

**REVIEWED**

*By SLGFD at 12:14 pm, Mar 04, 2022*

**TOWN OF WAXHAW  
NORTH CAROLINA**

**Financial Statements and Supplementary  
Information**

For the Year Ended June 30, 2021



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**TOWN OF WAXHAW, NORTH CAROLINA**

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waxhaw, North Carolina (the "Town"), as of and for the year ended June 30, 2021, 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, 2021, 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 the 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 of Waxhaw, North Carolina'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 January 24, 2022 on our consideration of the Town of Waxhaw, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Strickland Hardee PLLC*

Lexington, North Carolina  
January 24, 2022

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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, 2021 ("2021" or "FY 2021") compared to the year ended June 30, 2020 ("2020" or "FY 2020"). The intent of this management's discussion and analysis ("MD&A") is to look at the Town's financial performance as a whole, with an emphasis on the Primary Government, which excludes the Town's discretely presented component unit – the Town of Waxhaw ABC Board ("ABC Board"). We would encourage readers to not only consider the information presented here, but also the information provided in the financial statements and the notes to the financial statements to enhance their understanding the Town's overall financial performance.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the current fiscal year by \$73,901,211 (total net position) for the Primary Government.
- Town's total net position increased by \$8,287,709 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 \$21,238,655, an increase of \$5,265,485 or 33% 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 \$9,481,987. The unassigned fund balance for the General Fund is \$9,481,987, which is 61% of total General Fund budgeted expenditures for the upcoming fiscal year.
- The Town's capital assets increased \$3,447,526 or 6% during the current fiscal year. This increase is due to capital asset additions of \$6,329,137, primarily for street infrastructure, exceeding depreciation expense of \$2,121,859.
- The Town's total debt increased \$880,129 or 13% during the current fiscal year. This increase is primarily due to vehicles purchased through financing during the year.

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

#### **Financial Statements**

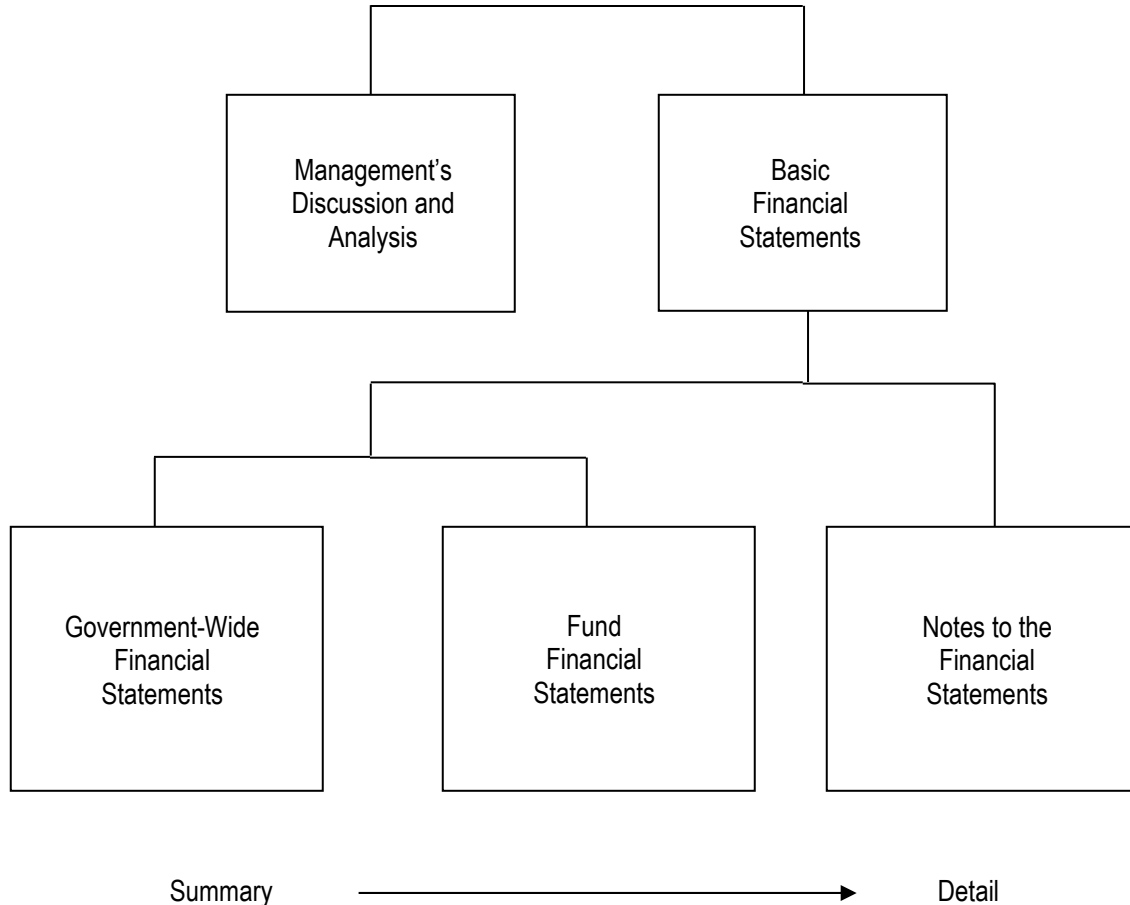
This MD&A is intended to serve as an introduction to the Town's financial statements. The Town's financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Financial Statements (Continued)**

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



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

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

The next section of the basic financial statements is the **Notes**. The Notes to the Financial Statements explain in detail some of the data contained in those statements.



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Financial Statements (Continued)**

After the notes, **required supplementary information** and **supplementary information** are provided to show details about the Town's retirement plans and individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These fund financial statements focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Such information may be useful in evaluating a government's near term financing requirements. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus.

As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is an integral part of the fund financial statements.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Fund Financial Statements (Continued)**

The Town of Waxhaw adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for in the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**Government-Wide Financial Analysis**

The following table provides a summary of the Town's statement of net position as of June 30, 2021 compared to June 30, 2020:

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

	<b>Governmental Activities</b>	
	June 30, 2021	June 30, 2020
Current and Other Assets	\$ 22,012,056	\$ 16,717,404
Capital Assets (Net)	58,606,000	55,158,474
Deferred Outflows of Resources	1,571,540	1,108,105
Total Assets	82,189,596	72,983,983
Other Liabilities	700,560	645,788
Long-Term Obligations	7,430,395	6,605,038
Deferred Inflows of Resources	157,430	119,654
Total Liabilities	8,288,385	7,370,480
Net Investment in Capital Assets	54,644,383	51,162,877
Restricted	6,548,808	5,745,059
Unrestricted	12,708,020	8,705,566
Total Net Position	\$ 73,901,211	\$ 65,613,502

The Town's capital assets increased \$3,447,526 in the current year due to capital asset additions of \$6,329,137, primarily for street infrastructure, exceeding depreciation expense of \$2,121,858. Current and other assets increased \$5,294,652, primarily due to the increase in cash and cash equivalents.

The Town's liabilities increased \$880,129 primarily due to the capitalized vehicle leases introduced in the current year.

Deferred outflows/inflows of resources changed between years due to deferred gains and losses related to the Town's participation in the State retirement plans (Local Governmental Employees' Retirement System and the Law Enforcement Officers Special Separation Allowance) and due to the proceeds received from refinancing the loan on the police building.

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 \$73,901,211 as of June 30, 2021. The Town's net position increased by \$8,287,709 for the fiscal year ended June 30, 2021.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

The largest portion of net position of \$54,644,383 (74%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, street infrastructure and equipment); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town's net position of \$6,548,808 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town's net position of \$12,708,020 (17%) is unrestricted.

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

	<b>Governmental Activities</b>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,520,707	\$ 1,490,772
Operating Grants	714,116	1,038,850
Capital Grants	-	186,623
General Revenues:		
Taxes	13,520,758	12,391,274
Other	6,169,084	2,870,749
Total Revenues	<u>21,924,665</u>	<u>17,978,268</u>
<b>Expenses</b>		
General Government	2,491,155	\$ 2,235,005
Public Safety	3,804,112	3,977,248
Economic and Community Development	1,931,699	2,600,357
Culture and Recreation	945,893	1,157,334
Public Service and Transportation	2,997,435	2,697,171
Environmental Protection	1,374,467	1,327,073
Interest on Long-Term Obligations	92,195	110,359
Total Expenses	<u>13,636,956</u>	<u>14,104,547</u>
Change in Net Position	8,287,709	3,873,721
Net Position, Beginning of Year	65,613,502	61,739,781
Net Position, End of Year	<u>\$ 73,901,211</u>	<u>\$ 65,613,502</u>

**Governmental Activities:** Governmental activities increased the Town's net position by \$8,287,709 in the current year. The key element of this increase is due to capital infrastructure contributions from developers (streets) of \$5,512,320 plus continued growth in the Town's property tax base.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**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 \$9,481,987 with a total fund balance of \$11,490,197, an increase of \$3,350,874 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, 2021 represents 61% of total next year General Fund budgeted expenditures, which exceeds the Town's Fund Balance Policy goal in the range of 30%-40% of the next year budgeted expenditures.

The General Fund recorded revenues of \$13,532,178 during FY 2021, which was an increase of \$982,418, or 7.8% over the \$12,549,760 recorded in FY 2020, primarily due to the Ad Valorem Tax revenue increasing \$620,048 or 7.6% over FY 2020, due to increases in millage and the assessed value of the tax base. In addition, Sales and Use Tax in FY 2021 increased \$549,439 over the prior fiscal year.

Expenditures in the General Fund were \$10,415,159 for FY 2021, which was an increase of \$202,051, or 2% over the \$10,213,108 recorded in FY 2020.

At June 30, 2021, the governmental funds of the Town reported a combined total governmental fund balance of \$21,238,655, a 33% increase over the prior year balance.

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

General Fund actual revenues were \$13,532,178, which was \$2,617,178 or 24% higher than budgeted revenues, primarily attributed to Local Option Sales Taxes.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Governmental Funds (Continued)**

All General Fund departments stayed within the appropriated budgets for the current fiscal year, except for Capital Outlay and Debt Service. In total, the General Fund actual expenditures ended the year at \$10,415,159, which was \$499,841 or 5% below the \$10,915,000 expenditures budget for the current fiscal year. The following factors contributed to the reduction of expenditures during FY 2021, these include:

During the year, the Town invested in new vehicles through a capital lease installment plan. Details of the activity can be found in Note III.E.2

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

Revenues in the Non-Major governmental funds were \$2,294,511 for FY 2021. The primary sources of these revenues were building inspection fees of \$1,061,745 in the Building Inspection Fund and combined restricted intergovernmental revenue of \$680,093, including \$364,434 in the Powell Bill Fund and \$294,141 in the Coronavirus Relief Fund

Expenditures in the Non-Major governmental funds were \$1,904,325 for FY 2021. These expenditures primarily consisted of economic and community development expenditures of \$730,414 and capital outlay expenditures of \$599,298.

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**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2021, totaled \$58,606,000 (net of accumulated depreciation). This was an increase of \$3,447,526 from the prior year total. These capital assets include land, construction in progress, land improvements, buildings, leasehold improvements, infrastructure, equipment, vehicles, and capital vehicles.

The Town's capital assets (net of depreciation) as of June 30, 2021 and 2020 were as follows:

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>Capital Assets</b>		
Land	\$ 6,159,723	\$ 6,220,222
Construction in Progress	1,650,038	1,382,217
Land Improvements	793,405	793,405
Buildings	8,828,795	9,453,465
Leasehold Improvements	9,766	-
Infrastructure	73,381,619	68,122,739
Equipment	839,765	757,033
Vehicles and Motorized Equipment	2,253,705	2,517,143
Computer Equipment and Software	283,374	259,242
Capital Vehicles	405,479	-
Less Accumulated Depreciation	(35,999,669)	(34,346,992)
Capital Assets, Net	<u>\$ 58,606,000</u>	<u>\$ 55,158,474</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Long-Term Debt**

The Town's total debt obligations as of June 30, 2021 and 2020, were as follows:

**Town's Outstanding Debt**  
**Figure 5**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Capital Vehicle Leases	\$ 390,897	\$ -
Installment Purchases	3,636,000	3,995,597
Total Outstanding Debt	<u>\$ 4,026,897</u>	<u>\$ 3,995,597</u>

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 2.7% continues to fall below the North Carolina average rate. Downtown Waxhaw is a jewel which charms both locals and visitors and is home to a unique and flourishing business community. Outside of downtown, there has also been significant economic growth along the NC 16 commercial corridor. The continued positive economy for Waxhaw has improved our tax base and financial condition, but also presents some challenges for the Town leaders. The Board is committed to attracting and retaining a highly skilled workforce in order to continue to maintain a thriving and safe community.

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

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Budget Highlights for the Fiscal Year Ending June 30, 2022**

The FY22 budget is balanced as required by North Carolina General Statutes using a property tax rate of thirty-eight- and one-half cents (\$0.385) per \$100 of assessed valuation; the same tax rate as the 2020-21 budget. The town is committed to meeting the demand for services by our citizens while maintaining the fiscal integrity of the town.

The fiscal year 2020-21 budget cycle had unique challenges for local governments that were unprecedented. The COVID-19 pandemic began right in the middle of budget preparations for all municipalities and counties statewide. There were a lot of unknowns as to how the pandemic would affect the economy. The unknowns greatly affected budgeting last year and caused many to be overly conservative with revenue projections and expenditures. We are now over a year into the COVID-19 pandemic and fortunately have not been adversely affected by smaller than expected revenue streams. Waxhaw's attractive location south of Charlotte has provided the tax base a continued opportunity to grow. Concerns of a significant drop in sales tax revenue did not happen locally, which was fortunate for Waxhaw.

Waxhaw anticipates the 2020 Census to show approximately 20,000 people, representing a 100% increase in population from 2010. While this type of population increase naturally leads to an ever-growing demand for increased services and operating expenses, it has more than anything shown that the Town is lagging in keeping up with capital needs. Town operations have grown out of many of its current buildings as service demands have increased. Existing park infrastructure has not been repaired as often as it should. Smaller-scale transportation and pedestrian projects require completion. This budget will focus on our expanding operational demands and provide a long-term plan for funding Waxhaw's numerous capital project needs.

Waxhaw will continue to pursue the demands for services while maintaining the fiscal integrity of Town. Starting with this upcoming 2021-22 fiscal year budget, the Town will prioritize capital project needs to serve our populace decades into the future better. This budget will include a Capital Improvement Plan (CIP). The CIP will be adopted as a five-year plan and will be re-assessed annually. This plan incorporated into the budget annually will allow Waxhaw to properly plan for capital improvement expenditures in the best interests to serve the Town and its residents.

Union County completed a revaluation of property in January 2021. Waxhaw has been advised that the taxable property value is \$3,047,550,645.00. This includes real property, personal property, and motor vehicle property taxes. This represents a 28% increase in the assessed value of property in Waxhaw. The revaluation values have been included in the calculations of the expected tax revenues used to prepare this budget.

The North Carolina General Statutes require each taxing authority to publish a revenue-neutral tax rate as part of its budget for the fiscal year following its property revaluation. A revenue-neutral tax rate represents the tax rate that would produce revenue equal to the prior year: if the revaluation had not occurred and after making adjustments for the average growth that happened since the previous revaluation. After accounting for the increase in assessed value, a tax rate of \$0.32/\$100 would be required to produce revenue equal to the prior year. For the Town to be better prepared and equipped to serve our community's increasing operational and capital needs, I am recommending the Town maintain its tax rate of \$0.385/\$100 valuation.

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

**Operating Budget for Fiscal Year 2021-22:**

The recommended operating budget for the fiscal year 2021-22 is **\$15,451,000.00**.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Budget Highlights for the Fiscal Year Ending June 30, 2022 (Continued)**

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

- Total Value of Real Property Tax Base = \$2,785,453,232.00
- Total Value of Personal Property Tax Base = \$28,603,869.00
- Total Value of Motor Vehicle Tax Base = \$233,493,544.00
- Revenues based on tax rate of 0.385/\$100 (98% collection rate):
- Real Property/Personal Property Tax Revenue: \$10,617,000.00
- Prior Years Taxes, Penalties, and Interest: \$35,000.00
- Motor Vehicle Tax Revenue: \$880,000.00
- Sales and Use Tax: \$2,000,000.00
- Franchise Taxes: \$600,000.00
- Other Revenues: \$1,319,000.00

Total Estimated Revenues: \$15,451,000.00

A description of the general fund revenues are as follows:

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

***General Fund Expenditures:***

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

- **Personnel Expenditures** for the Town of Waxhaw, like all local governments, are the Town's largest expenditure category, accounting for approximately 48% of the General Fund expenditures.
- **Operating Expenditures** are the remaining costs that are necessary to provide services to the public. They include but are not limited to: costs of utilities, insurance, supplies, fuel, fees, staff training, debt payment, and non-capital equipment necessary to provide services to the public.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

- Waxhaw will continue to work with Enterprise Fleet Management on its phased vehicle lease program. This open-ended lease program will allow the Town to acquire additional vehicles while avoiding large capital budget expenditures on new individual vehicles. The program is designed to fully replace all town vehicles with leased vehicles over five years. This budget will start year 2 of the program. The total lease cost is \$190,000.00. There is also a one-time charge to equip each of the police patrol vehicles. That total cost for year 2 is \$175,000.00. The plan is for all town vehicles to be replaced every five years. Year 1 of the program replaced 14 vehicles, many of which were more than ten years old. Year 2 will replace 10 additional vehicles. This will ensure a more modern fleet for the Town moving forward with lower overall costs in the long run.
- As of this writing, Waxhaw has just under 6600 residential accounts. Waste Pro is contracted to provide the trash, recycling, and yard waste removal for the Town. Using our current average of 30 new homes each month, the budget will reflect an additional 360 new home accounts. Each account's total cost is \$17.98 per month or just over \$125,000.00 per month fee. The total budget is proposed to be \$1,503,000.00.
- During the fiscal year 2019, the General Fund budget was amended to remove the Building Inspections revenue collections and expenditures. For FY22 budget year, Building Inspections will be restored to the General Fund. Revenues and expenditures will continue to be separately accounted for as required by state law. The proposed budget for Building Inspections in FY22 will be \$887,000.00.
- Waxhaw continues to lease a building for its Town Hall. A majority of this expense is in the administration budget at \$110,800.00. A small portion of the total Town Hall lease is included in the building inspections budget at \$10,000.00.
- Except for Police, all town departments operate in facilities that are inadequate for the community that we have grown into. The Town will be seeking to finance a Public Services/Parks & Recreation operations center and Town Hall. These facilities will be located on a town-owned site, called Town Campus, at the intersection of Kensington Drive/Waxhaw-Marvin Road. These facilities will be designed with the ability to expand in the future as service demands grow. These facilities are currently in design. \$790,000.00 is budgeted between the Administration, Public Services, and Parks & Recreation budgets to pay the annual debt.
- Phase 2 of the Downtown Park (amenity phase) will also be financed. \$210,000.00 is in the Parks & Recreation budget to pay the annual debt. Phase 1 (infrastructure phase) will be delivered through General Fund revenue and the Capital Improvement Plan Fund.
- Waxhaw continues to pay its debt on the upfit of the Police Department building. The total payment has been \$526,700.00 annually, including principal and interest. This loan is scheduled for payoff in 2028. The staff has worked to refinance this debt and seek approval from the North Carolina Local Government Commission to refinance the debt with Pinnacle Financial Partners. This opportunity will save Waxhaw taxpayers over \$112,000.00 for the remaining life of the debt.
- The Town continues its annual contribution to the Waxhaw Volunteer Fire Department. The total contribution is \$25,000.00. \$13,000.00 is included in the emergency management and safety budget, and the remainder is in the building inspection budget for assistance with fire inspections.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

- As a governmental organization, we are called to be inclusive of all people. Our current workforce, although not intentional, does not represent the diversity that the Town would like to see. Waxhaw will budget for training that we believe will help us recognize biases in race and gender, cultural competency, and respectful interactions. The goal is to raise awareness of our world views and promote a respectful and inclusive workforce. The amount budgeted for this training is \$17,000.00.
- The total number of staff positions is 84; an increase of 4 new jobs:
  - a. In recent years, Building Inspections staff has handled customer service duties in Town Hall. This year a customer service division will be created to serve this demand. The Tax Collector position will be moved to customer service with an existing part-time customer service position. Accounts payable duties will transition from the Tax Collector position to an Accounting Technician position in the Finance Department.
  - b. Waxhaw has recently completed a transition to a new website provider. The Town is deciding to bring website and social media maintenance in-house with a full-time position. The Town will maintain its contract with Haven Creative to feature and focus on marketing, media relations, graphic design for special projects, and articles for local publications.
  - c. Usage of the Town's park facilities continues to increase. To keep up with the demand for maintenance, an additional park position will be added.
  - d. Waxhaw's renewed focus on capital projects will require more of a demand on our Engineering staff for design and construction administration services. An administrative assistant position will be created to ease some of the administrative burdens and allow staff engineers to focus more time on development reviews and project design and delivery.
  - e. Full-time positions added:
    - i. Website/Social Media Administrator
    - ii. Accounting Technician
    - iii. Parks & Rec Tech
    - iv. Engineering Admin Assistant
  - f. Allows for up to 2% merit for staff.
- The Town will continue to budget for auditing the previous year's accounting as required by NC state law. That is budgeted for \$28,000.00.
- While events have been programmed back into the Parks and Recreation budget, many of these events require a significant planning. As of the time of this writing, emergency orders are still in place from the State. The Town hopes to ramp up our events schedule and do so with public health guidance as provided by the federal and state governments. Expect summer events to adhere still to state-mandated protocols. It is still possible that significant safety protocols will remain in place beyond the summer.
- Streetlights will continue to be a significant expense. The estimated bill for energy costs and maintenance is \$224,463.00.
- The Façade Improvement Program within the Planning and Zoning budget has been restored to its original policy of making both residential and non-residential properties eligible for an award. Also, the funds available for an award have been increased from \$25,000.00 to \$50,000.00.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

Board of Commissioners

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

Original 2020-21 Budget: \$212,300.00  
2021-22 Proposed Budget: \$216,000.00

Administration

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

Original 2020-21 Budget: \$979,600.00  
2021-22 Proposed Budget: \$1,710,000.00

Finance

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

Original 2020-21 Budget: \$380,800.00  
2021-22 Proposed Budget: \$333,000.00

Tax Collections

Budget for staff and operating expenses associated with tax collections.

Original 2020-21 Budget: Was part of the Finance budget.  
2021-22 Proposed Budget: \$92,000.00

Information Technology

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

Original 2020-21 Budget: \$556,000.00  
2021-22 Proposed Budget: \$754,000.00

Public Services

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

Original 2020-21 Budget: \$1,077,100.00  
2021-22 Proposed Budget: \$1,360,000.00

Police

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

Original 2020-21 Budget: \$3,638,900.00  
2021-22 Proposed Budget: \$3,764,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

Emergency Management & Safety

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

Original 2020-21 Budget: \$48,000.00  
2021-22 Proposed Budget: \$147,000.00

Building Inspections

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

Original 2020-21 Budget: \$907,700.00  
2021-22 Proposed Budget: \$887,000.00

Engineering

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

Original 2020-21 Budget: \$586,400.00  
2021-22 Proposed Budget: \$709,000.00

Sanitation

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

Original 2020-21 Budget: \$1,442,400.00  
2021-22 Proposed Budget: \$1,503,000.00

Planning and Zoning

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

Original 2020-21 Budget: \$528,800.00  
2021-22 Proposed Budget: \$593,000.00

Code Enforcement

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

Original 2020-21 Budget: \$75,800.00  
2021-22 Proposed Budget: \$85,000.00

Downtown

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

Original 2020-21 Budget: \$144,500.00  
2021-22 Proposed Budget: \$160,000.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

Human Resources

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

Original 2020-21 Budget: \$253,700.00  
2021-22 Proposed Budget: \$360,000.00

Parks & Recreation

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

Original 2020-21 Budget: \$990,900.00  
2021-22 Proposed Budget: \$1,620,000.00

Downtown Park Phase 1

The Downtown Park is currently Waxhaw's top project priority. A portion of the initial infrastructure phase will be expensed from the General Fund.

Original 2020-21 Budget: N/A  
2021-22 Proposed Budget: \$977,000.00

Capital Improvement Plan Transfer

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

Original 2020-21 Budget: \$175,000.00  
2021-22 Proposed Budget: \$181,000.00

Contingency and General Fund Balance:

Waxhaw has historically designated a contingency line item to fund unexpected expenses that occur through the year. This will be budgeted at approximately 1% of the expected general fund revenues. The contingency line will be \$154,500.00 and is in the Administration budget.

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

Waxhaw has established a goal of unassigned fund balance for the General Fund in the range of 30% of next year's budgeted expenditures to maintain financial stability and prepare for unforeseen circumstances. This range sets the goal at a minimum of approximately three to four months of the next fiscal year's annual budgeted expenditures. As of the fiscal year ending June 30, 2020, the Town of Waxhaw Unassigned Fund Balance was \$6,908,840.00, which is 51% of the budgeted General Fund for the fiscal year 2019-20.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

Cemetery Fund:

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

Original 2020-21 Budget: \$18,100.00

2021-22 Proposed Budget: \$20,000.00

Technology Fund Transfer:

The Technology Fund was created during the fiscal year 2014 to provide funding for the increasing cost of administration of the permitting function and replacement software and technology expenses. Ten percent (10%) of all application fees were allocated to the Technology Fund, and the revenues recorded and accumulated in the fund were committed for use only on technology expenditures. Revenues remaining from this fund will be transferred into the Capital Improvement Plan Fund. Future revenues from technology fees will be accounted for in the General Fund. Technology expenses are incorporated into the Information Technology budget.

The transfer to Capital Improvement Plan Fund will be \$289,430.82.

Inspections Transfer:

During the fiscal year 2019, the General Fund budget was amended to remove the Building Inspections Department revenue collections and expenditures from the General Fund to establish a new restricted fund. This special fund will be removed, and monies will be transferred back into the General Fund. Revenues collected by building inspections will continue to be restricted to inspection expenditures as required by state law.

The inspections transfer to the General Fund will be \$1,436,388.70.

**Capital Improvement Plan Budget 2022-2026**

I am delighted to present the Town's first proper Capital Improvement Plan. The recommended Capital Improvement Plan budget for the fiscal year 2021-22 is **\$5,129,655.82**.

Capital Improvement Plans are very common in local government. There are plans that account for long-range infrastructure and equipment needs to serve and maintain public needs adequately. CIPs are long-range and usually span between 4 to 10 years. Waxhaw will adopt a five-year CIP. This plan will be re-evaluated and re-adopted on an annual basis along with the operating budget. The CIP 2022-26 will consist of:

- Capital Projects Fund
- Capital Improvement Plan Fund
- Powell Bill Fund
- Small Transportation Project Fund
- Downtown Park Fund
- TAP Grant Fund
- Town Campus Fund

Each fund is described as follows:



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

Capital Projects Fund:

The Capital Projects Fund will be used to pay for projects that have been identified in year 1 of the Town's Capital Improvement Plan (CIP). Last year, this money was provided to the NCDOT to progress the Gray Byrum/NC 16 intersection project. That money was reimbursed back to the Town and will now be repurposed to fund the following:

- Streetlight replacements in downtown
- Nesbit Park drainage improvements
- Fiber Optic line installed from McDonald House to The Meeting Place
- Barnes Park Restroom Replacement

Original 2020-21 Budget: \$469,500.00  
2021-22 Proposed Budget: \$469,500.00

Powell Bill Fund:

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

In addition to street maintenance, funds can also be used for improvements. This year the Powell Bill revenue will fund one CIP project: Crosswalks on NC 16.

Original 2020-21 Budget: \$475,000.00  
2021-22 Proposed Budget: \$490,300.00

Small Transportation Project Fund:

In the fiscal year 2019, this fund was created to fund and account for small transportation capital projects. NC statutes authorize the levy of an annual municipal vehicle tax upon vehicles registered in the Town to be used to fund projects on public streets. The \$25.00 per vehicle is expected to generate an estimated \$360,000.00 during the fiscal year 2022. Small transportation capital projects are incorporated into the five-year Capital Improvement Plan and include:

- Sunbonnet Lane Rehabilitation
- McDonald Street Parking Improvements
- Downtown Bridge Steps Addition
- A portion of E North Main Street Improvements

Original 2020-21 Budget: \$500,000.00  
2021-22 Proposed Budget: \$441,000.00

Downtown Park Fund:

This fund was established to account for the design and construction of Downtown Park, currently the Town's top capital project priority. \$372,625.00 will be carried over for design and engineering costs. A combined \$1,700,000.00 will be transferred from the General Fund and Capital Improvement Plan Fund, respectively.

Original 2020-21 Budget: \$372,625.00

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

2021-22 Proposed Budget: \$2,072,625.00

Town Campus Fund:

This fund was established in fiscal year 2020-21 for the Town Campus design and construction administration located at the intersection of Kensington Drive and Waxhaw-Marvin Road. The campus site will house the Public Services/Parks & Recreation Operations Center and Town Hall.

Original 2020-21 Budget: \$0

2021-22 Proposed Budget: \$976,800.00

Capital Improvement Plan Fund:

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

Original 2020-21 Budget: \$175,000.00

2021-22 Proposed Budget: \$470,430.82

TAP Grant Fund:

The Transportation Assistance Program, most commonly known as TAP, is a state program funded through the Federal Highway Administration focusing on pedestrian safety improvements. This year, the TAP Grant Fund will be utilized to pay for the E North Main Street improvement project in the Capital Improvement Plan.

Original 2020-21 Budget: \$0

2021-22 Proposed Budget: \$209,000.00

The Town of Waxhaw has been incorporated since 1889 and is the only Town in western Union County that is full service. Much of the service growth has occurred in the last decade concurrent with the greater Charlotte metropolitan area's population and economic development. More population means higher service demands which equals the need for growth of the tax base. Additionally, maintenance of existing infrastructure and the need for new infrastructure has not met the current market. It is imperative to incorporate Waxhaw's capital needs into the Town's long-term vision while improving our operational demands. This budget will be a first in Waxhaw in that it will aggressively work to be more than just an operating budget. It provides the Town with a path to success with our long-term goals and vision of ensuring that Waxhaw helps ourselves to provide solutions to our infrastructure issues.

***Additional Information***

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

Exhibit A

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Town of Waxhaw</u> <u>ABC Board</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,857,019	\$ 1,362,131
Cash and cash equivalents, restricted	8,866,654	-
Receivables, net:		
Property taxes	72,842	-
Accounts	926,167	-
Refundable taxes	79,278	-
Intergovernmental receivables	34,791	-
Due from component unit	140,000	-
Prepaid items and other assets	34,419	27,427
Inventories	886	156,969
Total current assets	<u>22,012,056</u>	<u>1,546,527</u>
Capital assets:		
Non-depreciable	7,809,761	-
Depreciable, net	50,796,239	78,446
Total capital assets	<u>58,606,000</u>	<u>78,446</u>
Total assets	<u>80,618,056</u>	<u>1,624,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension charges	<u>1,571,540</u>	<u>46,227</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	383,394	368,948
Accrued salaries and benefits	89,761	24,423
Due to primary government	-	140,000
Unearned revenues	227,405	-
Total current liabilities	<u>700,560</u>	<u>533,371</u>
Long-term liabilities:		
Due within one year	613,253	-
Due in more than one year	6,817,142	49,316
Total long-term liabilities	<u>7,430,395</u>	<u>49,316</u>
Total liabilities	<u>8,130,955</u>	<u>582,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension credits	92,150	-
Refinancing debt proceeds	65,280	-
Total deferred inflows of resources	<u>157,430</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	54,644,383	78,446
Restricted for:		
Stabilization by State Statute	2,055,291	-
Public safety	42,438	-
Culture and recreation	3,551	-
Public service and transportation	3,074,760	-
Economic and community development	1,372,768	-
Working capital	-	151,683
Unrestricted	12,708,020	858,384
Total net position	<u>\$ 73,901,211</u>	<u>\$ 1,088,513</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and	
		Charges for Services	Grants and Contributions		Primary Government	
			Operating	Capital	Governmental Activities	Town of Waxhaw ABC Board
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 2,491,155	\$ 273,357	\$ -	\$ -	\$ (2,217,798)	\$ -
Public safety	3,804,112	-	338,659	-	(3,465,453)	-
Economic and community development	1,931,699	1,190,753	-	-	(740,946)	-
Culture and recreation	945,893	15,602	-	-	(930,291)	-
Public service and transportation	2,997,435	40,995	364,434	-	(2,592,006)	-
Environmental protection	1,374,467	-	11,023	-	(1,363,444)	-
Interest on long-term obligations	92,195	-	-	-	(92,195)	-
Total primary government	<u>13,636,956</u>	<u>1,520,707</u>	<u>714,116</u>	<u>-</u>	<u>(11,402,133)</u>	<u>-</u>
<b>Component unit:</b>						
Town of Waxhaw ABC Board	3,804,105	3,939,934	-	-	-	135,829
Total component unit	<u>\$ 3,804,105</u>	<u>\$ 3,939,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>135,829</u>
<b>General revenues:</b>						
Taxes:						
Property taxes					9,113,681	-
Sales taxes					3,161,609	-
Franchise taxes					1,245,468	-
Other taxes					-	-
Investment income					8,129	187
Miscellaneous					6,160,955	-
Total general revenues					<u>19,689,842</u>	<u>187</u>
<b>Change in net position</b>					8,287,709	136,016
Net position, beginning of year, as previously reported					65,613,502	952,497
Prior period adjustments					-	-
Net position, beginning of year, restated					<u>65,613,502</u>	<u>952,497</u>
Net position, end of year					<u>\$ 73,901,211</u>	<u>\$ 1,088,513</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

**Exhibit C**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,063,705	\$ 2,962,117	\$ 13,025,822
Cash and cash equivalents, restricted	-	7,697,851	7,697,851
Receivables, net:			
Taxes	72,842	-	72,842
Accounts	1,066,167	-	1,066,167
Refundable taxes	57,032	22,246	79,278
Intergovernmental receivables	-	34,791	34,791
Due from other funds	849,706	-	849,706
Prepaid items and other assets	34,419	-	34,419
Inventories	886	-	886
Total assets	<u>12,144,757</u>	<u>10,717,005</u>	<u>22,861,762</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	264,553	118,841	383,394
Accrued salaries and benefits	89,761	-	89,761
Due to other funds	-	849,706	849,706
Unearned revenues	227,405	-	227,405
Total liabilities	<u>581,719</u>	<u>968,547</u>	<u>1,550,266</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	72,841	-	72,841
Total deferred inflows of resources	<u>72,841</u>	<u>-</u>	<u>72,841</u>
Fund balances:			
Nonspendable:			
Prepaid items	34,419	-	34,419
Inventory	886	-	886
Restricted for:			
Stabilization by State statute	1,972,905	82,386	2,055,291
Capital improvement plan	-	2,805,000	2,805,000
Public safety	-	42,438	42,438
Culture and recreation	-	3,551	3,551
Public service and transportation	-	3,074,760	3,074,760
Economic and community development	-	1,372,768	1,372,768
Committed for:			
Public safety	-	10,060	10,060
Economic and community development	-	557,876	557,876
Public safety and transportation	-	51,579	51,579
Assigned for:			
Culture and recreation	-	1,114,958	1,114,958
Public service and transportation	-	633,082	633,082
Unassigned	9,481,987	-	9,481,987
Total fund balances	<u>11,490,197</u>	<u>9,748,458</u>	<u>21,238,655</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,144,757</u>	<u>\$ 10,717,005</u>	<u>\$ 22,861,762</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

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

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

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

Total fund balance - governmental funds	\$	21,238,655
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	94,605,669	
Accumulated depreciation	<u>(35,999,669)</u>	58,606,000
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental fund.		72,841
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.		1,235,390
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.		244,000
The proceeds from refinancing debt provides current financial resources to Governmental Funds. The transaction is reported as a deferred inflow of resources as the government-wide level.		(65,280)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term debt		(3,961,617)
Compensated absences		(337,094)
Net pension liability - LGERS pension plan		(2,317,009)
Total pension liability - LEOSSA		<u>(814,675)</u>
Net position of governmental activities	<u>\$</u>	<u>73,901,211</u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

Exhibit D

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 8,781,472	\$ -	\$ 8,781,472
Other taxes and licenses	11,872	381,375	393,247
Unrestricted intergovernmental	4,406,228	-	4,406,228
Restricted intergovernmental	23,000	680,093	703,093
Building inspection fees	-	1,061,745	1,061,745
Permits and fees	273,357	118,308	391,665
Sales and services	15,602	51,695	67,297
Investment earnings	7,869	260	8,129
Miscellaneous	12,778	1,035	13,813
Total revenues	<u>13,532,178</u>	<u>2,294,511</u>	<u>15,826,689</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,253,770	-	2,253,770
Public safety	2,713,612	306,483	3,020,095
Economic and community development	1,099,120	730,414	1,829,534
Culture and recreation	780,778	2,157	782,935
Public services and transportation	970,566	265,973	1,236,539
Environmental protection	1,374,467	-	1,374,467
Capital outlay	667,629	599,298	1,266,927
Debt service:			
Principal	439,459	-	439,459
Interest and bank fees	115,758	-	115,758
Total expenditures	<u>10,415,159</u>	<u>1,904,325</u>	<u>12,319,484</u>
Excess (deficiency) of revenues over expenditures	<u>3,117,019</u>	<u>390,186</u>	<u>3,507,205</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance proceeds	6,057	-	6,057
Capital lease proceeds	405,479	-	405,479
Proceeds from sale of debt	65,280	-	65,280
Sales of capital assets	1,388,514	-	1,388,514
Transfers in (out)	(1,524,425)	1,524,425	-
Loss due to lawsuit	(107,051)	-	(107,051)
Total other financing sources (uses)	<u>233,854</u>	<u>1,524,425</u>	<u>1,758,279</u>
Net change in fund balance	3,350,873	1,914,611	5,265,484
Fund balances, beginning	<u>8,139,324</u>	<u>7,833,847</u>	<u>15,973,171</u>
Fund balances, ending	<u><u>\$ 11,490,197</u></u>	<u><u>\$ 9,748,458</u></u>	<u><u>\$ 21,238,655</u></u>

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

**Exhibit E**

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

Net changes in fund balances - total Governmental Funds	\$ 5,265,484
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.	(49,166)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	439,459
The issuance of long-term debt and the proceeds from refinancing debt provides current financial resources to Governmental Funds. Neither transaction has any effect on net position.	(470,759)
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.	23,563
In the Statement of Activities, the donation of land, improvements and infrastructure from developers and other governments is reported, whereas in the governmental funds, it is not recognized.	5,512,320
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.	(332,461)
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.	(75,308)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absences	39,371
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.	(759,749)
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 \$2,121,858 exceeded cash capital asset additions of \$816,817 in the current period.	(1,305,045)
Total changes in net position of Governmental Activities	<u>\$ 8,287,709</u>

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

**Exhibit F**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 8,355,000	\$ 8,370,000	\$ 8,781,472	\$ 411,472
Other taxes and licenses	-	9,035	11,872	2,837
Unrestricted intergovernmental	2,000,000	2,229,065	4,406,228	2,177,163
Restricted intergovernmental	-	11,000	23,000	12,000
Permits and fees	-	144,000	273,357	129,357
Sales and services	-	10,250	15,602	5,352
Investment earnings	100,000	100,000	7,869	(92,131)
Miscellaneous	460,000	41,650	12,778	(28,872)
Total revenues	<u>10,915,000</u>	<u>10,915,000</u>	<u>13,532,178</u>	<u>2,617,178</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,382,400	2,382,400	2,253,770	128,630
Public safety	3,686,900	2,959,368	2,713,612	245,756
Economic and community development	1,335,500	1,301,000	1,099,120	201,880
Culture and recreation	990,900	946,400	780,778	165,622
Public service and transportation	1,077,100	1,009,100	970,566	38,534
Environmental protection	1,442,200	1,442,200	1,374,467	67,733
Capital outlay	-	347,832	667,629	(319,797)
Debt service:				
Principal retirement	-	413,900	439,459	(25,559)
Interest and other charges	-	112,800	115,758	(2,958)
Total expenditures	<u>10,915,000</u>	<u>10,915,000</u>	<u>10,415,159</u>	<u>499,841</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>3,117,019</u>	<u>3,117,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	-	1,524,425	-	(1,524,425)
Insurance proceeds	-	-	6,057	6,057
Capital lease proceeds	-	-	405,479	405,479
Proceeds from sale of debt	-	-	65,280	65,280
Sale of capital assets	-	-	1,388,514	1,388,514
Transfers out	-	(1,524,425)	(1,524,425)	-
Loss due to lawsuit	-	-	(107,051)	(107,051)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>233,854</u>	<u>233,854</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,350,873</u>	<u>\$ 3,350,873</u>
Fund balance, beginning			<u>8,139,324</u>	
Fund balance, ending			<u>\$ 11,490,197</u>	

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) The Reporting Entity**

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

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

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

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

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

**3) Major Operations**

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

The **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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**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.

**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).

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**5) Capital Assets**

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

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

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

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

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

**6) Restricted Assets**

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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.

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

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

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**10) Fund Balance (Continued)**

**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.

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

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

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

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

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**11) Net Position**

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

**12) Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting.

The Town recognizes a net/total pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Town's fiscal year-end.

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

**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.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**13) Fair Value (Continued)**

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

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

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

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

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

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Town believes that the valuation methods used are appropriate and consistent with GAAP.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**14) Encumbrances**

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

**15) Accounting Estimates**

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

**16) Comparative Data**

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

None noted.

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

None noted.

**C) Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for capital outlay and debt service activities by \$348,314. This over-expenditure occurred because of a lease agreement involving capitalized vehicles. The Town was unaware that the agreement would affect both capital outlay and debt service expenditures. Management and the Board have been made aware of the excess and will include these expenditures in the budget reports in future years to ensure compliance.

**D) Budgetary Information**

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

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

- 1) Around the middle of February each year (legally required to be completed before April 30<sup>th</sup>), all departments/activities of the Town submit requests for appropriation to the Budget Officer so that a proposed budget may be prepared. The proposed budget is prepared by fund, function, and department, and includes information on the past year, the current year budget, and requested appropriations for the next fiscal year.
- 2) In March/April of each year, management reviews the budget compiled by the Budget Officer for the next year for propriety. In April/May of each year, the proposed budget is presented to Town Board for review and approval (legally required to be submitted by June 1<sup>st</sup>). The Town adopts the budget ordinance by July 1<sup>st</sup> of each year.
- 3) All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi- year funds. All amendments must be approved by the Town Board and an interim budget must be adopted that covers that time until the annual ordinance can be adopted. The Town Manager is authorized to transfer appropriations within a fund; however, any revisions to total expenditures of any fund must be approved by the Town Board. Effective for the fiscal year 2020, all budgeted expenditure appropriations lapse at year end. The budgets at the end of the year for these funds represent the budgets as adopted and amended by the Town Board.
- 4) Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year end lapse.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**A) Deposits and Investments**

**1) Deposits**

**Custodial Credit Risk for Deposits:** Deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Town's or the ABC Board's agent in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names.

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, 2021, the Town's deposits had a carrying amount of \$6,909,128 and a bank balance of \$6,990,901. Of the bank balance, \$273,576 was covered by Federal Depository Insurance and \$6,717,324 was covered by collateral held under the pooling method. The Town had \$4,550 in petty cash on hand, majority coming from the Drug Fund.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$1,361,131 and a bank balance of approximately \$1,413,038. Of the bank balance, \$453,991 was covered by Federal Depository Insurance and \$959,047 was covered by collateral held under the pooling method. The Board had \$900 in petty cash on hand.

**2) Investments**

As of June 30, 2021, the Town had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating (^)	Fair Value	Investment Maturities in Years			
				< 1 yr.	1-3 yrs.	3-5 yrs.	> 5 yrs.
NCCMT Government Portfolio	Level 1	AAAm	\$ 13,809,995	\$ 13,809,995	\$ -	\$ -	\$ -
Total			\$ 13,809,995	\$ 13,809,995	\$ -	\$ -	\$ -

(^\*) If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

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

NCCMT - North Carolina Capital Management Trust

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**2) Investments (Continued)**

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

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

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

Certain cash, cash equivalents and investments of the Town are legally restricted for specified purposes. The major types of restrictions at June 30, 2020 are noted in Note I.C.6 and Note I.C.10 and generally are those imposed by the revenue or financing source (i.e., grants, unspent debt proceeds, etc.).

**3) Reconciliation to the Financial Statements**

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

Description	Amount
Carrying Amount of Deposits	\$ 6,913,678
Fair Value of Investments	13,809,995
Total Deposits and Investments	<u>\$20,723,673</u>

Statement of Net Position:

Cash and Cash Equivalents	\$ 11,857,019
Cash and Cash Equivalents, Restricted	8,866,654
Total Cash, Cash Equivalents, and Investments	<u>\$20,723,673</u>

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

**1) Property Taxes Receivable**

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

Gross property taxes receivable of \$72,842 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 2021 real and business personal property taxes (which excludes vehicle taxes), which was for tax year 2020, were levied in July 2020 based on a rate of .385 for the General Fund. The Town's assessed value of real and personal property for tax year 2020 was approximately \$2 billion for the Town's General Fund.

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

**2) Intergovernmental and Other Receivables**

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

**3) Unavailable, Deferred, and Unearned Revenues**

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue) and (b) revenues that have been received but are intended to finance future periods (deferred revenue). Governmental funds also defer revenue recognition and report liabilities in connection with resources that have been received but not yet earned (unearned revenue). As of June 30, 2021, 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	\$ 72,842	\$ -	\$ -	\$ 72,842
Unearned Revenues	General	-	-	227,405	227,405
Total		<u>\$ 72,842</u>	<u>\$ -</u>	<u>\$ 227,405</u>	<u>\$ 300,247</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**C) Interfund Balances and Transfers**

Interfund balances at June 30, 2021, consisted of the following receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
<b>Major Governmental Funds:</b>		
General Fund	\$ 849,706	\$ -
<b>Non-Major Governmental Funds:</b>		
Special Revenue Funds	28,211	877,917
Totals	<u>\$ 877,917</u>	<u>\$ 877,917</u>

For year ended June 30, 2021, the Town had transfers between funds which consisted of the following:

Fund	Transfers In	Transfers Out
<b>Major Governmental Funds:</b>		
General Fund	\$ -	\$ 1,524,425
<b>Non-Major Governmental Funds:</b>		
Special Revenue Funds	250,000	250,000
Capital Projects Funds	1,524,425	-
Totals	<u>\$ 1,774,425</u>	<u>\$ 1,774,425</u>

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**D) Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 6,220,222	\$ -	\$ 60,499	\$ 6,159,723
Construction In Progress	1,382,217	267,821	-	1,650,038
Total Capital Assets, Non-Depreciable	<u>7,602,439</u>	<u>267,821</u>	<u>60,499</u>	<u>7,809,761</u>
Capital Assets, Depreciable:				
Land Improvements	793,405	-	-	793,405
Buildings	9,453,465	11,877	636,547	8,828,795
Leasehold Improvements	-	9,766	-	9,766
Infrastructure	68,122,739	5,512,320	253,440	73,381,619
Equipment	757,033	82,732	-	839,765
Vehicles and Motorized Equipment	2,517,143	15,010	278,448	2,253,705
Computer Equipment and Software	259,242	24,132	-	283,374
Capital Vehicles	-	405,479	-	405,479
Total Capital Assets, Depreciable	<u>81,903,027</u>	<u>6,061,316</u>	<u>1,168,435</u>	<u>86,795,908</u>
Less: Accumulated Depreciation for:				
Land Improvements	197,390	31,248	-	228,638
Buildings	2,041,436	232,897	119,353	2,154,980
Leasehold Improvements	-	244	-	244
Infrastructure	29,325,657	1,362,135	76,032	30,611,760
Equipment	596,919	126,297	-	723,216
Vehicles and Motorized Equipment	2,016,248	243,808	273,800	1,986,256
Computer Equipment and Software	169,345	110,651	-	279,996
Capital Vehicles	-	14,579	-	14,579
Total Accumulated Depreciation	<u>34,346,995</u>	<u>2,121,859</u>	<u>469,185</u>	<u>35,999,669</u>
Total Capital Assets, Depreciable, Net	<u>47,556,032</u>	<u>3,939,457</u>	<u>699,250</u>	<u>50,796,239</u>
Governmental Activities Capital Assets, Net	<u>\$ 55,158,471</u>	<u>\$ 4,207,278</u>	<u>\$ 759,749</u>	<u>\$ 58,606,000</u>

Ongoing construction in progress in the Town's governmental activities primarily relates to the Town Campus building project. The Town had remaining commitments on this project in the amount of approximately \$857,000 as of June 30, 2021.

During 2021, the Town's governmental activities recognized approximately \$5,512,320 in capital contributions from developers.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**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	\$ 9,766	\$ 97,513
Public Safety	55,790	375,744
Economic and Community Development	19,224	46,392
Public Services and Transportation	5,933,489	1,458,777
Culture and Recreation	310,868	143,432
Total - Governmental Activities	<u>\$ 6,329,137</u>	<u>\$ 2,121,858</u>

Capital asset activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ABC Board (Component Unit)</b>				
Capital Assets, Depreciable:				
Store Equipment	\$ 47,631	\$ 5,359	\$ 447	\$ 52,543
Leasehold Improvements	157,928	-	-	157,928
Total Capital Assets, Depreciable	<u>205,559</u>	<u>5,359</u>	<u>447</u>	<u>210,471</u>
Less: Accumulated Depreciation for:				
Store Equipment	38,147	4,276	447	41,976
Leasehold Improvements	74,294	15,755	-	90,049
Total Accumulated Depreciation	<u>112,441</u>	<u>20,031</u>	<u>447</u>	<u>132,025</u>
Total Capital Assets, Depreciable, Net	<u>93,118</u>	<u>(14,672)</u>	<u>-</u>	<u>78,446</u>
Business-Type Activities Capital Assets, Net	<u>\$ 93,118</u>	<u>\$ (14,672)</u>	<u>\$ -</u>	<u>\$ 78,446</u>

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

Capital Asset Additions	Depreciation Expense
<u>\$ 5,359</u>	<u>\$ 20,031</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**E) Long-Term Obligations**

**1) Capital Leases**

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

The agreement was executed on July 21, 2020, to lease various vehicles and requires 60 monthly payments ranging from \$271 to \$521. In the agreement, title passes to the Town at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles	\$ 405,479	\$ 14,582	\$ 390,897

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

For Year Ended	Capital Vehicle Payments		
<b>Governmental Activities:</b>	Principal	Interest	Total
2022	\$ 80,917	\$ 12,588	\$ 93,505
2023	80,738	12,588	93,326
2024	80,737	12,588	93,325
2025	80,738	12,588	93,326
2026	67,767	10,372	78,139
Totals	<u>\$ 390,897</u>	<u>\$ 60,723</u>	<u>\$ 451,620</u>

**2) Installment Purchases**

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**2) Installment Purchases (Continued)**

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

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

2021

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

\$ 3,570,720

Annual debt service payments of the installment purchase as of June 30, 2021, including \$196,122 of interest, are as follows:

For Year Ended	Installment Purchase Contracts		
<b>Governmental Activities:</b>	Principal	Interest	Total
2022	\$ 453,096	\$ 59,124	\$ 512,220
2023	462,096	49,745	511,841
2024	468,096	43,245	511,341
2025	475,096	36,587	511,683
2026	482,096	29,895	511,991
2027-2029	1,230,240	42,806	1,273,046
Totals	<u>\$ 3,570,720</u>	<u>\$ 261,402</u>	<u>\$ 3,832,122</u>

Interest paid on the certain debt issued by the Town is exempt from federal income tax. The Town sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The Town does not believe it has an arbitrage liability at June 30, 2021.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**2) Installment Purchases (Continued)**

Presented below is a summary of changes in long-term obligations for the Town's governmental activities for the year ended June 30, 2021:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
Capital Vehicle Leases	\$ -	\$ 405,479	\$ 14,582	\$ 390,897	\$ 80,917
2021 Pinnacle Police Dept Building	3,995,597	-	359,597	3,636,000	453,096
Total Debt	<u>3,995,597</u>	<u>405,479</u>	<u>374,179</u>	<u>4,026,897</u>	<u>534,013</u>
Other Obligations:					
Compensated Absences	376,465	481,343	520,713	337,095	79,240
Net Pension Liability-LGERS	1,743,421	573,588	-	2,317,009	-
Total Pension Liability-LEOSSA	489,555	325,120	-	814,675	-
Total Other Obligations	<u>2,609,441</u>	<u>1,380,051</u>	<u>520,713</u>	<u>3,468,779</u>	<u>79,240</u>
Total Governmental Activities	<u>\$ 6,605,038</u>	<u>\$ 1,785,530</u>	<u>\$ 894,892</u>	<u>\$ 7,495,676</u>	<u>\$ 613,253</u>

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

**IV) OTHER INFORMATION**

**A) Risk Management**

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

**B) Retirement/Pension Plans**

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

**Plan Description.** The Town is a participating employer in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan, administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers ("LEO") of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

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

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**V) OTHER INFORMATION (Continued)**

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

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

The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.20% 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 \$463,408 and \$266,225 for the year ended June 30, 2021, 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, 2021, the Town reported a liability of \$2,317,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021 measurement date, the Town's proportion was 0.06484%, which was an increase of 0.00100% from its proportion of 0.06384% measured as of June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$794,070. At June 30, 2021, 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	\$ 292,598	\$ -
Changes in Assumptions	172,431	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	326,057	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	15,213	34,317
Employer Contributions Subsequent to the Measurement Date	463,408	-
	<u>\$ 1,269,707</u>	<u>\$ 34,317</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

\$463,408 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, 2022. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will increase (decrease) pension expense as follows:

<u>For Year Ended June 30:</u>	
2022	\$ 218,773
2023	288,016
2024	168,696
2025	96,497
Total	<u>\$ 771,982</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 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 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

**Sensitivity Analysis.** The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,700,960	\$ 2,317,009	\$ 335,779

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

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

**Plan Description.** The Town administers the Law Enforcement Officers Special Separation Allowance ("Separation Allowance" or "LEOSSA"), a single employer defined benefit pension plan, that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service.

The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Active Plan Members	29
Total	30

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

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

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

**Actuarial Assumptions.** The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	1.93 percent
Cost of Living Adjustments	N/A

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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

**Contributions.** The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$25,193 as benefits came due for the reporting period.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, the Town reported a total pension liability of \$814,675. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$100,500.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 34,427	\$ 42,191
Changes in Assumptions	254,666	15,642
County Benefit Payments and Plan Administrative Expense Made Subsequent to the Measurement Date	12,740	-
	<u>\$ 301,833</u>	<u>\$ 57,833</u>

\$12,740 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will be recognized in pension expense as follows:

<b>For Year Ended June 30:</b>	
2022	\$ 45,117
2023	45,119
2024	43,515
2025	38,001
2026	43,510
Thereafter	15,998
Total	<u>\$ 231,260</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

**Sensitivity Analysis.** The following presents the Town's total pension liability calculated using the discount rate of 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 891,081	\$ 814,675	\$ 744,726

**Schedule of Changes in Total Pension Liability**

Total Pension Liability as of December 31, 2018	\$ 489,555
Changes for the Year:	
Service Cost at End of Year	39,757
Interest on the Total Pension Liability	15,626
Differences Between Expected and Actual Experience	17,839
Changes of Assumptions and Other Inputs	272,359
Benefit Payments	(20,461)
Net Changes	<u>\$ 325,120</u>
Total Pension Liability as of December 31, 2019	<u><u>\$ 814,675</u></u>

**3) Supplemental Retirement Income Plan**

**Plan Description.** The Town contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Supplemental Retirement Income Plan is included in the CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699- 1410, or by calling (919) 981-5454.

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee's salary. All amounts contributed are vested immediately. The employees may also make voluntary contributions to the Plan. Total contributions for the year ended June 30, 2021 were \$400,439 which consisted of \$213,213 from the Town and \$187,226 from the employees.

**C) Postemployment Benefit Other Than Pensions**

**1) Death Benefit Plan**

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

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

**D) Contingent Liabilities and Commitments**

**1) Litigation**

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**IV) OTHER INFORMATION (Continued)**

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

**2) Grants**

The Town receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town's applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2021.

**3) Solid Waste Commitment**

The Town entered into an agreement for solid waste collection services beginning February 1, 2018 and ending June 30, 2023. The Town will pay a fee of \$16.28 per month for each residential unit for solid waste and recycling services and \$1.20 per month for each residential unit for yard waste collections. Beginning July 1, 2019, the monthly fee is subject to change based on changes in the consumer price index, provided that any annual adjustment shall not exceed 3%. The total amount paid for the year ended June 30, 2021 was approximately \$1,373,426.

**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	\$ 11,490,197
Less:	
Prepaid Items / Inventory	(35,305)
Stabilization by State Statute	(1,972,905)
Remaining Fund Balance - General Fund	<u>\$ 9,481,987</u>

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

**F) Subsequent Events**

Management has evaluated subsequent events through January 24, 2022 which is essentially the date financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

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

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

Notes to schedule:

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

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

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



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 814,675	\$ 489,555	\$ 493,263
Covered payroll	1,687,830	1,373,791	1,413,533
Total pension liability as a percentage of covered payroll	48.27%	35.64%	34.90%
		<u>2018</u>	<u>2017</u>
Total pension liability		\$ 13,851	\$ 363,042
Covered payroll		1,257,819	1,202,092
Total pension liability as a percentage of covered payroll		1.10%	30.20%

Notes to schedule:

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net pension liability (asset)	0.064840%	0.063840%	0.066400%	0.063500%
Town's proportionate share of the net pension liability (asset)	\$ 2,317,009	\$ 1,743,421	\$ 1,575,235	\$ 970,104
Town's covered payroll	\$ 4,437,073	\$ 3,996,926	\$ 3,661,407	\$ 3,401,993
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.22%	43.62%	43.02%	28.52%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.056290%	0.050670%	0.045020%	0.037900%
Town's proportionate share of the net pension liability (asset)	\$ 1,194,663	\$ 227,404	\$ (248,473)	\$ 163,236
Town's covered payroll	\$ 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-employee payroll	40.00%	8.27%	-10.88%	7.15%
Plan fiduciary net position as a percentage of the total pension liability**	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.

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

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

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

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

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

## TOWN OF WAXHAW, NORTH CAROLINA

## Schedule 1

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

## General Fund

For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes	\$ 8,355,000	\$ 8,753,080	\$ 398,080
Interest	15,000	28,392	13,392
Total	8,370,000	8,781,472	411,472
Other taxes and licenses:			
Beer and wine	-	849	849
Solid waste disposal	9,035	11,023	1,988
Total	9,035	11,872	2,837
Unrestricted intergovernmental:			
Local option sales taxes	1,400,000	3,161,609	1,761,609
Utility franchise tax	600,000	850,107	250,107
Beer and wine tax	57,065	61,512	4,447
ABC profit distribution	172,000	333,000	161,000
Total	2,229,065	4,406,228	2,177,163
Restricted intergovernmental:			
ABC revenue for law enforcement	11,000	23,000	12,000
Permits and fees	144,000	273,357	129,357
Sales and services:			
Recreation fees	10,250	15,602	5,352
Investment earnings	100,000	7,869	(92,131)
Miscellaneous:			
Donations	-	475	475
Miscellaneous	41,650	12,303	(29,347)
Total	41,650	12,778	(28,872)
Total revenues	\$ 10,915,000	\$ 13,532,178	\$ 2,617,178

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

**Schedule 1**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government:			
Board of Commissioners:			
Salaries and employee benefits	\$ 101,400	\$ 95,655	\$ 5,745
Operating expenditures	95,900	52,005	43,895
Total	<u>197,300</u>	<u>147,660</u>	<u>49,640</u>
Administration:			
Salaries and employee benefits	446,482	437,825	8,657
Operating expenditures	533,118	475,513	57,605
Total	<u>979,600</u>	<u>913,338</u>	<u>66,262</u>
Finance:			
Salaries and employee benefits	300,100	289,610	10,490
Operating expenditures	80,700	43,437	37,263
Total	<u>380,800</u>	<u>333,047</u>	<u>47,753</u>
Information technology:			
Salaries and employee benefits	207,000	209,686	(2,686)
Operating expenditures	364,000	406,563	(42,563)
Total	<u>571,000</u>	<u>616,249</u>	<u>(45,249)</u>
Human resources:			
Salaries and employee benefits	189,000	189,696	(696)
Operating expenditures	64,700	53,780	10,920
Total	<u>253,700</u>	<u>243,476</u>	<u>10,224</u>
Total general government	<u>2,382,400</u>	<u>2,253,770</u>	<u>128,630</u>
Public safety:			
Police:			
Salaries and employee benefits	2,595,300	2,345,130	250,170
Operating expenditures	266,538	290,066	(23,528)
Capital outlay	219,862	207,492	12,370
Total	<u>\$ 3,081,700</u>	<u>\$ 2,842,688</u>	<u>\$ 239,012</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

**Schedule 1**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Public safety (Continued):			
Emergency management and safety:			
Salaries and employee benefits	\$ 25,541	\$ 19,935	\$ 5,606
Operating expenditures	71,989	58,481	13,508
Capital outlay	5,470	-	5,470
Total	<u>103,000</u>	<u>78,416</u>	<u>24,584</u>
Total public safety	<u>3,184,700</u>	<u>2,921,104</u>	<u>263,596</u>
Economic and community development:			
Planning and community development:			
Salaries and employee benefits	425,300	367,037	58,263
Operating expenditures	78,500	39,793	38,707
Façade grant expenditures	25,000	25,000	-
Total	<u>528,800</u>	<u>431,830</u>	<u>96,970</u>
Main Street:			
Salaries and employee benefits	42,600	9,385	33,215
Operating expenditures	36,900	23,335	13,565
Capital Outlay	10,000	-	10,000
Total	<u>89,500</u>	<u>32,720</u>	<u>56,780</u>
Engineering:			
Salaries and employee benefits	485,200	488,256	(3,056)
Operating expenditures	131,700	72,574	59,126
Total	<u>616,900</u>	<u>560,830</u>	<u>56,070</u>
Code enforcement:			
Salaries and employee benefits	69,500	72,062	(2,562)
Operating expenditures	6,300	1,678	4,622
Total	<u>75,800</u>	<u>73,740</u>	<u>2,060</u>
Total economic and community development	<u>1,311,000</u>	<u>1,099,120</u>	<u>211,880</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	525,200	510,541	14,659
Operating expenditures	421,200	270,237	150,963
Capital outlay	44,500	36,829	7,671
Total culture and recreation	<u>\$ 990,900</u>	<u>\$ 817,607</u>	<u>\$ 173,293</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

**Schedule 1**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>			
Public service and transportation:			
Public service:			
Salaries and employee benefits	\$ 604,200	\$ 594,053	\$ 10,147
Operating expenditures	404,900	376,513	28,387
Capital outlay	68,000	423,308	(355,308)
Total public service and transportation	<u>1,077,100</u>	<u>1,393,874</u>	<u>(316,774)</u>
Environmental protection:			
Sanitation contract	<u>1,442,200</u>	<u>1,374,467</u>	<u>67,733</u>
Debt service:			
Principal	413,900	439,459	(25,559)
Interest and bank fees	112,800	115,758	(2,958)
Total debt service	<u>526,700</u>	<u>555,217</u>	<u>(28,517)</u>
Total expenditures	<u>10,915,000</u>	<u>10,415,159</u>	<u>499,841</u>
Revenues over (under) expenditures	<u>-</u>	<u>3,117,019</u>	<u>3,117,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Appropriated fund balance	1,524,425	-	(1,524,425)
Insurance proceeds	-	6,057	6,057
Capital lease proceeds	-	405,479	405,479
Proceeds from sale of debt	-	65,280	65,280
Sale of capital assets	-	1,388,514	1,388,514
Transfers in (out)	(1,524,425)	(1,524,425)	-
Loss due to lawsuit	-	(107,051)	(107,051)
Total other financing sources (uses)	<u>-</u>	<u>233,854</u>	<u>233,854</u>
Net change in fund balance	<u>\$ -</u>	<u>3,350,873</u>	<u>\$ 3,350,873</u>
Fund balance, beginning		<u>8,139,324</u>	
Fund balances, ending		<u>\$ 11,490,197</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

**Schedule 2**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,080,896	\$ 1,881,221	\$ 2,962,117
Cash and cash equivalents, restricted	4,417,851	3,280,000	7,697,851
Receivables, net			
Refundable taxes	22,246	-	22,246
Intergovernmental receivables	-	34,791	34,791
Total assets	<u>5,520,993</u>	<u>5,196,012</u>	<u>10,717,005</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	29,248	89,593	118,841
Due to other funds	806,118	43,588	849,706
Total liabilities	<u>835,366</u>	<u>133,181</u>	<u>968,547</u>
Fund balances:			
Restricted for:			
Stabilization by State statute	47,595	34,791	82,386
Capital improvement plan	-	2,805,000	2,805,000
Public safety	42,438	-	42,438
Culture and recreation	3,551	-	3,551
Public service and transportation	2,599,760	475,000	3,074,760
Economic and community development	1,372,768	-	1,372,768
Committed for:			
Public safety	10,060	-	10,060
Economic and community development	557,876	-	557,876
Public service and transportation	51,579	-	51,579
Assigned for:			
Culture and recreation	-	1,114,958	1,114,958
Public service and transportation	-	633,082	633,082
Total fund balances	<u>4,685,627</u>	<u>5,062,831</u>	<u>9,748,458</u>
Total liabilities and fund balances	<u>\$ 5,520,993</u>	<u>\$ 5,196,012</u>	<u>\$ 10,717,005</u>



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2021**

**Schedule 3**

	Rental Property Fund	Coronavirus Relief Fund	Caboose Donation Fund	Cemetery Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 224,137	\$ 457,296	\$ -	\$ 52,308	\$ 6,864	\$ 4,000	\$ -
Cash and cash equivalents, restricted	-	-	3,551	5,240	-	41,707	731
Receivables, net							
Refundable taxes	(67)	2,929	-	759	37	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>224,070</u>	<u>460,225</u>	<u>3,551</u>	<u>58,307</u>	<u>6,901</u>	<u>45,707</u>	<u>731</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	-	-	-	729	-	-	-
Due to other funds	-	460,225	-	-	843	-	-
Total liabilities	<u>-</u>	<u>460,225</u>	<u>-</u>	<u>729</u>	<u>843</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted for:							
Stabilization by State statute	-	-	-	759	37	-	-
Public safety	-	-	-	-	-	41,707	731
Culture and recreation	-	-	3,551	-	-	-	-
Public service and transportation	-	-	-	5,240	-	-	-
Economic and community development	-	-	-	-	-	-	-
Committed for:							
Public safety	-	-	-	-	6,021	4,000	-
Economic and community development	224,070	-	-	-	-	-	-
Public service and transportation	-	-	-	51,579	-	-	-
Total fund balances	<u>224,070</u>	<u>-</u>	<u>3,551</u>	<u>57,578</u>	<u>6,058</u>	<u>45,707</u>	<u>731</u>
Total liabilities and fund balances	<u>\$ 224,070</u>	<u>\$ 460,225</u>	<u>\$ 3,551</u>	<u>\$ 58,307</u>	<u>\$ 6,901</u>	<u>\$ 45,707</u>	<u>\$ 731</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2021**

**Schedule 3**  
**(Continued)**

Powell Bill Fund	Technology Fund	Building Inspection Fund	Transportation Alternatives Program Grant Fund	Waxhaw- Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	COPS SVPP Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 334,094	\$ -	\$ -	\$ -	\$ -	\$ 2,197	\$ 1,080,896
1,103,701	-	1,751,285	209,007	1,424	1,301,205	-	4,417,851
4,936	1,408	12,244	-	-	-	-	22,246
-	-	28,211	-	-	-	-	28,211
<u>1,108,637</u>	<u>335,502</u>	<u>1,791,740</u>	<u>209,007</u>	<u>1,424</u>	<u>1,301,205</u>	<u>2,197</u>	<u>5,549,204</u>
12,900	288	5,256	-	-	7,917	2,158	29,248
-	-	373,261	-	-	-	-	834,329
<u>12,900</u>	<u>288</u>	<u>378,517</u>	<u>-</u>	<u>-</u>	<u>7,917</u>	<u>2,158</u>	<u>863,577</u>
4,936	1,408	40,455	-	-	-	-	47,595
-	-	-	-	-	-	-	42,438
-	-	-	-	-	-	-	3,551
1,090,801	-	-	209,007	1,424	1,293,288	-	2,599,760
-	-	1,372,768	-	-	-	-	1,372,768
-	-	-	-	-	-	39	10,060
-	333,806	-	-	-	-	-	557,876
-	-	-	-	-	-	-	51,579
<u>1,095,737</u>	<u>335,214</u>	<u>1,413,223</u>	<u>209,007</u>	<u>1,424</u>	<u>1,293,288</u>	<u>39</u>	<u>4,685,627</u>
<u>\$ 1,108,637</u>	<u>\$ 335,502</u>	<u>\$ 1,791,740</u>	<u>\$ 209,007</u>	<u>\$ 1,424</u>	<u>\$ 1,301,205</u>	<u>\$ 2,197</u>	<u>\$ 5,549,204</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2021**

**Schedule 4**

	Capital Projects Fund	Capital Improvements Reserve Fund	Small Transportation Projects Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 469,510	\$ -	\$ 232,410
Cash and cash equivalents, restricted	-	2,805,000	475,000
Intergovernmental receivables	-	-	34,586
Total assets	<u>469,510</u>	<u>2,805,000</u>	<u>741,996</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	25,250
Due to other funds	-	-	43,588
Total liabilities	<u>-</u>	<u>-</u>	<u>68,838</u>
Fund balances:			
Restricted for:			
Stabilization by State statute	-	-	34,586
Capital improvement plan	-	2,805,000	-
Public service and transportation	-	-	475,000
Assigned for:			
Culture and recreation	-	-	-
Public service and transportation	469,510	-	163,572
Total fund balances	<u>469,510</u>	<u>2,805,000</u>	<u>673,158</u>
Total liabilities and fund balances	<u>\$ 469,510</u>	<u>\$ 2,805,000</u>	<u>\$ 741,996</u>

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2021**

**Schedule 4**  
**(Continued)**

Nesbit Park Phase I Project Fund	Town Creek Park Phase I Project Fund	PSPR Fund	Downtown Park Fund	Town Campus Fund	Nonmajor Capital Projects Funds
\$ 761	\$ 117	\$ 9,620	\$ 311,726	\$ 857,077	\$ 1,881,221
-	-	-	-	-	3,280,000
205	-	-	-	-	34,791
<u>966</u>	<u>117</u>	<u>9,620</u>	<u>311,726</u>	<u>857,077</u>	<u>5,196,012</u>
-	-	2,340	62,003	-	89,593
-	-	-	-	-	43,588
<u>-</u>	<u>-</u>	<u>2,340</u>	<u>62,003</u>	<u>-</u>	<u>133,181</u>
205	-	-	-	-	34,791
-	-	-	-	-	2,805,000
-	-	-	-	-	475,000
761	117	7,280	249,723	857,077	1,114,958
-	-	-	-	-	633,082
<u>966</u>	<u>117</u>	<u>7,280</u>	<u>249,723</u>	<u>857,077</u>	<u>5,062,831</u>
<u>\$ 966</u>	<u>\$ 117</u>	<u>\$ 9,620</u>	<u>\$ 311,726</u>	<u>\$ 857,077</u>	<u>\$ 5,196,012</u>

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

**Schedule 5**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Other taxes and licenses	\$ -	\$ 381,375	\$ 381,375
Restricted intergovernmental revenue	680,093	-	680,093
Building inspection fees	1,061,745	-	1,061,745
Permits and fees	118,308	-	118,308
Sales and services	51,695	-	51,695
Investment earnings	260	-	260
Miscellaneous	1,035	-	1,035
Total revenues	<u>1,913,136</u>	<u>381,375</u>	<u>2,294,511</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	306,483	-	306,483
Economic and community development	730,414	-	730,414
Culture and recreation	-	2,157	2,157
Public service and transportation	265,973	-	265,973
Capital outlay	29,182	570,116	599,298
Total expenditures	<u>1,332,052</u>	<u>572,273</u>	<u>1,904,325</u>
Revenues over expenditures	<u>581,084</u>	<u>(190,898)</u>	<u>390,186</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	1,524,425	1,524,425
Total other financing sources (uses)	<u>-</u>	<u>1,524,425</u>	<u>1,524,425</u>
Net change in fund balances	581,084	1,333,527	1,914,611
Fund balance, beginning	<u>4,104,543</u>	<u>3,729,304</u>	<u>7,833,847</u>
Fund balance, ending	<u><u>\$ 4,685,627</u></u>	<u><u>\$ 5,062,831</u></u>	<u><u>\$ 9,748,458</u></u>

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

**Schedule 6**

	Rental Property Fund	Coronavirus Relief Fund	Caboose Donation Fund	Cemetery Fund	Police Explorer Fund	Police State Drug Fund	Police Federal Drug Fund
<b>REVENUES</b>							
Restricted intergovernmental revenue	\$ -	\$ 294,141	\$ -	\$ -	\$ -	\$ 12,895	\$ -
Building inspection fees	-	-	-	-	-	-	-
Permits and fees	-	-	-	-	-	-	-
Sales and services	10,700	-	-	40,995	-	-	-
Investment earnings	-	-	1	1	-	-	-
Miscellaneous	-	-	-	-	270	5	-
Total revenues	<u>10,700</u>	<u>294,141</u>	<u>1</u>	<u>40,996</u>	<u>270</u>	<u>12,900</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
Public safety	-	294,141	-	-	1,562	-	-
Economic and community development	9,907	-	-	-	-	-	-
Public service and transportation	-	-	-	5,022	-	-	-
Capital outlay	-	-	-	7,505	-	-	-
Total expenditures	<u>9,907</u>	<u>294,141</u>	<u>-</u>	<u>12,527</u>	<u>1,562</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>793</u>	<u>-</u>	<u>1</u>	<u>28,469</u>	<u>(1,292)</u>	<u>12,900</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	793	-	1	28,469	(1,292)	12,900	-
Fund balance, beginning	<u>223,277</u>	<u>-</u>	<u>3,550</u>	<u>29,109</u>	<u>7,350</u>	<u>32,807</u>	<u>731</u>
Fund balance, ending	<u>\$ 224,070</u>	<u>\$ -</u>	<u>\$ 3,551</u>	<u>\$ 57,578</u>	<u>\$ 6,058</u>	<u>\$ 45,707</u>	<u>\$ 731</u>

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

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

Powell Bill Fund	Technology Fund	Building Inspection Fund	Transportation Alternatives Program Grant Fund	Waxhaw-Marvin Sidewalk CDBG Grant Fund	Kensington Drive Improvements Grant Fund	COPS SVPP Grant Fund	Total Nonmajor Special Revenue Funds
\$ 364,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,623	\$ 680,093
-	-	1,061,745	-	-	-	-	1,061,745
-	118,308	-	-	-	-	-	118,308
-	-	-	-	-	-	-	51,695
258	-	-	-	-	-	-	260
-	760	-	-	-	-	-	1,035
<u>364,692</u>	<u>119,068</u>	<u>1,061,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,623</u>	<u>1,913,136</u>
-	-	-	-	-	-	10,780	306,483
-	21,604	698,903	-	-	-	-	730,414
260,951	-	-	-	-	-	-	265,973
-	-	-	680	-	20,997	-	29,182
<u>260,951</u>	<u>21,604</u>	<u>698,903</u>	<u>680</u>	<u>-</u>	<u>20,997</u>	<u>10,780</u>	<u>1,332,052</u>
<u>103,741</u>	<u>97,464</u>	<u>362,842</u>	<u>(680)</u>	<u>-</u>	<u>(20,997)</u>	<u>(2,157)</u>	<u>581,084</u>
<u>250,000</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
353,741	97,464	362,842	(250,680)	-	(20,997)	(2,157)	581,084
<u>741,996</u>	<u>237,750</u>	<u>1,050,381</u>	<u>459,687</u>	<u>1,424</u>	<u>1,314,285</u>	<u>2,196</u>	<u>4,104,543</u>
<u>\$ 1,095,737</u>	<u>\$ 335,214</u>	<u>\$ 1,413,223</u>	<u>\$ 209,007</u>	<u>\$ 1,424</u>	<u>\$ 1,293,288</u>	<u>\$ 39</u>	<u>\$ 4,685,627</u>

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

**Schedule 7**

	Capital Projects Fund	Capital Improvements Reserve Fund	Small Transportation Projects Fund
<b>REVENUES</b>			
Other taxes and licenses	\$ -	\$ -	\$ 381,375
Total revenues	<u>-</u>	<u>-</u>	<u>381,375</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	-	-	-
Capital outlay	-	20,000	299,617
Total expenditures	<u>-</u>	<u>20,000</u>	<u>299,617</u>
Revenues over expenditures	<u>-</u>	<u>(20,000)</u>	<u>81,758</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	175,000	-
Total other financing sources (uses)	<u>-</u>	<u>175,000</u>	<u>-</u>
Net change in fund balances	-	155,000	81,758
Fund balance, beginning	<u>469,510</u>	<u>2,650,000</u>	<u>591,400</u>
Fund balance, ending	<u><u>\$ 469,510</u></u>	<u><u>\$ 2,805,000</u></u>	<u><u>\$ 673,158</u></u>



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

**Schedule 7**  
**(Continued)**

Nesbit Park Phase I Project Fund	Town Creek Park Phase I Project Fund	PSPR Fund	Downtown Park Fund	Town Campus Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,375
-	-	-	-	-	381,375
2,157	-	-	-	-	2,157
4,354	-	3,520	122,902	119,723	570,116
6,511	-	3,520	122,902	119,723	572,273
(6,511)	-	(3,520)	(122,902)	(119,723)	(190,898)
-	-	-	372,625	976,800	1,524,425
-	-	-	372,625	976,800	1,524,425
(6,511)	-	(3,520)	249,723	857,077	1,333,527
7,477	117	10,800	-	-	3,729,304
\$ 966	\$ 117	\$ 7,280	\$ 249,723	\$ 857,077	\$ 5,062,831

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Rental Property Fund**  
**For the Year Ended June 30, 2021**

**Schedule 8**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services:			
Rental income	\$ 15,000	\$ 10,700	\$ (4,300)
<b>EXPENDITURES</b>			
Current:			
Economic and community development:			
Operating expenditures	24,100	9,907	14,193
Revenues over expenditures	(9,100)	793	9,893
Fund balance appropriated	9,100		(9,100)
Net change in fund balance	<u>\$ -</u>	793	<u>\$ 793</u>
Fund balance, beginning		<u>223,277</u>	
Fund balance, ending		<u>\$ 224,070</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Coronavirus Relief Fund**  
**For the Year Ended June 30, 2021**

**Schedule 9**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenue	\$ 533,918	\$ 294,141	\$ (239,777)
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Salaries and employee benefits	390,716	224,902	165,814
Operating expenditures	143,202	69,239	73,963
Total expenditures	533,918	294,141	239,777
Revenues over expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Caboose Donation Fund**  
**For the Year Ended June 30, 2021**

**Schedule 10**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 1	\$ 1
<b>EXPENDITURES</b>			
Total expenditures	-	-	-
Net change in fund balance	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance, beginning		<u>3,550</u>	
Fund balance, ending		<u>\$ 3,551</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Cemetery Fund**  
**For the Year Ended June 30, 2021**

**Schedule 11**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services:			
Cemetery fees	\$ 18,000	\$ 40,995	\$ 22,995
Investment earnings	100	1	(99)
Total revenues	<u>18,100</u>	<u>40,996</u>	<u>22,896</u>
<b>EXPENDITURES</b>			
Current:			
Public service and transportation:			
Operating expenditures	10,100	5,022	5,078
Capital outlay	<u>8,000</u>	<u>7,505</u>	<u>495</u>
Total expenditures	<u>18,100</u>	<u>12,527</u>	<u>5,573</u>
Revenues over expenditures	<u>-</u>	<u>28,469</u>	<u>(28,469)</u>
Net change in fund balance	<u>\$ -</u>	<u>28,469</u>	<u>\$ 28,469</u>
Fund balance, beginning		<u>29,109</u>	
Fund balance, ending		<u>\$ 57,578</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Police Explorer Fund**  
**For the Year Ended June 30, 2021**

**Schedule 12**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Dues and donations	\$ 500	\$ 270	\$ (230)
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	500	1,562	(1,062)
Revenues over expenditures	-	(1,292)	(1,292)
Net change in fund balance	<u>\$ -</u>	(1,292)	<u>\$ (1,292)</u>
Fund balance, beginning		<u>7,350</u>	
Fund balance, ending		<u>\$ 6,058</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Police State Drug Fund**  
**For the Year Ended June 30, 2021**

**Schedule 13**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenue:			
State distribution revenue	\$ 8,700	12,895	\$ 4,195
Miscellaneous	-	5	5
Total revenues	<u>8,700</u>	<u>12,900</u>	<u>4,200</u>
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	<u>8,700</u>	<u>-</u>	<u>8,700</u>
Revenues over expenditures	<u>-</u>	<u>12,900</u>	<u>12,900</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>12,900</u>	<u><u>\$ 12,900</u></u>
Fund balance, beginning		<u>32,807</u>	
Fund balance, ending		<u><u>\$ 45,707</u></u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Police Federal Drug Fund**  
**For the Year Ended June 30, 2021**

**Schedule 14**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures	-	-	-
Revenues over expenditures	-	-	-
Fund balance appropriated	-		-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		731	
Fund balance, ending		\$ 731	



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Powell Bill Fund**  
**For the Year Ended June 30, 2021**

**Schedule 15**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental revenue:			
State street-aid (Powell Bill) program	\$ 250,000	\$ 364,434	\$ 114,434
Investment earnings	15,000	258	(14,742)
Total revenues	<u>265,000</u>	<u>364,692</u>	<u>99,692</u>
<b>EXPENDITURES</b>			
Current:			
Public service and transportation:			
Operating expenditures	<u>475,000</u>	<u>260,951</u>	<u>214,049</u>
Revenues over expenditures	<u>(210,000)</u>	<u>103,741</u>	<u>313,741</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total other financing sources (uses)	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Fund balance appropriated	<u>210,000</u>		<u>(210,000)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>353,741</u>	<u><u>\$ 353,741</u></u>
Fund balance, beginning		<u>741,996</u>	
Fund balance, ending		<u><u>\$ 1,095,737</u></u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Technology Fund**  
**For the Year Ended June 30, 2021**

**Schedule 16**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Permits and fees:			
Technology fee	\$ 85,200	\$ 118,308	\$ 33,108
Miscellaneous	1,100	760	(340)
Total revenues	<u>86,300</u>	<u>119,068</u>	<u>32,768</u>
<b>EXPENDITURES</b>			
Current:			
Economic and community development:			
Operating expenditures	81,200	21,604	59,596
Capital outlay	<u>5,100</u>	<u>-</u>	<u>5,100</u>
Total expenditures	<u>86,300</u>	<u>21,604</u>	<u>64,696</u>
Revenues over expenditures	<u>-</u>	<u>97,464</u>	<u>97,464</u>
Net change in fund balance	<u>\$ -</u>	<u>97,464</u>	<u>\$ 97,464</u>
Fund balance, beginning		<u>237,750</u>	
Fund balance, ending		<u>\$ 335,214</u>	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Building Inspection Fund**  
**For the Year Ended June 30, 2021**

**Schedule 17**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Building inspection fees	\$ 907,700	\$ 1,061,745	\$ 154,045
<b>EXPENDITURES</b>			
Current:			
Economic and community development:			
Salaries and employee benefits	721,900	638,658	83,242
Operating expenditures	101,650	60,245	41,405
Contingency reserve	74,150	-	74,150
Capital outlay	10,000	-	10,000
Total expenditures	907,700	698,903	208,797
Revenues over expenditures	-	362,842	362,842
Net change in fund balance	\$ -	362,842	\$ 362,842
Fund balance, beginning		1,050,381	
Fund balance, ending		\$ 1,413,223	

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Transportation Alternatives Program Grant Fund**  
**For the Year Ended June 30, 2021**

**Schedule 18**

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - FHWA	\$ 514,575	\$ 180,000	\$ -	\$ 180,000	\$ (334,575)
<b>EXPENDITURES</b>					
Current:					
Public service and transportation:					
Operating expenditures	155,000	12,230	-	12,230	142,770
Capital outlay	774,150	372,658	680	373,338	400,812
Total expenditures	929,150	384,888	680	385,568	543,582
Revenues over expenditures	(414,575)	(204,888)	(680)	(205,568)	209,007
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	414,575	664,575	(250,000)	414,575	-
Net change in fund balance	\$ -	\$ 459,687	(250,680)	\$ 209,007	\$ 209,007
Fund balance, beginning			459,687		
Fund balance, ending			\$ 209,007		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Waxhaw-Marvin Sidewalk CDBG Grant Fund**  
**For the Year Ended June 30, 2021**

**Schedule 19**

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

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**Kensington Drive Improvements Grant Fund**  
**For the Year Ended June 30, 2021**

**Schedule 20**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - FHWA	\$ 3,169,760	\$ -	\$ -	\$ -	\$ (3,169,760)
Miscellaneous	-	130,000	-	130,000	130,000
Total revenues	<u>3,169,760</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>(3,039,760)</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>4,481,760</u>	<u>127,715</u>	<u>20,997</u>	<u>148,712</u>	<u>(4,333,048)</u>
Revenues over expenditures	<u>(1,312,000)</u>	<u>2,285</u>	<u>(20,997)</u>	<u>(18,712)</u>	<u>1,293,288</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>1,312,000</u>	<u>1,312,000</u>	<u>-</u>	<u>1,312,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,314,285</u>	<u>(20,997)</u>	<u>\$ 1,293,288</u>	<u>\$ 1,293,288</u>
Fund balance, beginning			<u>1,314,285</u>		
Fund balance, ending			<u>\$ 1,293,288</u>		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Project Authorization and Actual (Non-GAAP)**  
**COPS SVPP Grant Fund**  
**For the Year Ended June 30, 2021**

**Schedule 21**

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental revenue:					
Grant revenue - COPS	\$ 373,971	\$ 342,122	\$ 8,623	\$ 350,745	\$ (23,226)
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Operating expenditures	119,902	107,515	10,780	118,295	1,607
Capital outlay	289,668	268,010	-	268,010	21,658
Total expenditures	409,570	375,525	10,780	386,305	23,265
Revenues over expenditures	(35,599)	(33,403)	(2,157)	(35,560)	39
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	35,599	35,599	-	35,599	-
Net change in fund balance	\$ -	\$ 2,196	(2,157)	\$ 39	\$ 39
Fund balance, beginning			2,196		
Fund balance, ending			\$ 39		

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2021**

**Schedule 22**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital outlay	-	-	-
Revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	(469,510)	-	469,510
Total other financing sources (uses)	(469,510)	-	469,510
Fund balance appropriated	469,510	-	(469,510)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		469,510	
Fund balance, ending		\$ 469,510	



**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP)**  
**Capital Improvements Reserve Fund**  
**For the Year Ended June 30, 2021**

**Schedule 23**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Total revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Capital outlay	175,000	20,000	155,000
Revenues over expenditures	(175,000)	(20,000)	155,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	175,000	175,000	-
Net change in fund balance	<u>\$ -</u>	155,000	<u>\$ 155,000</u>
Fund balance, beginning		<u>2,650,000</u>	
Fund balance, ending		<u>\$ 2,805,000</u>	

## TOWN OF WAXHAW, NORTH CAROLINA

## Schedule 24

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual (Non-GAAP)

## Small Transportation Projects Fund

For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other taxes and licenses:			
Municipal motor vehicle tax	\$ 250,000	\$ 381,375	\$ 131,375
<b>EXPENDITURES</b>			
Capital outlay	500,000	299,617	200,383
Revenues over expenditures	(250,000)	81,758	331,758
Fund balance appropriated	250,000		(250,000)
Net change in fund balance	\$ -	81,758	\$ 81,758
Fund balance, beginning		591,400	
Fund balance, ending		\$ 673,158	

## TOWN OF WAXHAW, NORTH CAROLINA

## Schedule 25

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

## Project Authorization and Actual (Non-GAAP)

## Nestbit Park Phase I Project Fund

For the Year Ended June 30, 2021

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Local contributions	\$ 2,705	\$ 2,704	\$ -	\$ 2,704	\$ (1)
<b>EXPENDITURES</b>					
Current:					
Culture and recreation:					
Operating expenditures	28,083	24,302	2,157	26,459	1,624
Capital outlay	362,622	361,129	4,354	365,483	(2,861)
Total expenditures	390,705	385,431	6,511	391,942	(1,237)
Revenues over expenditures	(388,000)	(382,727)	(6,511)	(389,238)	(1,238)
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance proceeds	-	2,204	-	2,204	2,204
Transfers in	388,000	388,000	-	388,000	-
Total other financing sources (uses)	388,000	390,204	-	390,204	2,204
Net change in fund balance	\$ -	\$ 7,477	(6,511)	\$ 966	\$ 966
Fund balance, beginning			7,477		
Fund balance, ending			\$ 966		

## TOWN OF WAXHAW, NORTH CAROLINA

Schedule 26

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

## Project Authorization and Actual (Non-GAAP)

## Town Creek Park Phase I Project Fund

For the Year Ended June 30, 2021

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

## TOWN OF WAXHAW, NORTH CAROLINA

Schedule 27

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Project Authorization and Actual (Non-GAAP)**  
**PSPR Fund**  
**For the Year Ended June 30, 2021**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Capital outlay	675,000	664,200	3,520	667,720	7,280
Revenues over expenditures	(675,000)	(664,200)	(3,520)	(667,720)	7,280
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	675,000	675,000	-	675,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,800</u>	(3,520)	<u>\$ 7,280</u>	<u>\$ 7,280</u>
Fund balance, beginning			10,800		
Fund balance, ending			<u>\$ 7,280</u>		

## TOWN OF WAXHAW, NORTH CAROLINA

Schedule 28

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Project Authorization and Actual (Non-GAAP)**  
**Downtown Park Fund**  
**For the Year Ended June 30, 2021**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental revenue	\$ 60,000	\$ -	\$ -	\$ -	\$ (60,000)
<b>EXPENDITURES</b>					
Capital outlay	60,000	-	122,902	122,902	(62,902)
Revenues over expenditures	-	-	(122,902)	(122,902)	(122,902)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	372,625	372,625	372,625
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	249,723	<u>\$ 249,723</u>	<u>\$ 249,723</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 249,723</u>		

## TOWN OF WAXHAW, NORTH CAROLINA

Schedule 29

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

## Project Authorization and Actual (Non-GAAP)

## Town Campus Fund

For the Year Ended June 30, 2021

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

**Town of Waxhaw, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

**Schedule 30**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 8,708,878	\$ 8,708,126	\$ 752
2019-2020	57,357	611	34,644	23,324
2018-2019	13,764	21	8,232	5,553
2017-2018	6,175	1,305	3,601	3,879
2016-2017	4,662	858	2,657	2,863
2015-2016	2,301	-	590	1,711
2014-2015	4,580	-	795	3,785
2013-2014	3,629	-	636	2,993
2012-2013	3,392	-	558	2,834
2012 and prior	26,147	-	1,000	25,147
	<u>\$ 122,007</u>	<u>\$ 8,711,673</u>	<u>\$ 8,760,839</u>	<u>72,841</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>72,841</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				8,781,472
Reconciling items:				
Interest collected				(28,392)
Discounts allowed				-
Taxes written off				7,759
Subtotal				<u>(20,633)</u>
Total collections and credits				<u>\$ 8,760,839</u>



**Town of Waxhaw, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**June 30, 2021**

**Schedule 31**

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 2,238,309,078	0.385	\$ 8,617,490	\$ 7,641,466	\$ 976,024
Discoveries - current and prior years	998,335	0.385	3,844	3,844	-
Supplemental bill	24,479,688	0.385	94,247	94,247	-
Releases	(1,740,779)	0.385	(6,702)	(6,702)	-
Total property valuation	<u>\$ 2,262,046,322</u>				
Net levy			8,708,879	7,732,855	976,024
Unpaid (by taxpayer) taxes at June 30, 2020			(752)	(752)	-
Current year's taxes collected			<u>\$ 8,708,127</u>	<u>\$ 7,732,103</u>	<u>\$ 976,024</u>
Current levy collection percentage			<u>99.99%</u>	<u>99.99%</u>	<u>100.00%</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Town of Waxhaw Alcoholic Beverage Control Board ("ABC Board"), as described in our report on the Town's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*.

**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.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Strickland Hardee PLLC

Lexington, North Carolina  
January 24, 2022

**TOWN OF WAXHAW, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2021**

**Schedule 32**

Grantor/Pass-Through Grantor/Program or Cluster Title:	Federal CFDA Number	State/Pass- Through Entity Identifying Number	Expenditures
<hr/> Federal Assistance <hr/>			
<u>U.S. Department of Justice</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grant - COPS SVPP Grant	16.710		\$ 8,623
<u>U.S. Department of Treasury</u>			
Pass-through from Union County, NC:			
Coronavirus Relief Fund - CARES Grant	21.019		<u>294,141</u>
Total Federal Assistance			<u><u>302,764</u></u>
<hr/> State Assistance <hr/>			
<u>N.C. Department of Transportation</u>			
Powell Bill Program		DOT-4	<u>260,951</u>
Total State Assistance			<u><u>260,951</u></u>
<hr/> Total Federal and State Assistance <hr/>			
Total Federal and State Assistance			<u><u>\$ 563,715</u></u>

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

**A. Basis of Presentation**

The accompanying Schedule of Federal and State Awards (SEFSA) presents the activity of all federal and state award programs of the Town of Waxhaw, North Carolina (the "Town") for the year ended June 30, 2021. Expenditures for federal and state financial assistance awarded directly from the federal or state agencies, as well as those passed through other entities, are included on the SEFSA. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act.

**B. Basis of Accounting**

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

**C. Indirect Cost Rate**

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