ad Valorem taxes are budgeted based on current valuations provided by the Union County Tax Assessor, adjusted for anticipated discoveries and releases. The General Fund budget, includes an unchanged property tax rate of thirty-eight and one half cents (\$0.385) per one hundred dollars (\$100) valuation on an estimated total property tax base of approximately \$1,909,900,500. Property tax revenues for fiscal year 2020 are budgeted at total estimated collection of \$7,326,990, including the collection of prior year delinquent tax and assuming a 99.28% collection rate for the current year. State law requires that the Town estimate property tax revenues at a level below the current year collection rate. The Town has an excellent historical average collection rate of 99.85%.

The annual budget ordinance for fiscal year 2020 totals \$15,581,500 for all annual fund appropriations, which excludes those funds which have been established previously through capital project ordinances. The fiscal year 2020 adopted expenditure budget for the General fund totals \$11,885,750, which includes transfers out of \$610,000. This is approximately an 8.34% increase over the final amended budget of fiscal year 2019. Components of that increase include an increase of \$125,000 to the solid waste contract to accommodate the growth in the number of residences serviced.

TOWN OF WAXHAW, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

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

Budget Highlights for the Fiscal Year Ending June 30, 2020 (Continued)

Another contributing factor for the increase in the expenditure budget is the added contingency of \$150,000 provided for the possible salary adjustments which may be recommended by the pay and class study.

The proposed operating budget for the General Fund also continues the Board's focus on safety. The General Fund capital outlay includes approximately \$80,000 in safety improvements for Town parks. Also included are improvements for public safety with the addition of two new police officers, four fully equipped patrol cars, new radios, and radar units.

The budget for fiscal year 2020 continues Town Board's commitment to street maintenance as a major initiative for the fiscal year. The adopted budget provides for over \$1 million dollars in street and transportation improvements, made possible in part by the Small Transportation Project Fund ("STP"), which includes \$520,000 available for transportation projects, along with the Powell Bill fund which includes \$526,000 available for street paving and other street or sidewalk improvements during fiscal year 2020.

The Rental Fund budget includes appropriation of funding to support the Downtown Redevelopment project following the recommendations of the study performed in fiscal year 2019 by Urban Land Institute, ("ULI") to maximize the value of Town owned real state in Downtown.

The Town is committed to enhancing the well-being of the community by adding Parks and Recreation amenities, such as the continued improvements planned in fiscal year 2020 for Nesbit Park, along with the addition of recreational programming for all ages and interests.

With the receipt of a \$1.8 million dollar Federal Highway Administration grant, the Kensington Drive project will again get underway to include improvements from NC 16 to Sunset Hill Road. In addition, a turn-lane on Kensington Drive is slated to begin early in FY20.

Some of the other major governmental capital improvement projects planned in next year's budget include the continuation of the TAP grant street improvements for downtown along with the continuation of the construction of sidewalks on Waxhaw-Marvin. To facilitate other potential future capital improvements, the General Fund operating budget includes a transfer out of \$100,000 to begin the planning phase of a new capital project; to be determined by the Board during their Capital Improvement Planning process which is expected to take place in the fall of fiscal year 2020. The budget also provides for a possible \$10,000 transfer out of the General Fund operating budget to fund a possible grant match.

The proposed budget for the General Fund includes a transfer out to the Capital Reserve Fund of \$500,000, to continue following the funding model planned to provide for the future Capital Improvement Plan ("CIP").

Additional Information

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

Basic Financial Statements

TOWN OF WAXHAW, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2019

	PRIMARY GOVERNMENT	COMPONENT UNIT
	Governmental Activities	Town of Waxhaw ABC Board
ASSETS		
Cash and Cash Equivalents	\$ 9,173,836	\$ 930,189
Cash and Cash Equivalents, Restricted	3,932,299	-
Receivables, Net:		
Property Taxes	81,869	-
Accounts	30,046	-
Grants	50,042	-
Refundable Taxes	83,955	-
Intergovernmental Receivables	700,899	-
Due From Component Unit	108,563	-
Prepaid Items and Other Assets	47,446	26,932
Inventories	4,391	211,039
Capital Assets:		
Non-Depreciable	6,942,439	-
Depreciable, Net	46,745,314	107,577
TOTAL ASSETS	67,901,099	1,275,737
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Charges	1,283,691	39,970
LIABILITIES		
Accounts Payable	294,029	289,570
Accrued Interest Payable	25,967	-
Accrued Salaries and Benefits	126,245	13,403
Deposits	32,978	-
Due to Primary Government	-	108,563
Unearned Revenues	150,244	-
Non-Current Liabilities:		
Due Within One Year	484,450	-
Due in More Than One Year	6,283,813	37,011
TOTAL LIABILITIES	7,397,726	448,547
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Credits	47,283	192
NET POSITION		
Net Investment in Capital Assets	49,278,355	107,577
Restricted For:		
Stabilization by State Statute	1,001,910	-
Public Safety	51,261	-
Culture and Recreation	3,496	-
Public Service and Transportation	3,152,243	-
Economic and Community Development	692,882	-
Working Capital	-	113,009
Unrestricted	7,559,634	646,382
TOTAL NET POSITION	\$ 61,739,781	\$ 866,968

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

TOWN OF WAXHAW, NORTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
			Operating	Capital	Primary	Component Unit
	Expenses	Charges for	Grants and	Contributions	Governmental	Town of Waxhaw
PRIMARY GOVERNMENT:		Services			Activities	ABC Board
Governmental Activities:						
General Government	\$ 1,720,813	-	-	-	(1,720,813)	\$ -
Public Safety	3,115,596	27,240	275,835	45,464	(2,767,057)	-
Economic and Community Development	1,957,200	1,593,951	-	-	(363,249)	-
Culture and Recreation	1,075,205	147,482	-	60,120	(867,603)	-
Public Service and Transportation	2,198,051	-	28,671	2,817,574	648,194	-
Environmental Protection	1,275,084	-	-	-	(1,275,084)	-
Interest on Long-Term Obligations	121,149	-	-	-	(121,149)	-
TOTAL - PRIMARY GOVERNMENT	\$ 11,463,098	1,768,673	304,506	2,923,158	(6,466,761)	-
COMPONENT UNIT:						
Town of Waxhaw ABC Board	\$ 2,856,384	2,934,468	-	-	-	78,084
TOTAL - COMPONENT UNIT	\$ 2,856,384	2,934,468	-	-	-	78,084
GENERAL REVENUES:						
General Revenues:						
Taxes:						
Property Taxes					8,021,552	-
Sales Taxes					2,234,217	-
Franchise Taxes					850,668	-
Other Taxes					874	-
Investment Income					274,437	237
Miscellaneous					109,976	-
Total General Revenues					11,491,724	237
CHANGES IN NET POSITION					5,024,963	78,321
NET POSITION, Beginning of Year, as Previously Reported					56,714,818	783,939
Prior Period Adjustments					-	4,708
NET POSITION, Beginning of Year, Restated					56,714,818	788,647
NET POSITION, END OF YEAR					61,739,781	\$ 866,968

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, 2019

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 6,789,587	2,384,249	\$ 9,173,836
Cash and Cash Equivalents, Restricted	-	3,932,299	3,932,299
Receivables, Net:			
Taxes	81,869	-	81,869
Accounts	30,046	-	30,046
Grants	7,318	42,724	50,042
Refundable Taxes	83,430	525	83,955
Intergovernmental Receivables	780,287	29,175	809,462
Due From Other Funds	28,405	-	28,405
Prepaid Items and Other Assets	47,308	138	47,446
Inventory	4,391	-	4,391
TOTAL ASSETS	\$ 7,852,641	6,389,110	\$ 14,241,751
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 253,382	40,647	\$ 294,029
Accrued Salaries and Benefits	126,245	-	126,245
Deposits	32,978	-	32,978
Due To Other Funds	-	28,405	28,405
Unearned Revenues	148,144	2,100	150,244
TOTAL LIABILITIES	560,749	71,152	631,901
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	81,869	-	81,869
FUND BALANCES			
Nonspendable:			
Prepaid Items	47,308	-	47,308
Inventory	4,391	-	4,391
Restricted For:			
Stabilization by State Statute	929,486	72,424	1,001,910
Public Safety	-	51,261	51,261
Culture and Recreation	-	3,496	3,496
Public Service and Transportation	-	3,152,243	3,152,243
Economic and Community Development	-	692,882	692,882
Committed For:			
Public Safety	-	6,365	6,365
Economic and Community Development	-	391,950	391,950
Public Service and Transportation	-	10,595	10,595
Assigned For:			
Culture and Recreation	-	1,012,549	1,012,549
Capital Improvement Plan	-	950,000	950,000
Public Service and Transportation	-	2,598	2,598
Subsequent Year's Expenditures	1,200,000	-	1,200,000
Unassigned	5,028,838	(28,405)	5,000,433
TOTAL FUND BALANCES	7,210,023	6,317,958	13,527,981
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,852,641	6,389,110	\$ 14,241,751

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

TOWN OF WAXHAW, NORTH CAROLINA

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

JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 13,527,981**

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was \$86,086,480 and the accumulated depreciation was \$32,398,727.	53,687,753
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.	81,869
Accrued interest on the long-term obligations in governmental accounting is not due or payable in the current period, therefore, they have not been reported as a liability in the funds.	(25,967)
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.	1,201,857
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.	34,551
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt	(4,409,398)
Compensated Absences	(290,367)
Net Pension Liability - LGERS Pension Plan	(1,575,235)
Total Pension Liability - LEOSSA	<u>(493,263)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 61,739,781**

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

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Ad Valorem Taxes	\$ 7,806,385	-	\$ 7,806,385
Other Taxes and Licenses	11,012	251,025	262,037
Unrestricted Intergovernmental Revenue	3,358,119	-	3,358,119
Restricted Intergovernmental Revenue	16,500	576,983	593,483
Building Inspection Fees	-	1,256,890	1,256,890
Permits and Fees	205,554	131,507	337,061
Sales and Services	72,554	98,244	170,798
Local Contributions	-	120	120
Investment Earnings	253,223	21,214	274,437
Miscellaneous	58,594	15,319	73,913
TOTAL REVENUES	11,781,941	2,351,302	14,133,243
EXPENDITURES			
Current:			
General Government	1,751,079	-	1,751,079
Public Safety	2,617,817	6,036	2,623,853
Economic and Community Development	1,194,710	686,391	1,881,101
Culture and Recreation	797,119	57,676	854,795
Public Service and Transportation	876,522	77,897	954,419
Environmental Protection	1,275,084	-	1,275,084
Capital Outlay	407,281	612,803	1,020,084
Debt Service:			
Principal	403,006	-	403,006
Interest and Bank Fees	123,558	-	123,558
TOTAL EXPENDITURES	9,446,176	1,440,803	10,886,979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,335,765	910,499	3,246,264
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	29,848	-	29,848
Sale of Capital Assets	130	-	130
Transfers In	-	2,010,000	2,010,000
Transfers Out	(698,000)	(1,312,000)	(2,010,000)
TOTAL OTHER FINANCING SOURCES (USES)	(668,022)	698,000	29,978
NET CHANGES IN FUND BALANCES	1,667,743	1,608,499	3,276,242
FUND BALANCES, Beginning of Year	5,542,280	4,709,459	10,251,739
FUND BALANCES, End of Year	\$ 7,210,023	6,317,958	\$ 13,527,981

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

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 3,276,242**

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

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	(35,858)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	403,006
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,409
In the Statement of Activities, the donation of land, improvements and infrastructure from developers and other governments is reported, whereas in the governmental funds, it is not recognized.	2,360,828
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.	(144,445)
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.	(48,276)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(45,913)
In the Statement of Activities the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	(59,587)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$2,092,278 exceeded cash capital asset additions of \$1,408,835 in the current period.	(683,443)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 5,024,963**

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

TOWN OF WAXHAW, NORTH CAROLINA

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

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

YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	\$ 7,119,125	7,516,835	7,806,385	\$ 289,550
Other Taxes and Licenses	9,900	9,900	11,012	1,112
Unrestricted Intergovernmental Revenue	3,128,500	3,045,501	3,358,119	312,618
Restricted Intergovernmental Revenue	11,000	11,000	16,500	5,500
Permits and Fees	1,172,800	223,001	205,554	(17,447)
Sales and Services	65,560	58,325	72,554	14,229
Investment Earnings	75,000	75,000	253,223	178,223
Miscellaneous Revenues	23,390	21,210	58,594	37,384
TOTAL REVENUES	11,605,275	10,960,772	11,781,941	821,169
EXPENDITURES				
Current:				
General Government	1,979,068	1,968,393	1,751,079	217,314
Public Safety	2,681,217	2,713,696	2,617,817	95,879
Economic and Community Development	2,212,325	1,579,520	1,194,710	384,810
Culture and Recreation	869,162	874,055	797,119	76,936
Public Service and Transportation	916,851	895,780	876,522	19,258
Environmental Protection	1,245,000	1,277,181	1,275,084	2,097
Capital Outlay	526,012	500,147	407,281	92,866
Debt Service:				
Principal	403,145	403,145	403,006	139
Interest and Bank Fees	123,550	123,560	123,558	2
TOTAL EXPENDITURES	10,956,330	10,335,477	9,446,176	889,301
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	648,945	625,295	2,335,765	1,710,470
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	25	23,675	29,848	6,173
Sale of Capital Assets	1,030	30	130	100
Transfers Out	(650,000)	(698,000)	(698,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(648,945)	(674,295)	(668,022)	6,273
Fund Balance Appropriated	-	49,000	-	(49,000)
NET CHANGE IN FUND BALANCE	\$ -	-	1,667,743	\$ 1,667,743
FUND BALANCE, Beginning of Year			5,542,280	
FUND BALANCE, End of Year			\$ 7,210,023	

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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.

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.

Potential Component Unit – Waxhaw Police Foundation ("Foundation")

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Major Operations

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. The Town does not have any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

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

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

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable (susceptible to accrual) and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are generally collected within 60 days after year-end.

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

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

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

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

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

The ***Building Inspection Fund***, was established pursuant to G.S. 160A-414, to account for building inspection fee revenues and related expenditures as these revenues are restricted for the support of the administration and activities of the inspections department.

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

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

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

The ***Downtown Skate Park Grant Fund***, was established to account for a grant received from the N.C. Department of Natural and Cultural Resources for the purpose of improving the Waxhaw skate park.

The ***Kensington Drive Improvements Grant Fund***, was established pursuant to G.S. 159-13.2, to account for a grant distributed through the North Carolina Department of Transportation from the Federal Highway Administration which will provide improvements to the Kensington Drive corridor.

The ***Police Grant Fund***, was established to account for grants received for the benefit of the Police Department.

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

The ***Capital Projects Fund***, was established to account for annual capital projects.

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Small Transportation Projects Fund*, was established to account for municipal motor vehicle tax revenues, levied pursuant with G.S. 20-97, that are to be used for small transportation projects.

The *Waxhaw Fields Project Fund*, was established to account for the planned development and construction of athletic fields which will be utilized under a partnership with the YMCA.

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

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

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

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of 0.11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

3. Receivables and Payables

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Compensated Absences (Continued)*

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.

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 also reports *deferred pension credits* in its Statements of Net Position in connection with the Town's participation in the State's LGERS and LEOSSA. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Fund Balance

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

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

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

Restricted for Stabilization by State Statute – 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 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.

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

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

Assigned for Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget.

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

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

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

11. Net Position

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

12. Pensions

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Pensions (Continued)

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

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

14. Encumbrances

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Accounting Estimates

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

16. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

1. Around the middle of February each year (legally required to be completed before April 30th), all departments/activities of the Town submit requests for appropriation to the Budget Officer so that a proposed budget may be prepared. The proposed budget is prepared by fund, function and department, and includes information on the past year, the current year budget, and requested appropriations for the next fiscal year.
2. In March/April of each year, management reviews the budget compiled by the Budget Officer for the next year for propriety. In April/May of each year, the proposed budget is presented to Town Board for review and approval (legally required to be submitted by June 1st). The Town adopts the budget ordinance by July 1st of each year.
3. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the Town Board and an interim budget must be adopted that covers that time until the annual ordinance can be adopted. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions to total expenditures of any fund must be approved by the Town Board. Effective for the fiscal year 2019, 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.

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

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

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, 2019, the Town's deposits had a carrying amount of approximately \$5,691,000 and a bank balance of approximately \$5,846,000. The portion of the bank balance not covered by federal depository insurance was covered by collateral held under the pooling method.

At June 30, 2019, the ABC Board's deposits had a carrying amount of approximately \$930,000 and a bank balance of approximately \$990,000. The portion of the bank balance not covered by federal depository insurance was covered by collateral held under the pooling method.

Investments

As of June 30, 2019, 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 Term Portfolio	Level 1	Unrated	\$ 3,483,695	3,483,695	-	-	\$ -
NCCMT Government Portfolio	Level 1	AAAm	3,931,343	3,931,343	-	-	-
Total			<u>\$ 7,415,038</u>	<u>7,415,038</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

[^] If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

⁽¹⁾ See Note I.C.13 for details of the Town's fair value hierarchy.

NCCMT - North Carolina Capital Management Trust

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

A. Deposits and Investments (Continued)

Investments (Continued)

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, 2019 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.).

Reconciliation to the Financial Statements

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

Description	Amount
Carrying Amount of Deposits	\$ 5,691,097
Fair Value of Investments	7,415,038
Total Deposits and Investments	<u>\$ 13,106,135</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 9,173,836
Cash and Cash Equivalents, Restricted	3,932,299
Total Cash, Cash Equivalents, and Investments	<u>\$ 13,106,135</u>

B. Receivables and Unavailable, Deferred, and Unearned Revenues

Property Taxes Receivable

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

Gross property taxes receivable of approximately \$82,000 represent current and delinquent real and personal property. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue on the governmental fund financial statements and thus not recognized as revenue until collected in the governmental funds.

The Town's fiscal year 2019 real and business personal property taxes (which excludes vehicle taxes), which was for tax year 2018, were levied in July 2018 based on a rate of .385 (increase of .025 from the prior year) for the General Fund. The Town's assessed value of real and personal property for tax year 2018 was approximately \$1.8 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).

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

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

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.

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, 2019, 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	\$ 81,869	-	-	\$ 81,869
Unearned Revenues	General	-	-	150,244	150,244
Total		<u>\$ 81,869</u>	<u>-</u>	<u>150,244</u>	<u>\$ 232,113</u>

C. Interfund Balances and Transfers

Interfund balances at June 30, 2019, consisted of the following receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
<u>Major Governmental Funds:</u>		
General Fund	\$ 28,405	\$ -
<u>Non-Major Governmental Funds:</u>		
Special Revenue Funds	-	28,405
Totals	<u>\$ 28,405</u>	<u>\$ 28,405</u>

For the year ended June 30, 2019, the Town had transfers between funds which consisted of the following:

Fund	Transfers In	Transfers Out
<u>Major Governmental Funds:</u>		
General Fund	\$ -	\$ 698,000
<u>Non-Major Governmental Funds:</u>		
Special Revenue Funds	1,312,000	-
Capital Projects Funds	698,000	1,312,000
Totals	<u>\$ 2,010,000</u>	<u>\$ 2,010,000</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

YEAR ENDED JUNE 30, 2019

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Other Changes	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 5,500,732	59,490		-	\$ 5,560,222
Construction In Progress	1,053,863	378,979	50,625	-	1,382,217
Total Capital Assets, Non-Depreciable	6,554,595	438,469	50,625	-	6,942,439
Capital Assets, Depreciable:					
Land Improvements	778,005	15,400	-	-	793,405
Buildings	9,080,359	373,106	-	-	9,453,465
Infrastructure	63,233,671	2,360,828	-	-	65,594,499
Equipment	648,608	101,575	-	-	750,183
Vehicles and Motorized Equipment	2,000,502	347,264	54,519	-	2,293,247
Computer Equipment and Software	126,221	133,021	-	-	259,242
Total Capital Assets, Depreciable	75,867,366	3,331,194	54,519	-	79,144,041
Less: Accumulated Depreciation for:					
Land Improvements	134,894	31,248	-	-	166,142
Buildings	1,454,826	354,010	-	-	1,808,836
Infrastructure	26,872,444	1,201,324	-	-	28,073,768
Equipment	377,388	109,780	-	-	487,168
Vehicles and Motorized Equipment	1,433,184	317,334	-	-	1,750,518
Computer Equipment and Software	79,270	78,582	45,557	-	112,295
Total Accumulated Depreciation	30,352,006	2,092,278	45,557	-	32,398,727
Total Capital Assets, Depreciable, Net	45,515,360	1,238,916	8,962	-	46,745,314
Governmental Activities Capital Assets, Net	\$ 52,069,955	1,677,385	59,587	-	\$ 53,687,753

Ongoing construction in progress in the Town's governmental activities primarily relates to the Kensington Drive improvement projects, downtown pedestrian projects, bicycle enhancement projects, and several park projects. The Town had remaining commitments on these projects in the amount of approximately \$369,000 as of June 30, 2019.

During 2019, the Town's governmental activities recognized approximately \$2,361,000 in capital contributions from developers.

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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	\$ 365,226	\$ 155,782
Public Safety	194,814	357,687
Economic and Community Development	23,065	41,184
Public Services and Transportation	2,779,144	1,400,563
Culture and Recreation	407,414	137,062
Total - Governmental Activities	<u>\$ 3,769,663</u>	<u>\$ 2,092,278</u>

Capital asset activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
ABC Board (Component Unit)				
Capital Assets, Depreciable:				
Store Equipment	\$ 44,506	-	-	\$ 44,506
Leasehold Improvements	156,021	-	-	156,021
Total Capital Assets, Depreciable	<u>200,527</u>	<u>-</u>	<u>-</u>	<u>200,527</u>
Less: Accumulated Depreciation for:				
Store Equipment	26,625	7,696	-	34,321
Leasehold Improvements	43,065	15,564	-	58,629
Total Accumulated Depreciation	<u>69,690</u>	<u>23,260</u>	<u>-</u>	<u>92,950</u>
Total Capital Assets, Depreciable, Net	<u>130,837</u>	<u>(23,260)</u>	<u>-</u>	<u>107,577</u>
Business-Type Activities Capital Assets, Net	<u>\$ 130,837</u>	<u>(23,260)</u>	<u>-</u>	<u>\$ 107,577</u>

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

Capital Asset Additions	Depreciation Expense
<u>\$ -</u>	<u>\$ 23,360</u>

E. Long-Term Obligations

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations (Continued)

Details on the Town's outstanding debt issues as of June 30, 2019 are as follows:

<i>Installment Purchase Contract (Direct Borrowing)</i>	Balance at June 30, 2019
\$6,500,000 Installment Purchase Contract with SunTrust Bank (direct borrowing) issued in October 2013 ("IPC – October 2013"), due in quarterly installments of \$131,641 beginning on January 10, 2014 through October 10, 2028, with interest at 2.65% due quarterly. The proceeds of this issue 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.	\$ 4,409,398

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, 2019.

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

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

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2019:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
2013 BOA Police Dept Building	\$ 4,812,404	-	403,006	4,409,398	\$ 413,801
Total Debt	4,812,404	-	403,006	4,409,398	413,801
Compensated Absences	244,454	185,934	140,021	290,367	70,649
Net Pension Liability - LERS	970,104	605,131	-	1,575,235	-
Total Pension Liability - LEOSSA	460,816	32,447	-	493,263	-
Total Governmental Activities	<u>\$ 6,487,778</u>	<u>823,512</u>	<u>543,027</u>	<u>6,768,263</u>	<u>\$ 484,450</u>

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations (Continued)

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

Following is a summary of debt service requirements to maturity by year for the Town's governmental activities as of June 30, 2019:

Year Ended June 30,	Installment Purchase Contracts		
	Principal	Interest	Total
<u>Governmental Activities:</u>			
2020	\$ 413,801	112,763	\$ 526,564
2021	424,876	101,688	526,564
2022	436,248	90,316	526,564
2023	447,924	78,640	526,564
2024	459,912	66,652	526,564
2025-2029	2,226,637	142,769	2,369,406
Totals	<u>\$ 4,409,398</u>	<u>592,828</u>	<u>\$ 5,002,226</u>

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

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans

Local Governmental Employees' Retirement System

Plan Description

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

Benefits Provided

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

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% of compensation for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town and by employees were approximately \$322,000 and \$240,000 for the year ended June 30, 2019, 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, 2019, the Town reported a liability of approximately \$1,575,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension 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, 2018 measurement date, the Town's proportion was 0.06640%, which was an increase of 0.00290% from its proportion of 0.06350% measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of approximately \$466,000. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 243,021	\$ 8,155
Changes in Assumptions	418,007	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	216,233	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	24,066	13,122
Employer Contributions Subsequent to the Measurement Date	321,807	-
	<u>\$ 1,223,134</u>	<u>\$ 21,277</u>

TOWN OF WAXHAW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

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

Approximately \$322,000 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. 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>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 429,767
2021	276,770
2022	51,247
2023	122,266
Total	<u>\$ 880,050</u>

Actuarial Assumptions

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

TOWN OF WAXHAW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 (measurement date) are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate:

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,783,851	1,575,235	\$ (270,319)

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

TOWN OF WAXHAW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance

Plan Description

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

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

Retirees Receiving Benefits	1
Active Plan Members	25
Total	<u>26</u>

Summary of Significant Accounting Policies

Basis of Accounting

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

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

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.64 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.

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

TOWN OF WAXHAW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Contributions

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

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

At June 30, 2019, the Town reported a total pension liability of \$493,000. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of approximately \$57,000.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 32,651	\$ -
Changes of Assumptions and Other Inputs	23,501	26,006
Town Benefit Payments and Plan Administrative Expenses Made Subsequent to the Measurement Date	4,405	-
Total	<u>\$ 60,557</u>	<u>\$ 26,006</u>

Approximately \$4,000 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ 6,477
2021	6,477
2022	6,477
2023	6,479
2024	4,875
Thereafter	(639)
Total	<u>\$ 30,146</u>

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement/Pension Plans (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Sensitivity Analysis

The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 543,728	493,263	\$ 447,550

Schedule of Changes in Total Pension Liability

Total Pension Liability as of December 31, 2017	\$ 460,816
Changes for the Year:	
Service Cost at End of Year	36,109
Interest on the Total Pension Liability	14,424
Differences Between Expected and Actual Experience	14,247
Changes of Assumptions and Other Inputs	(23,610)
Benefit Payments	(8,723)
Net Changes	32,447
Total Pension Liability as of December 31, 2018	\$ 493,263

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.

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, 2019 were approximately \$330,000 which consisted of approximately \$207,000 from the Town and \$123,000 from the employees.

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefit Other Than Pensions

Death Benefit Plan

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

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

D. Contingent Liabilities and Commitments

Litigation

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

Grants

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town's applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2019.

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, 2019 was approximately \$1,275,000.

Surface Transportation Block Grant/Commitment

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

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

School Violence Prevention Program Grant/Commitment

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

E. Fund Balance

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

Total Fund Balance - General Fund	\$ 7,210,023
Less:	
Prepaid Items / Inventory	(51,699)
Stabilization by State Statute	(929,486)
Subsequent Year's Expenditures	(1,200,000)
Remaining Fund Balance - General Fund	<u>\$ 5,028,838</u>

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

F. Subsequent Events

In August 2019, the Town extended its lease of the Town Hall which was set to expire on November 30, 2019. The new lease term is for three years and is from December 1, 2019 through November 30, 2022. Over the life of the lease, the Town will pay approximately \$277,000 which consists of base rent of approximately \$239,000 and approximately \$38,000 in additional rent fees for taxes, insurance, and maintenance charges.

In September 2019, the Town awarded a bid for approximately \$157,000 to United Construction Company, Inc. for the Waxhaw-Marvin Road sidewalk project.

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Required Supplementary Information

TOWN OF WAXHAW, NORTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES****LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY****LAST THREE FISCAL YEARS**

	Year Ended June 30,		
	2019	2018	2017
Beginning Balance of the Total Pension Liability	\$ 460,816	363,042	\$ 338,590
Changes for the Year:			
Service Cost	36,109	29,312	28,893
Interest on Total Pension Liability	14,424	13,851	11,984
Difference Between Expected and Actual Experience in the Measurement of the Total Pension Liability	14,247	29,446	-
Changes of Assumptions or Other Inputs	(23,610)	33,565	(10,610)
Benefit Payments	(8,723)	(8,400)	(5,815)
Net Changes	32,447	97,774	24,452
Ending Balance of the Total Pension Liability	<u>\$ 493,263</u>	<u>460,816</u>	<u>\$ 363,042</u>

Notes to Schedule:

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

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

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2019	2018	2017
Total Pension Liability	\$ 493,263	460,816	\$ 363,042
Covered Payroll	\$ 1,413,533	1,257,819	\$ 1,202,092
Total Pension Liability as a Percentage of Covered Payroll	34.90%	36.64%	30.20%

Notes to Schedule:

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

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Town's Proportion of the Net Pension Liability (Asset)	0.066400%	0.063500%	0.056290%	0.050670%	0.045020%	0.037900%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,575,235	970,104	1,194,663	227,404	(248,473)	\$ 163,236
Town's Covered Payroll	\$ 3,661,407	3,401,993	2,986,658	2,751,009	2,283,306	\$ 2,283,306
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.02%	28.52%	40.00%	8.27%	-10.88%	7.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to Schedule:

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

TOWN OF WAXHAW, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 321,807	285,738	250,109	188,223	198,076	\$ 163,236
Contributions in Relation to the Contractually Required Contribution:	321,807	285,738	250,109	188,223	198,076	163,236
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 3,996,926	3,661,407	3,401,993	2,986,658	2,751,009	\$ 2,283,306
Contributions as a Percentage of Covered Payroll:	8.05%	7.80%	7.35%	6.30%	7.20%	7.15%

Notes to Schedule:

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

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Supplementary Information

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Ad Valorem Taxes:			
Taxes	\$ 7,500,835	7,768,816	\$ 267,981
Penalties and Interest	16,000	37,569	21,569
Total	<u>7,516,835</u>	<u>7,806,385</u>	<u>289,550</u>
Other Taxes and Licenses:			
Beer and Wine	900	874	(26)
Solid Waste Disposal	9,000	10,138	1,138
Total	<u>9,900</u>	<u>11,012</u>	<u>1,112</u>
Unrestricted Intergovernmental Revenue:			
Local Option Sales Taxes	2,000,000	2,175,259	175,259
Utility Franchise Tax	817,000	850,668	33,668
Beer and Wine Tax	56,500	58,958	2,458
ABC Profit Distribution	172,000	254,063	82,063
Grants	1	19,171	19,170
Total	<u>3,045,501</u>	<u>3,358,119</u>	<u>312,618</u>
Restricted Intergovernmental Revenue:			
ABC Revenue for Law Enforcement	11,000	16,500	5,500
Total	<u>11,000</u>	<u>16,500</u>	<u>5,500</u>
Permits and Fees	<u>223,001</u>	<u>205,554</u>	<u>(17,447)</u>
Sales and Services:			
Recreation Fees	58,325	72,554	14,229
Total	<u>58,325</u>	<u>72,554</u>	<u>14,229</u>
Investment Earnings	<u>75,000</u>	<u>253,223</u>	<u>178,223</u>
Miscellaneous Revenues:			
Donations	660	1,534	874
Miscellaneous	20,550	57,060	36,510
Total	<u>21,210</u>	<u>58,594</u>	<u>37,384</u>
TOTAL REVENUES	<u>\$ 10,960,772</u>	<u>11,781,941</u>	<u>\$ 821,169</u>

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES			
General Government:			
Board of Commissioners:			
Salaries and Employee Benefits	\$ 113,416	108,665	\$ 4,751
Operating Expenditures	132,970	87,815	45,155
Total	<u>246,386</u>	<u>196,480</u>	<u>49,906</u>
Administration:			
Salaries and Employee Benefits	228,589	227,278	1,311
Operating Expenditures	348,107	231,926	116,181
Total	<u>576,696</u>	<u>459,204</u>	<u>117,492</u>
Clerk's Office:			
Salaries and Employee Benefits	168,363	163,453	4,910
Operating Expenditures	44,118	43,740	378
Total	<u>212,481</u>	<u>207,193</u>	<u>5,288</u>
Finance:			
Salaries and Employee Benefits	316,608	308,023	8,585
Operating Expenditures	148,640	148,068	572
Capital Outlay	135,000	55,745	79,255
Total	<u>600,248</u>	<u>511,836</u>	<u>88,412</u>
Information Technology:			
Salaries and Employee Benefits	197,666	194,845	2,821
Operating Expenditures	95,967	87,780	8,187
Capital Outlay	57,571	52,501	5,070
Total	<u>351,204</u>	<u>335,126</u>	<u>16,078</u>
Human Resources:			
Salaries and Employee Benefits	123,548	122,855	693
Operating Expenditures	50,401	26,631	23,770
Total	<u>173,949</u>	<u>149,486</u>	<u>24,463</u>
Total General Government	<u>\$ 2,160,964</u>	<u>1,859,325</u>	<u>\$ 301,639</u>

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)			
Public Safety:			
Police:			
Salaries and Employee Benefits	\$ 2,256,664	2,191,317	\$ 65,347
Operating Expenditures	396,162	366,707	29,455
Capital Outlay	182,520	175,367	7,153
Total	<u>2,835,346</u>	<u>2,733,391</u>	<u>101,955</u>
Waxhaw Volunteer Fire	29,670	29,414	256
Total	<u>29,670</u>	<u>29,414</u>	<u>256</u>
Emergency Management and Safety:			
Operating Expenditures	31,200	30,379	821
Total	<u>31,200</u>	<u>30,379</u>	<u>821</u>
Total Public Safety	<u>2,896,216</u>	<u>2,793,184</u>	<u>103,032</u>
Economic and Community Development:			
Planning and Community Development:			
Salaries and Employee Benefits	499,099	359,098	140,001
Operating Expenditures	143,185	102,966	40,219
Façade Grant Expenditures	50,000	29,552	20,448
Total	<u>692,284</u>	<u>491,616</u>	<u>200,668</u>
Main Street:			
Salaries and Employee Benefits	120,275	119,619	656
Operating Expenditures	56,138	39,020	17,118
Total	<u>176,413</u>	<u>158,639</u>	<u>17,774</u>
Engineering:			
Salaries and Employee Benefits	456,207	353,188	103,019
Operating Expenditures	181,713	122,131	59,582
Total	<u>637,920</u>	<u>475,319</u>	<u>162,601</u>
Code Enforcement:			
Salaries and Employee Benefits	64,337	63,710	627
Operating Expenditures	8,566	5,426	3,140
Total	<u>72,903</u>	<u>69,136</u>	<u>3,767</u>
Total Economic and Community Development	<u>\$ 1,579,520</u>	<u>1,194,710</u>	<u>\$ 384,810</u>

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)			
Culture and Recreation:			
Parks and Recreation:			
Salaries and Employee Benefits	\$ 462,810	444,774	\$ 18,036
Operating Expenditures	411,245	352,345	58,900
Capital Outlay	53,282	52,742	540
Total	<u>927,337</u>	<u>849,861</u>	<u>77,476</u>
Total Culture and Recreation	<u>927,337</u>	<u>849,861</u>	<u>77,476</u>
Public Service and Transportation:			
Public Service:			
Salaries and Employee Benefits	602,905	598,033	4,872
Operating Expenditures	292,875	278,489	14,386
Capital Outlay	71,774	70,926	848
Total	<u>967,554</u>	<u>947,448</u>	<u>20,106</u>
Total Public Service and Transportation	<u>967,554</u>	<u>947,448</u>	<u>20,106</u>
Environmental Protection:			
Sanitation Contract	1,277,181	1,275,084	2,097
Total	<u>1,277,181</u>	<u>1,275,084</u>	<u>2,097</u>
Total Environmental Protection	<u>1,277,181</u>	<u>1,275,084</u>	<u>2,097</u>
Debt Service:			
Principal	403,145	403,006	139
Interest and Bank Fees	123,560	123,558	2
Total Debt Service	<u>526,705</u>	<u>526,564</u>	<u>141</u>
TOTAL EXPENDITURES	<u>10,335,477</u>	<u>9,446,176</u>	<u>889,301</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 625,295</u>	<u>2,335,765</u>	<u>\$ 1,710,470</u>

(Continued)

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds	\$ 23,675	29,848	\$ 6,173
Sale of Capital Assets	30	130	100
Transfers Out	(698,000)	(698,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(674,295)	(668,022)	6,273
Fund Balance Appropriated	49,000		(49,000)
NET CHANGE IN FUND BALANCE	\$ -	1,667,743	\$ 1,667,743
FUND BALANCE, Beginning of Year		5,542,280	
FUND BALANCE, End of Year		\$ 7,210,023	

TOWN OF WAXHAW, NORTH CAROLINA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2019

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 416,031	1,968,218	\$ 2,384,249
Cash and Cash Equivalents, Restricted	3,243,537	688,762	3,932,299
Receivables, Net			
Grants	42,724	-	42,724
Refundable Taxes	525	-	525
Intergovernmental Receivables	-	29,175	29,175
Prepays, Inventories, and Other Assets	138	-	138
TOTAL ASSETS	\$ 3,702,955	2,686,155	\$ 6,389,110
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 37,576	3,071	\$ 40,647
Due to Other Funds	28,405	-	28,405
Unearned Revenues	2,100	-	2,100
TOTAL LIABILITIES	68,081	3,071	71,152
FUND BALANCES			
Restricted For:			
Stabilization by State Statute	43,249	29,175	72,424
Public Safety	51,261	-	51,261
Culture and Recreation	3,496	-	3,496
Public Service and Transportation	2,463,481	688,762	3,152,243
Economic and Community Development	692,882	-	692,882
Committed For:			
Public Safety	6,365	-	6,365
Economic and Community Development	391,950	-	391,950
Public Service and Transportation	10,595	-	10,595
Assigned For:			
Culture and Recreation	-	1,012,549	1,012,549
Capital Improvement Plan	-	950,000	950,000
Public Service and Transportation	-	2,598	2,598
Unassigned	(28,405)	-	(28,405)
TOTAL FUND BALANCES	3,634,874	2,683,084	6,317,958
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,702,955	2,686,155	\$ 6,389,110

TOWN OF WAXHAW, NORTH CAROLINA

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	RENTAL PROPERTY FUND	CABOOSE DONATION FUND	CEMETERY FUND	POLICE EXPLORER FUND	POLICE STATE DRUG FUND	POLICE FEDERAL DRUG FUND	POWELL BILL FUND
ASSETS							
Cash and Cash Equivalents	\$ 211,920	-	10,595	6,227	-	-	-
Cash and Cash Equivalents, Restricted	-	3,496	5,000	-	14,931	36,330	668,104
Receivables, Net							
Grants	-	-	-	-	-	-	-
Refundable Taxes	67	-	-	12	-	-	-
Prepaid Items and Other Assets	-	-	-	138	-	-	-
TOTAL ASSETS	\$ 211,987	3,496	15,595	6,377	14,931	36,330	668,104
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 1,649	-	-	-	-	-	12
Due to Other Funds	-	-	-	-	-	-	-
Unearned Revenues	2,100	-	-	-	-	-	-
TOTAL LIABILITIES	3,749	-	-	-	-	-	12
FUND BALANCES							
Restricted For:							
Stabilization by State Statute	67	-	-	12	-	-	-
Public Safety	-	-	-	-	14,931	36,330	-
Culture and Recreation	-	3,496	-	-	-	-	-
Public Service and Transportation	-	-	5,000	-	-	-	668,092
Economic and Community Development	-	-	-	-	-	-	-
Committed For:							
Public Safety	-	-	-	6,365	-	-	-
Economic and Community Development	208,171	-	-	-	-	-	-
Public Service and Transportation	-	-	10,595	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	208,238	3,496	15,595	6,377	14,931	36,330	668,092
TOTAL LIABILITIES AND FUND BALANCES	\$ 211,987	3,496	15,595	6,377	14,931	36,330	668,104

TECHNOLOGY FUND	BUILDING INSPECTION FUND	TRANS- PORTATION ALTERNATIVES PROGRAM GRANT FUND	WAXHAW- MARVIN CORRIDOR GRANT FUND	WAXHAW- MARVIN SIDEWALK CDBG GRANT FUND	DOWNTOWN SKATE PARK GRANT FUND	KENSINGTON DRIVE IMPROVEMENTS GRANT FUND	POLICE GRANT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
187,289	-	-	-	-	-	-	-	\$ 416,031
-	694,707	506,029	-	9,040	4,126	1,301,774	-	3,243,537
-	-	14,319	-	28,405	-	-	-	42,724
446	-	-	-	-	-	-	-	525
-	-	-	-	-	-	-	-	138
187,735	694,707	520,348	-	37,445	4,126	1,301,774	-	\$ 3,702,955
3,510	1,825	11,414	-	9,040	4,126	6,000	-	\$ 37,576
-	-	-	-	28,405	-	-	-	28,405
-	-	-	-	-	-	-	-	2,100
3,510	1,825	11,414	-	37,445	4,126	6,000	-	68,081
446	-	14,319	-	28,405	-	-	-	43,249
-	-	-	-	-	-	-	-	51,261
-	-	-	-	-	-	-	-	3,496
-	-	494,615	-	-	-	1,295,774	-	2,463,481
-	692,882	-	-	-	-	-	-	692,882
-	-	-	-	-	-	-	-	6,365
183,779	-	-	-	-	-	-	-	391,950
-	-	-	-	-	-	-	-	10,595
-	-	-	-	(28,405)	-	-	-	(28,405)
184,225	692,882	508,934	-	-	-	1,295,774	-	3,634,874
187,735	694,707	520,348	-	37,445	4,126	1,301,774	-	\$ 3,702,955

TOWN OF WAXHAW, NORTH CAROLINA

**COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS**

JUNE 30, 2019

	CAPITAL PROJECTS FUND	CAPITAL IMPROVEMENTS RESERVE FUND	SMALL TRANSPORTATION PROJECTS FUND
ASSETS			
Cash and Cash Equivalents	\$ 2,598	950,000	-
Cash and Cash Equivalents, Restricted	466,912	-	221,850
Intergovernmental Receivables	-	-	29,175
TOTAL ASSETS	\$ 469,510	950,000	251,025
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Restricted For:			
Stabilization by State Statute	-	-	29,175
Public Service and Transportation	466,912	-	221,850
Assigned For:			
Culture and Recreation	-	-	-
Capital Improvement Plan	-	950,000	-
Public Service and Transportation	2,598	-	-
TOTAL FUND BALANCES	469,510	950,000	251,025
TOTAL LIABILITIES AND FUND BALANCES	\$ 469,510	950,000	251,025

WAXHAW FIELDS PROJECT FUND	NESBIT PARK PHASE I PROJECT FUND	TOWN CREEK PARK PHASE I PROJECT FUND	PARK MASTER PLAN PROJECT FUND	NONMAJOR CAPITAL PROJECTS FUNDS
955,828	57,005	2,160	627	\$ 1,968,218
-	-	-	-	688,762
-	-	-	-	29,175
955,828	57,005	2,160	627	\$ 2,686,155
-	284	2,160	627	\$ 3,071
-	284	2,160	627	3,071
-	-	-	-	29,175
-	-	-	-	688,762
955,828	56,721	-	-	1,012,549
-	-	-	-	950,000
-	-	-	-	2,598
955,828	56,721	-	-	2,683,084
955,828	57,005	2,160	627	\$ 2,686,155

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TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Other Taxes and Licenses	\$ -	251,025	\$ 251,025
Restricted Intergovernmental Revenue	576,983	-	576,983
Building Inspection Fees	1,256,890	-	1,256,890
Permits and Fees	131,507	-	131,507
Sales and Services	98,244	-	98,244
Local Contributions	-	120	120
Investment Earnings	21,214	-	21,214
Miscellaneous	1,459	13,860	15,319
TOTAL REVENUES	2,086,297	265,005	2,351,302
EXPENDITURES			
Current:			
Public Safety	6,036	-	6,036
Economic and Community Development	686,391	-	686,391
Culture and Recreation	-	57,676	57,676
Public Service and Transportation	77,897	-	77,897
Capital Outlay	301,947	310,856	612,803
TOTAL EXPENDITURES	1,072,271	368,532	1,440,803
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,014,026	(103,527)	910,499
OTHER FINANCING SOURCES (USES)			
Transfers In	1,312,000	698,000	2,010,000
Transfers Out	-	(1,312,000)	(1,312,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,312,000	(614,000)	698,000
NET CHANGE IN FUND BALANCES	2,326,026	(717,527)	1,608,499
FUND BALANCES, Beginning of Year	1,308,848	3,400,611	4,709,459
FUND BALANCES, End of Year	\$ 3,634,874	2,683,084	\$ 6,317,958

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	RENTAL PROPERTY FUND	CABOOSE DONATION FUND	CEMETERY FUND	POLICE EXPLORER FUND	POLICE STATE DRUG FUND	POLICE FEDERAL DRUG FUND	POWELL BILL FUND
REVENUES							
Restricted Intergovernmental Revenue	\$ -	-	-	-	5,273	-	349,098
Building Inspection Fees	-	-	-	-	-	-	-
Permits and Fees	-	-	-	-	-	-	-
Sales and Services	74,928	-	23,316	-	-	-	-
Investment Earnings	-	81	118	-	-	-	21,015
Miscellaneous	-	-	-	1,459	-	-	-
TOTAL REVENUES	74,928	81	23,434	1,459	5,273	-	370,113
EXPENDITURES							
Current:							
Public Safety	-	-	-	2,036	4,000	-	-
Economic and Community Development	72,150	-	-	-	-	-	-
Public Service and Transportation	-	-	12,878	-	-	-	53,144
Capital Outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	72,150	-	12,878	2,036	4,000	-	53,144
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,778	81	10,556	(577)	1,273	-	316,969
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	2,778	81	10,556	(577)	1,273	-	316,969
FUND BALANCES, Beginning of Year	205,460	3,415	5,039	6,954	13,658	36,330	351,123
FUND BALANCES, End of Year	\$ 208,238	3,496	15,595	6,377	14,931	36,330	668,092

TECHNOLOGY FUND	BUILDING INSPECTION FUND	TRANS- PORTATION ALTERNATIVES PROGRAM GRANT FUND	WAXHAW- MARVIN CORRIDOR GRANT FUND	WAXHAW- MARVIN SIDEWALK CDBG GRANT FUND	DOWNTOWN SKATE PARK GRANT FUND	KENSINGTON DRIVE IMPROVEMENTS GRANT FUND	POLICE GRANT FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
-	-	42,349	9,500	65,299	60,000	-	45,464	\$ 576,983
-	1,256,890	-	-	-	-	-	-	1,256,890
131,507	-	-	-	-	-	-	-	131,507
-	-	-	-	-	-	-	-	98,244
-	-	-	-	-	-	-	-	21,214
-	-	-	-	-	-	-	-	1,459
131,507	1,256,890	42,349	9,500	65,299	60,000	-	45,464	2,086,297
-	-	-	-	-	-	-	-	6,036
73,944	540,297	-	-	-	-	-	-	686,391
-	-	-	11,875	-	-	-	-	77,897
-	23,711	84,697	-	71,849	60,000	16,226	45,464	301,947
73,944	564,008	84,697	11,875	71,849	60,000	16,226	45,464	1,072,271
57,563	692,882	(42,348)	(2,375)	(6,550)	-	(16,226)	-	1,014,026
-	-	-	-	-	-	1,312,000	-	1,312,000
-	-	-	-	-	-	1,312,000	-	1,312,000
57,563	692,882	(42,348)	(2,375)	(6,550)	-	1,295,774	-	2,326,026
126,662	-	551,282	2,375	6,550	-	-	-	1,308,848
184,225	692,882	508,934	-	-	-	1,295,774	-	\$ 3,634,874

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS FUND	CAPITAL IMPROVEMENTS RESERVE FUND	SMALL TRANSPORTATION PROJECTS FUND
REVENUES			
Other Taxes and Licenses	\$ -	-	251,025
Local Contributions	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	-	-	251,025
EXPENDITURES			
Current:			
Culture and Recreation	-	-	-
Capital Outlay	2,354	-	-
TOTAL EXPENDITURES	2,354	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,354)	-	251,025
OTHER FINANCING SOURCES (USES)			
Transfers In	-	650,000	-
Transfers Out	(1,312,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,312,000)	650,000	-
NET CHANGES IN FUND BALANCES	(1,314,354)	650,000	251,025
FUND BALANCES, Beginning of Year	1,783,864	300,000	-
FUND BALANCES, End of Year	\$ 469,510	950,000	251,025

WAXHAW FIELDS PROJECT FUND	NESBIT PARK PHASE I PROJECT FUND	TOWN CREEK PARK PHASE I PROJECT FUND	PARK MASTER PLAN PROJECT FUND	NONMAJOR CAPITAL PROJECTS FUNDS
-	-	-	-	\$ 251,025
-	120	-	-	120
13,860	-	-	-	13,860
13,860	120	-	-	265,005
-	-	-	57,676	57,676
180	239,968	68,354	-	310,856
180	239,968	68,354	57,676	368,532
13,680	(239,848)	(68,354)	(57,676)	(103,527)
-	48,000	-	-	698,000
-	-	-	-	(1,312,000)
-	48,000	-	-	(614,000)
13,680	(191,848)	(68,354)	(57,676)	(717,527)
942,148	248,569	68,354	57,676	3,400,611
955,828	56,721	-	-	\$ 2,683,084

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Sales and Services:			
Rental Income	\$ 61,500	74,928	\$ 13,428
TOTAL REVENUES	61,500	74,928	13,428
EXPENDITURES			
Current:			
Economic and Community Development:			
Operating Expenditures	112,500	72,150	40,350
TOTAL EXPENDITURES	112,500	72,150	40,350
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,000)	2,778	53,778
Fund Balance Appropriated	51,000		(51,000)
NET CHANGE IN FUND BALANCE	\$ -	2,778	\$ 2,778
FUND BALANCE, Beginning of Year		205,460	
FUND BALANCE, End of Year		\$ 208,238	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Investment Earnings	\$ -	81	\$ 81
TOTAL REVENUES	-	81	81
EXPENDITURES			
TOTAL EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	81	\$ 81
FUND BALANCE, Beginning of Year		3,415	
FUND BALANCE, End of Year		\$ 3,496	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Sales and Services:			
Cemetery Fees	\$ 17,000	23,316	\$ 6,316
Investment Earnings	30	118	88
TOTAL REVENUES	17,030	23,434	6,404
EXPENDITURES			
Current:			
Public Service and Transportation			
Operating Expenditures	17,030	12,878	4,152
TOTAL EXPENDITURES	17,030	12,878	4,152
NET CHANGE IN FUND BALANCE	\$ -	10,556	\$ 10,556
FUND BALANCE, Beginning of Year		5,039	
FUND BALANCE, End of Year		\$ 15,595	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Miscellaneous	\$ 6,600	1,459	\$ (5,141)
TOTAL REVENUES	6,600	1,459	(5,141)
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures	6,600	2,036	4,564
TOTAL EXPENDITURES	6,600	2,036	4,564
NET CHANGE IN FUND BALANCE	\$ -	(577)	\$ (577)
FUND BALANCE, Beginning of Year		6,954	
FUND BALANCE, End of Year		\$ 6,377	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Restricted Intergovernmental Revenue:			
State Distribution Revenue	\$ 3,500	5,273	\$ 1,773
TOTAL REVENUES	3,500	5,273	1,773
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures	10,000	4,000	6,000
TOTAL EXPENDITURES	10,000	4,000	6,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,500)	1,273	7,773
Fund Balance Appropriated	6,500		(6,500)
NET CHANGE IN FUND BALANCE	\$ -	1,273	\$ 1,273
FUND BALANCE, Beginning of Year		13,658	
FUND BALANCE, End of Year		\$ 14,931	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

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

TOWN OF WAXHAW, NORTH CAROLINA

**SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - POWELL BILL FUND**

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Restricted Intergovernmental Revenue:			
State Street-Aid (Powell Bill) Program	\$ 334,244	349,098	\$ 14,854
Investment Earnings	300	21,015	20,715
TOTAL REVENUES	334,544	370,113	35,569
EXPENDITURES			
Current:			
Public Service and Transportation:			
Operating Expenditures	563,544	53,144	510,400
TOTAL EXPENDITURES	563,544	53,144	510,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(229,000)	316,969	545,969
Fund Balance Appropriated	229,000		(229,000)
NET CHANGE IN FUND BALANCE	\$ -	316,969	\$ 316,969
FUND BALANCE, Beginning of Year		351,123	
FUND BALANCE, End of Year		\$ 668,092	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Permits and Fees:			
Technology Fee	\$ 100,000	131,507	\$ 31,507
TOTAL REVENUES	100,000	131,507	31,507
EXPENDITURES			
Current:			
Economic and Community Development:			
Operating Expenditures	100,000	73,944	26,056
TOTAL EXPENDITURES	100,000	73,944	26,056
NET CHANGE IN FUND BALANCE	\$ -	57,563	\$ 57,563
FUND BALANCE, Beginning of Year		126,662	
FUND BALANCE, End of Year		\$ 184,225	

TOWN OF WAXHAW, NORTH CAROLINA

**SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - BUILDING INSPECTION FUND**

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Building Inspection Fees	\$ 1,025,000	1,256,890	\$ 231,890
TOTAL REVENUES	1,025,000	1,256,890	231,890
EXPENDITURES			
Current:			
Economic and Community Development:			
Salaries and Employee Benefits	445,094	470,927	(25,833)
Operating Expenditures	275,981	69,370	206,611
Capital Outlay	303,925	23,711	280,214
TOTAL EXPENDITURES	1,025,000	564,008	460,992
NET CHANGE IN FUND BALANCE	\$ -	692,882	\$ 692,882
FUND BALANCE, Beginning of Year		-	
FUND BALANCE, End of Year		\$ 692,882	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - FHWA	\$ 514,575	113,292	42,349	155,641	\$ (358,934)
TOTAL REVENUES	514,575	113,292	42,349	155,641	(358,934)
EXPENDITURES					
Capital Outlay	1,179,150	226,585	84,697	311,282	867,868
TOTAL EXPENDITURES	1,179,150	226,585	84,697	311,282	867,868
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(664,575)	(113,293)	(42,348)	(155,641)	508,934
OTHER FINANCING SOURCES (USES)					
Transfers In	664,575	664,575	-	664,575	-
TOTAL OTHER FINANCING SOURCES (USES)	664,575	664,575	-	664,575	-
NET CHANGE IN FUND BALANCE	\$ -	551,282	(42,348)	508,934	\$ 508,934
FUND BALANCE, Beginning of Year			551,282		
FUND BALANCE, End of Year			\$ 508,934		

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

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

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - CDBG	\$ 283,796	19,250	65,299	84,549	\$ (199,247)
TOTAL REVENUES	283,796	19,250	65,299	84,549	(199,247)
EXPENDITURES					
Capital Outlay	289,296	18,200	71,849	90,049	199,247
TOTAL EXPENDITURES	289,296	18,200	71,849	90,049	199,247
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,500)	1,050	(6,550)	(5,500)	-
OTHER FINANCING SOURCES (USES)					
Transfers In	5,500	5,500	-	5,500	-
TOTAL OTHER FINANCING SOURCES (USES)	5,500	5,500	-	5,500	-
NET CHANGE IN FUND BALANCE	\$ -	6,550	(6,550)	-	\$ -
FUND BALANCE, Beginning of Year			6,550		
FUND BALANCE, End of Year			\$ -		

TOWN OF WAXHAW, NORTH CAROLINA

**SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - DOWNTOWN SKATE PARK GRANT FUND**

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - NCDNCR	\$ 60,000	-	60,000	60,000	\$ -
TOTAL REVENUES	60,000	-	60,000	60,000	-
EXPENDITURES					
Capital Outlay	60,000	-	60,000	60,000	-
TOTAL EXPENDITURES	60,000	-	60,000	60,000	-
NET CHANGE IN FUND BALANCE	\$ -	-	-	-	\$ -
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			\$ -		

TOWN OF WAXHAW, NORTH CAROLINA

SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - KENSINGTON DRIVE IMPROVEMENTS GRANT FUND

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - FHWA	\$ 1,802,447	-	-	-	\$ (1,802,447)
TOTAL REVENUES	1,802,447	-	-	-	(1,802,447)
EXPENDITURES					
Capital Outlay	3,114,447	-	16,226	16,226	3,098,221
TOTAL EXPENDITURES	3,114,447	-	16,226	16,226	3,098,221
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,312,000)	-	(16,226)	(16,226)	1,295,774
OTHER FINANCING SOURCES (USES)					
Transfers In	1,312,000	-	1,312,000	1,312,000	-
TOTAL OTHER FINANCING SOURCES (USES)	1,312,000	-	1,312,000	1,312,000	-
NET CHANGE IN FUND BALANCE	\$ -	-	1,295,774	1,295,774	\$ 1,295,774
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			\$ 1,295,774		

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Restricted Intergovernmental Revenue:					
Grant Revenue - USDOJ	\$ 45,644	-	45,464	45,464	\$ (180)
TOTAL REVENUES	45,644	-	45,464	45,464	(180)
EXPENDITURES					
Capital Outlay	45,700	-	45,464	45,464	236
TOTAL EXPENDITURES	45,700	-	45,464	45,464	236
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56)	-	-	-	56
OTHER FINANCING SOURCES (USES)					
Transfers In	56	-	-	-	(56)
TOTAL OTHER FINANCING SOURCES (USES)	56	-	-	-	(56)
NET CHANGE IN FUND BALANCE	\$ -	-	-	-	\$ -
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			\$ -		

TOWN OF WAXHAW, NORTH CAROLINA

**SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - CAPITAL PROJECTS FUND**

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
TOTAL REVENUES	\$ -	-	\$ -
EXPENDITURES			
Capital Outlay	154,200	2,354	151,846
TOTAL EXPENDITURES	154,200	2,354	151,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(154,200)	(2,354)	151,846
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,312,000)	(1,312,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,312,000)	(1,312,000)	-
Fund Balance Appropriated	1,466,200		(1,466,200)
NET CHANGE IN FUND BALANCE	\$ -	(1,314,354)	\$ (1,314,354)
FUND BALANCE, Beginning of Year		1,783,864	
FUND BALANCE, End of Year		\$ 469,510	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
TOTAL REVENUES	\$ -	-	\$ -
EXPENDITURES			
Capital Outlay	650,000	-	650,000
TOTAL EXPENDITURES	650,000	-	650,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(650,000)	-	650,000
OTHER FINANCING SOURCES (USES)			
Transfers In	650,000	650,000	-
TOTAL OTHER FINANCING SOURCES (USES)	650,000	650,000	-
NET CHANGE IN FUND BALANCE	\$ -	650,000	\$ 650,000
FUND BALANCE, Beginning of Year		300,000	
FUND BALANCE, End of Year		\$ 950,000	

TOWN OF WAXHAW, NORTH CAROLINA

**SUPPLEMENTARY INFORMATION - OTHER BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - SMALL TRANSPORTATION PROJECTS FUND**

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

YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Other Taxes and Licenses:			
Municipal Motor Vehicle Tax	\$ 304,000	251,025	\$ (52,975)
TOTAL REVENUES	304,000	251,025	(52,975)
EXPENDITURES			
Capital Outlay	304,000	-	304,000
TOTAL EXPENDITURES	304,000	-	304,000
NET CHANGE IN FUND BALANCE	\$ -	251,025	\$ 251,025
FUND BALANCE, Beginning of Year		-	
FUND BALANCE, End of Year		\$ 251,025	

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Miscellaneous	\$ -	-	13,860	13,860	\$ 13,860
TOTAL REVENUES	-	-	13,860	13,860	13,860
EXPENDITURES					
Capital Outlay	-	23,261	180	23,441	(23,441)
TOTAL EXPENDITURES	-	23,261	180	23,441	(23,441)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(23,261)	13,680	(9,581)	(9,581)
OTHER FINANCING SOURCES (USES)					
Transfers In	965,409	965,409	-	965,409	-
TOTAL OTHER FINANCING SOURCES (USES)	965,409	965,409	-	965,409	-
NET CHANGE IN FUND BALANCE	\$ 965,409	942,148	13,680	955,828	\$ (9,581)
FUND BALANCE, Beginning of Year			942,148		
FUND BALANCE, End of Year			\$ 955,828		

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
Local Contributions	\$ -	2,574	120	2,694	\$ 2,694
TOTAL REVENUES	-	2,574	120	2,694	2,694
EXPENDITURES					
Capital Outlay	388,000	94,005	239,968	333,973	54,027
TOTAL EXPENDITURES	388,000	94,005	239,968	333,973	54,027
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(388,000)	(91,431)	(239,848)	(331,279)	56,721
OTHER FINANCING SOURCES (USES)					
Transfers In	388,000	340,000	48,000	388,000	-
TOTAL OTHER FINANCING SOURCES (USES)	388,000	340,000	48,000	388,000	-
NET CHANGE IN FUND BALANCE	\$ -	248,569	(191,848)	56,721	\$ 56,721
FUND BALANCE, Beginning of Year			248,569		
FUND BALANCE, End of Year			\$ 56,721		

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	PROJECT AUTHOR- IZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
REVENUES					
TOTAL REVENUES	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
EXPENDITURES					
Capital Outlay	151,795	83,441	68,354	151,795	-
TOTAL EXPENDITURES	<u>151,795</u>	<u>83,441</u>	<u>68,354</u>	<u>151,795</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(151,795)</u>	<u>(83,441)</u>	<u>(68,354)</u>	<u>(151,795)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	151,795	151,795	-	151,795	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>151,795</u>	<u>151,795</u>	<u>-</u>	<u>151,795</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>68,354</u>	<u>(68,354)</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, Beginning of Year			68,354		
FUND BALANCE, End of Year			<u>\$ -</u>		

TOWN OF WAXHAW, NORTH CAROLINA

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

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

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

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Other Adjustments	Uncollected Balance June 30, 2019
2018-2019	\$ -	7,732,958	7,710,227	-	\$ 22,731
2017-2018	28,266	-	20,060	-	8,206
2016-2017	12,064	-	6,963	-	5,101
2015-2016	9,886	-	6,182	-	3,704
2014-2015	11,540	-	6,221	-	5,319
2013-2014	9,507	-	5,261	-	4,246
2012-2013	8,813	-	4,852	-	3,961
2011-2012	8,093	-	4,260	-	3,833
2010-2011	8,004	-	2,839	-	5,165
2010 and prior	21,554	-	1,951	-	19,603
Totals	<u>\$ 117,727</u>	<u>7,732,958</u>	<u>7,768,816</u>	<u>-</u>	<u>81,869</u>

Less Allowance for Uncollectible Ad Valorem Taxes Receivable -

Ad Valorem Taxes Receivable, net \$ 81,869

Reconciliation to Revenues:

Ad Valorem Taxes - General Fund	\$ 7,806,385
Reconciling Items:	
Interest Collected	(37,569)
Discounts Allowed	-
Taxes Written Off	-
Subtotal	<u>(37,569)</u>
Total Collections and Credits	<u>\$ 7,768,816</u>

TOWN OF WAXHAW, NORTH CAROLINA

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

YEAR ENDED JUNE 30, 2019

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property at Current Year's Rate	\$2,006,975,844	0.385	\$ 7,726,857	6,934,880	\$ 791,977
Total	<u>2,006,975,844</u>		<u>7,726,857</u>	<u>6,934,880</u>	<u>791,977</u>
Discoveries:					
Current Year Taxes	2,078,634	0.385	8,003	8,003	-
Penalties	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
			8,003	8,003	-
Releases:					
Current Year Taxes	(493,992)	0.385	(1,902)	(1,902)	-
Penalties	<u>-</u>		<u>(37)</u>	<u>(37)</u>	<u>-</u>
			(1,939)	(1,939)	-
Total Property Valuation	<u><u>\$2,008,560,486</u></u>				
Net Levy			7,732,958	6,940,981	791,977
Uncollected Taxes at June 30, 2019			<u>(22,731)</u>	<u>(22,731)</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$ 7,710,227</u></u>	<u><u>6,918,250</u></u>	<u><u>\$ 791,977</u></u>
Current Levy Collection Percentage			<u><u>99.71%</u></u>	<u><u>99.67%</u></u>	<u><u>100.00%</u></u>

TOWN OF WAXHAW, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program or Cluster Title:	Federal CFDA Number	State/Pass- Through Entity Identifying Number	Federal Expenditures	State Expenditures
FEDERAL ASSISTANCE				
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Pass-through from Union County, NC: Community Development Block Grant - Waxhaw-Marvin Sidewalk	14.218		\$ 71,849	\$ -
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			71,849	-
US DEPARTMENT OF JUSTICE				
Pass-through from NC Department of Public Safety; Governor's Crime Commission: Edward Byrne Memorial Justice Assistance Grant Program	16.738		24,320	-
Pass-through from NC Department of Public Safety; University of North Carolina at Charlotte: National Institute of Justice Research, Evaluation, and Development Grant	16.560	2017-R2-CX-0030	21,444	-
TOTAL US DEPARTMENT OF JUSTICE			45,764	-
US DEPARTMENT OF HOMELAND SECURITY				
Pass-through from NC Department of Public Safety; Division of Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4393-DR-NC	19,171	-
TOTAL US DEPARTMENT OF HOMELAND SECURITY			19,171	-
US DEPARTMENT OF TRANSPORTATION				
Pass-through from NC Department of Transportation: Highway Planning and Construction - Transportation Alternatives Program	20.205	EB-5819	42,349	-
Pass-through from NC Department of Transportation; Charlotte Regional Transportation Planning Organization: Highway Planning and Construction - Waxhaw-Marvin Corridor Program	20.205		9,500	-
Total	20.205		51,849	-
TOTAL US DEPARTMENT OF TRANSPORTATION			51,849	-
TOTAL FEDERAL ASSISTANCE			\$ 188,633	\$ -
STATE ASSISTANCE				
NC DEPARTMENT OF TRANSPORTATION				
Powell Bill Program		DOT-4	\$ -	\$ 53,143
TOTAL NC DEPARTMENT OF TRANSPORTATION			-	53,143
NC DEPARTMENT OF NATURAL AND CULTURAL RESOURCES				
Nonrecurring Special Appropriation Legislatively Directed Grant			-	60,000
TOTAL NC DEPARTMENT OF NATURAL AND CULTURAL RESOURCES			-	60,000
TOTAL STATE ASSISTANCE			\$ -	\$ 113,143
TOTAL FEDERAL AND STATE ASSISTANCE				
TOTAL FEDERAL AND STATE ASSISTANCE			\$ 188,633	\$ 113,143

There were no expenditures to subrecipients for the year ended June 30, 2019.

TOWN OF WAXHAW, NORTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) presents the activity of all federal and state award programs of the Town of Waxhaw, North Carolina (the “Town”) for the year ended June 30, 2019. Expenditures for federal and state financial assistance awarded directly from the federal or state agencies, as well as those passed through other entities, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act.

B. BASIS OF ACCOUNTING

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

C. RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

D. MATCHING COSTS

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

E. INDIRECT COST RATE

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

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 18, 2019. Our report includes a reference to another auditor 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 the other auditor. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Greene Finney, LLP". The signature is written in a cursive, flowing style.

Greene Finney, LLP
Mauldin, South Carolina
October 18, 2019