

**TOWN OF WAYNESVILLE  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**



**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2024**

**Mayor**

Gary Caldwell

**Town Council**

Clarence Dickson

Jon Feichter

Julia Freeman

Anthony Sutton

**Town Manager**

Robert Hites

Prepared by the Town of Waynesville Finance Department

**Finance Director**

Ian Barrett

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# TOWN OF WAYNESVILLE, NORTH CAROLINA

## ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Waynesville, North Carolina

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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.

We did not audit the financial statements of the Town of Waynesville ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Waynesville ABC Board, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waynesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Waynesville ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waynesville's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Waynesville's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waynesville's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the

Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2025, on our consideration of the Town of Waynesville'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 of Waynesville'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 of Waynesville's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 25, 2025

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## **Management's Discussion and Analysis**

As management of the Town of Waynesville, we offer readers of the Town of Waynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Waynesville for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

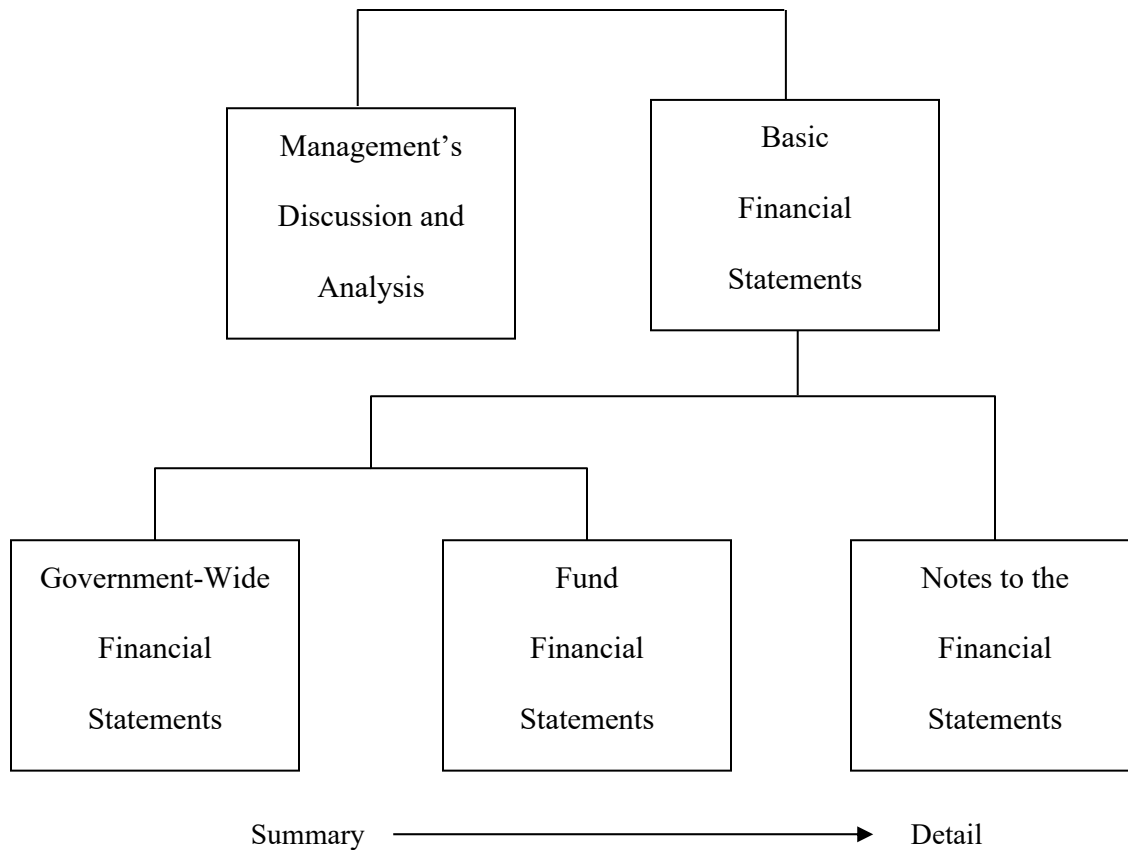
- The assets and deferred outflows of resources of the Town of Waynesville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$61,006,884 (*net position*).
- The government's total net position increased by \$3,887,104, primarily due to increases in the business-type activities net position.
- At the close of the current fiscal year, the Town of Waynesville's governmental funds reported combined ending fund balances of \$15,952,208, an increase of \$1,944,042 in comparison with the prior year. Approximately 55% of this total amount, or \$8,803,569, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$7,978,898, or 45%, of total General Fund expenditures adjusted for transfers out and issuances of debt and leases.

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

This discussion and analysis is intended to serve as an introduction to the Town of Waynesville's basic financial statements. The Town's basic 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 of Waynesville.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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 statements (Exhibits C through I) 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 three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the 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 they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources, the 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 three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the Town's basic services such as public health and safety, economic and physical development, streets and public works, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the electric and the water and sewer services offered by the Town of Waynesville. The final category is the component unit. Although legally separate from the Town, the ABC Board is important because the Town is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the Town.

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

## Fund Financial Statements

The fund financial statements (see Figure 1) 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 of Waynesville, 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 of Waynesville can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds 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. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources 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 a part of the fund financial statements.

The Town of Waynesville 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 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.

**Proprietary Funds.** The Town of Waynesville has two kinds of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Waynesville uses enterprise funds to account for its electric, water and sewer operations. These funds are the same as the separate activity shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of the Town. The Town uses internal service funds to account for two activities – its asset services management operations (formerly public works) and its garage operations. Because these operations benefit predominantly governmental rather than business-type activities, they both have been included within the governmental activities in the government-wide financial statements.

**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. The notes to the financial statements follow Exhibit I 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 of Waynesville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 74-83 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 change 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 United States Treasury Securities because of actions by foreign governments and other holders of publicly held United States Treasury Securities.



## Government-Wide Financial Analysis

### Town of Waynesville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and other assets	\$ 17,573,962	\$ 16,683,641	\$ 7,745,397	\$ 11,836,910	\$ 25,319,359	\$ 28,520,551
Capital assets, net	23,849,424	23,368,348	44,360,620	28,897,794	68,210,044	52,266,142
Total assets	<u>41,423,386</u>	<u>40,051,989</u>	<u>52,106,017</u>	<u>40,734,704</u>	<u>93,529,403</u>	<u>80,786,693</u>
<b>Deferred Outflows of Resources</b>	<u>5,605,138</u>	<u>5,749,084</u>	<u>1,271,226</u>	<u>1,286,497</u>	<u>6,876,364</u>	<u>7,035,581</u>
<b>Liabilities:</b>						
Long-term liabilities	18,726,338	17,485,581	13,301,193	3,352,840	32,027,531	20,838,421
Other liabilities	2,335,034	2,988,198	3,161,686	4,675,227	5,496,720	7,663,425
Total liabilities	<u>21,061,372</u>	<u>20,473,779</u>	<u>16,462,879</u>	<u>8,028,067</u>	<u>37,524,251</u>	<u>28,501,846</u>
<b>Deferred Inflows of Resources</b>	<u>1,585,712</u>	<u>1,851,132</u>	<u>288,920</u>	<u>349,516</u>	<u>1,874,632</u>	<u>2,200,648</u>
<b>Net Position:</b>						
Net investment in capital assets	19,302,422	19,202,217	34,045,877	28,309,141	53,348,299	47,511,358
Restricted	8,467,411	4,052,702	-	-	8,467,411	4,052,702
Unrestricted	(3,388,393)	221,243	2,579,567	5,334,477	(808,826)	5,555,720
Total net position	<u>\$ 24,381,440</u>	<u>\$ 23,476,162</u>	<u>\$ 36,625,444</u>	<u>\$ 33,643,618</u>	<u>\$ 61,006,884</u>	<u>\$ 57,119,780</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Waynesville exceeded liabilities and deferred inflows of resources by \$61,006,884 as of June 30, 2024. The Town's net position increased by \$3,887,104 (7%) for the fiscal year ended June 30, 2024. The largest portion of net position (87%) reflects the Town's net investment in capital assets (e.g. land, buildings, and equipment). The Town of Waynesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Waynesville's 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 of Waynesville's net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$808,826) is unrestricted.

Several particular aspects of the Town's financial operations positively influenced total net position:

- We have been diligent with collection of current year and past due property taxes. Our collection rate increased to just over 99%.
- The local option sales tax revenues (Article 39, Article 40, Article 42, and the hold harmless amount for the Article 44) totaled \$4,627,878, an increase of \$150,868, or 3.37%, in comparison to the prior year.
- The Town was able to purchase capital assets with the ARPA funds that were received in 2021 and 2022.

## Town of Waynesville's Changes in Net Position

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,698,603	\$ 2,165,306	\$ 18,737,942	\$ 17,602,673	\$ 21,436,545	\$ 19,767,979
Operating grants and contributions	956,960	1,281,417	20,552	82,507	977,512	1,363,924
Capital grants and contributions	771,433	213,138	43,602	-	815,035	213,138
General revenues:						
Property taxes	7,371,710	7,235,379	-	-	7,371,710	7,235,379
Other taxes and licenses	4,747,240	4,606,721	-	-	4,747,240	4,606,721
Unrestricted intergovernmental revenues	1,274,446	1,116,833	-	-	1,274,446	1,116,833
Other	637,668	638,194	379,540	314,217	1,017,208	952,411
Total revenues	<u>18,458,060</u>	<u>17,256,988</u>	<u>19,181,636</u>	<u>17,999,397</u>	<u>37,639,696</u>	<u>35,256,385</u>
<b>Expenses:</b>						
General government	3,687,583	2,400,381	-	-	3,687,583	2,400,381
Public safety	8,774,261	8,292,863	-	-	8,774,261	8,292,863
Transportation	3,027,060	3,129,652	-	-	3,027,060	3,129,652
Environmental protection	276,948	265,756	-	-	276,948	265,756
Cultural and recreational	2,773,644	2,629,883	-	-	2,773,644	2,629,883
Interest on long-term debt	108,138	107,268	-	-	108,138	107,268
Electric	-	-	7,655,459	9,096,694	7,655,459	9,096,694
Water	-	-	3,721,122	3,549,297	3,721,122	3,549,297
Sewer	-	-	3,728,377	3,284,879	3,728,377	-
Total expenses	<u>18,647,634</u>	<u>16,825,803</u>	<u>15,104,958</u>	<u>15,930,870</u>	<u>33,752,592</u>	<u>32,756,673</u>
Increase (decrease in net position) before transfers	(189,574)	431,185	4,076,678	2,068,527	3,887,104	2,499,712
Transfers	<u>1,094,852</u>	<u>799,195</u>	<u>(1,094,852)</u>	<u>(799,195)</u>	<u>-</u>	<u>-</u>
Change in net position	905,278	1,230,380	2,981,826	1,269,332	3,887,104	2,499,712
<b>Net Position:</b>						
Beginning of year - July 1	<u>23,476,162</u>	<u>22,245,782</u>	<u>33,643,618</u>	<u>32,374,286</u>	<u>57,119,780</u>	<u>54,620,068</u>
End of year - June 30	<u>\$ 24,381,440</u>	<u>\$ 23,476,162</u>	<u>\$ 36,625,444</u>	<u>\$ 33,643,618</u>	<u>\$ 61,006,884</u>	<u>\$ 57,119,780</u>

**Governmental Activities.** Governmental activities' net position increased by \$905,278. Key elements of this increase are as follows:

- Revenues were up in property taxes, sales tax, and investment income, which helped increase the net position.
- Rates for residential sanitation were increased by \$1 per month.
- There were additions to capital assets that the Town purchased using ARPA funds.

**Business-Type Activities.** Business-type activities increased the Town of Waynesville's net position by \$2,981,826. Key elements of this increase are as follows:

- The Town increased water rates by 7%, sewer rates 10%, and electric rates 5%.
- There was an increase in collections due to customers paying off payment arrangements for bills that had become delinquent during COVID and resuming cut offs for delinquent accounts.
- The electric fund had capital contributions of \$43,602.
- There were additions to capital assets that the Town purchased using ARPA funds.

### **Financial Analysis of the Town's Funds**

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

**Governmental Funds.** The focus of the Town of Waynesville'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 of Waynesville's financing requirements. Specifically, fund balance available for appropriation 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 of Waynesville. At the end of the current fiscal year, available fund balance of the General Fund was \$7,978,898, while total fund balance reached \$15,283,908. By comparison, the year ended June 30, 2023, fund balance available in the General Fund was \$10,417,549 and total fund balance was \$13,439,130. The Town's current fund balance available is 45% of General Fund expenditures, adjusted for transfers out and issuances of debt and leases, while total fund balance represents 87% of the same amount. By comparison, the year ended June 30, 2023, the fund balance available was 61% of the General Fund adjusted expenditures, while total fund balance represents 79% of the same amount.

At June 30, 2024, the governmental funds of the Town of Waynesville reported a combined fund balance of \$15,952,208, a net increase in fund balance of \$1,944,042. This represents an 14% increase over last year.

**General Fund Budgetary Highlights.** During the year, the Town revised the budget on several occasions. Generally, 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.

The Town's total budget for the General Fund including transfers to other funds for the year ended June 30, 2024, ended on a positive note and added to the overall fund balance. The majority of revenues came in over budget. Ad valorem taxes were up due to an excellent collection rate. Other taxes and licenses are more than budgeted due to higher sales tax collections in Articles 39, 40, 42, and the hold harmless amount for Article 44. Investment income was up due to several increases in interest rates over the year. Residential sanitation fees were increased \$1 per month which increased the revenue over \$100,000 for

the year. Recreation revenues continued to increase as the use of the facility has slowly and steadily increased over the past few years after the sharp decline during Covid. All transfers to the General Fund from business-type activities were made as budgeted and sales of capital assets brought in \$7,446 more than expected. Overall, on the expenditure side, the Town's actual General Fund's expenditures totaled \$17,668,518, and all area came in under budget. The exhibits break out the expenditures on a functional basis. The Town had budgeted to use General Fund balance, but none was needed due to revenues coming in strong and expenditures being under budget. In fact, on a budget basis, the Town added \$1,844,778 to the General Fund balance.

**ARPA Fund.** ARPA funds have been used to purchase much needed capital items. The Town Council decided to use revenue replacement to minimize the restrictions on uses of the funds. Over the past fiscal year, the funds were used for a new SUV for the meter readers, replacement of the dispatch console in the police department, and there were transfer to the water, sewer, and internal service funds for capital needs.

**Proprietary Funds.** The Town of Waynesville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the electric, water, and sewer funds at the end of the fiscal year totaled \$5,295,309, \$3,997,147, and (\$6,893,038), respectively. In comparison to the year ended June 30, 2023, the unrestricted net position of the electric, water and sewer funds totaled \$3,614,345, \$3,869,060, and (\$2,280,880) respectively. The electric, water and sewer funds' unrestricted net position increased/(decreased) \$1,680,964, \$128,087 and (\$4,612,158), respectively. Total change in net position of the Electric Fund, Water Fund, and Sewer Fund at the end of the fiscal year increased \$2,102,641, \$157,262, and \$673,726 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town of Waynesville's business-type activities.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Waynesville's capital assets for its governmental and business-type activities as of June 30, 2024 totals \$68,210,044 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreation facilities, vehicles, and infrastructure.

Major capital asset transactions during the year include:

- purchase of a sweeper truck
- purchase of several new police vehicles
- renovation of the finance building
- purchase of tanker truck equipment for the fire department
- purchase of a new garbage truck
- purchase of a mower for the cemetery
- purchase of a new truck for development services
- upgrades at the dog park
- purchase of metering infrastructure (water)
- purchase of the floc basin canal gate (water)
- purchase of a sewer camera system (sewer)

## Town of Waynesville's Capital Assets

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land	\$ 2,545,318	\$ 2,545,318	\$ 1,826,920	\$ 1,826,920	\$ 4,372,238	\$ 4,372,238
Public art	114,547	114,547	-	-	114,547	114,547
Construction in progress	619,230	656,657	23,842,058	7,879,057	24,461,288	8,535,714
Land improvements	615,567	590,583	48,008	55,188	663,575	645,771
Buildings and improvements	12,076,058	11,946,282	1,090,937	1,233,964	13,166,995	13,180,246
Equipment, furniture, and fixtures	918,580	636,444	364,791	203,132	1,283,371	839,576
Vehicles and motorized equipment	3,100,015	2,748,017	817,729	932,520	3,917,744	3,680,537
Infrastructure	3,422,623	3,599,449	-	-	3,422,623	3,599,449
Substations, lines, and related equipment	-	-	2,231,788	2,403,258	2,231,788	2,403,258
Plant and distribution systems	-	-	14,138,389	14,363,755	14,138,389	14,363,755
Leased land improvements	292,668	283,318	-	-	292,668	283,318
Leased buildings	12,194	36,581	-	-	12,194	36,581
Leased equipment	99,324	154,587	-	-	99,324	154,587
Subscriptions	33,300	52,717	-	-	33,300	52,717
Capital assets, net	<u>\$ 23,849,424</u>	<u>\$ 23,364,500</u>	<u>\$ 44,360,620</u>	<u>\$ 28,897,794</u>	<u>\$ 68,210,044</u>	<u>\$ 52,262,294</u>

Additional information on the Town's capital assets can be found in Note 3 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2024, the Town of Waynesville had total installment purchases outstanding of \$14,739,583.

## Town of Waynesville's Outstanding Debt

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Installment purchases	<u>\$ 4,424,840</u>	<u>\$ 4,097,990</u>	<u>\$10,314,743</u>	<u>\$ 588,653</u>	<u>\$14,739,583</u>	<u>\$ 4,686,643</u>

The Town had no refinanced debt but did finance the purchase of a fire truck for governmental-type activities and a state revolving loan for business-type activities during the year.

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Waynesville is approximately \$131,127,184.

Additional information regarding the Town of Waynesville's long-term debt can be found in Notes 1 and 3 of this audited financial report.

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

<b>Town of Waynesville</b>				
<b>Budget Comparison</b>				
<b>For the Year Ending June 30, 2024</b>				
	<b>FY 24-25</b>	<b>FY 23-24</b>		
	<b>Budget</b>	<b>Budget*</b>	<b>Difference</b>	<b>%</b>
General	\$ 19,070,765	\$ 17,452,975	\$ (1,617,790)	-9.27%
Electric	11,342,608	11,402,059	59,451	0.52%
Water	3,535,417	3,862,497	327,080	8.47%
Sewer	3,970,000	4,161,074	191,074	4.59%
Stormwater	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>#DIV/0!</u>
Total net position	<u>\$ 38,118,790</u>	<u>\$ 36,878,605</u>	<u>\$ (1,240,185)</u>	<u>4.31%</u>

\*with amendments

- The tax rate increased to \$0.4790 per hundred valuations.
- The fire tax rate for the outside districts remained at \$.08.
- Sewer rates increased 10%, water rates increased 7%, and electric rates increased 7%.
- Residential and commercial sanitation fees remained the same.
- While most all the other fees remain unchanged, some minor increases are seen in other areas.

The General Fund budget increased from the prior year. There were several pay increases included in the budget, including a 2% COLA, an 11.57% increase for sworn officers, 2.5% for career track, and some other market adjustments for the lowest paid employees. The budget also included funding for much needed capital projects.

The Water Fund budget is \$327,080 lower than the prior year. No rate increase was required to fund operations. Capital purchases are down from the previous year in the Water Fund.

The Sewer Fund budget is \$191,074 less than the prior year. The majority of this decrease is because of prior year capital purchases.

The Electric Fund budget is \$59,451 less than the prior year. This is mainly due to less spending required in capital. A rate increase was required to fund operations.

## **Budget Highlights for the Fiscal Year Ending June 30, 2025**

The Town has continued to have a lot of steady growth and development which will help with revenue growth in future years as more homes and apartments are added to the tax base. There are several subdivisions that will begin construction in the near future, and we have two apartment complexes under construction.

Ad valorem tax collection was excellent this fiscal year, and reached a level higher than has been seen in the Town of Waynesville. Sales tax grew by 8.52% during 22-23, but the extreme growth we had seen in prior years has slowed.

The addition of ARPA funds assisted the growth of net position by allowing the purchase of capital assets in the General Fund, Water Fund, and Sewer Fund. The funds will allow us to purchase additional capital assets and work on projects over fiscal year.

The Town was fortunate to be awarded several grants during the year that will assist in adding electric vehicle chargers downtown and at the recreation center. The fire department was able to purchase some wildland fire equipment with a FEMA grant, and the finance department was able to renovate their office with a grant from Senator Corbin.

The Town is also budgeted funds to implement an electronic time and attendance system. This will be a huge advance in terms of accountability and tracking. Other budget highlights include upgrading meter infrastructure, vehicle purchases, equipment for existing vehicles, water/ sewer infrastructure, and increasing law enforcement salaries to help with recruitment and retention efforts.

Fiscal year 2025 also sees the town implementing a stormwater program. The addition of this revenue will help with stormwater management.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Waynesville, 280 Georgia Ave, Waynesville, North Carolina 28786.

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**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Waynesville ABC Board</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 10,047,961	\$ 8,567,095	\$ 18,615,056	\$ 1,408,937
Taxes receivable, net	165,015	-	165,015	-
Accounts receivable, net	79,680	1,768,501	1,848,181	-
Other receivables	511,411	118	511,529	-
Due from other governments	2,064,239	-	2,064,239	-
Internal balances	3,562,895	(3,562,895)	-	-
Leases receivable	3,497	-	3,497	-
Inventories	85,191	705,512	790,703	298,243
Prepaid items	-	-	-	10,423
Cash and cash equivalents, restricted	1,054,073	267,066	1,321,139	-
Total current assets	17,573,962	7,745,397	25,319,359	1,717,603
Non-current assets:				
Capital assets:				
Land and construction in progress	3,279,095	25,668,978	28,948,073	509,646
Other capital assets, net of depreciation	20,132,843	18,691,642	38,824,485	652,370
Right-to-use assets, net of amortization	437,486	-	437,486	-
Total capital assets	23,849,424	44,360,620	68,210,044	1,162,016
Total non-current assets	23,849,424	44,360,620	68,210,044	1,162,016
Total assets	41,423,386	52,106,017	93,529,403	2,879,619
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	4,076,989	918,414	4,995,403	131,639
OPEB deferrals	1,528,149	352,812	1,880,961	-
Total deferred outflows of resources	5,605,138	1,271,226	6,876,364	131,639
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,071,551	2,731,613	3,803,164	562,757
Current portion of long-term liabilities	1,093,139	163,007	1,256,146	17,171
Unearned revenue	170,344	-	170,344	-
Liabilities payable from restricted assets:				
Customer deposits	-	267,066	267,066	-
Total current liabilities	2,335,034	3,161,686	5,496,720	579,928

*The accompanying notes are an integral part of the financial statements.*

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2024

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Waynesville ABC Board</b>
Long-term liabilities:				
Net pension liability (LGRS)	6,000,102	1,508,426	7,508,528	192,268
Total pension liability (LEOSSA)	1,840,287	-	1,840,287	-
OPEB liability	6,400,717	1,477,767	7,878,484	-
Due in more than one year	4,485,232	10,315,000	14,800,232	-
Total long-term liabilities	18,726,338	13,301,193	32,027,531	192,268
Total liabilities	21,061,372	16,462,879	37,524,251	772,196
<b>Deferred Inflows of Resources:</b>				
Lease deferrals	941	-	941	-
Other deferred inflows	102,723	-	102,723	-
Prepaid taxes	4,615	-	4,615	-
Pension deferrals	281,095	12,715	293,810	461
OPEB deferrals	1,196,338	276,205	1,472,543	-
Total deferred inflows of resources	1,585,712	288,920	1,874,632	461
<b>Net Position:</b>				
Net investment in capital assets	19,302,422	34,045,877	53,348,299	1,162,016
Restricted for:				
Perpetual maintenance	611,892	-	611,892	-
Stabilization by state statute	7,291,546	-	7,291,546	-
Restricted - other	563,973	-	563,973	-
Working capital	-	-	-	143,786
Unrestricted	(3,388,393)	2,579,567	(808,826)	932,799
Total net position	\$ 24,381,440	\$ 36,625,444	\$ 61,006,884	\$ 2,238,601

The accompanying notes are an integral part of the financial statements.

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**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,687,583	\$ 161,825	\$ 492,948	\$ 771,433
Public safety	8,774,261	1,138,437	54,631	-
Transportation	3,027,060	756,287	409,381	-
Environmental protection	276,948	49,100	-	-
Cultural and recreational	2,773,644	592,954	-	-
Interest on long-term debt	108,138	-	-	-
Total governmental activities	<u>18,647,634</u>	<u>2,698,603</u>	<u>956,960</u>	<u>771,433</u>
<b>Business-Type Activities:</b>				
Electric	7,655,459	10,889,805	18,426	43,602
Water	3,721,122	3,639,343	-	-
Sewer	3,728,377	4,208,794	2,126	-
Total business-type activities	<u>15,104,958</u>	<u>18,737,942</u>	<u>20,552</u>	<u>43,602</u>
Total primary government	<u>\$ 33,752,592</u>	<u>\$ 21,436,545</u>	<u>\$ 977,512</u>	<u>\$ 815,035</u>
<b>Component Unit:</b>				
ABC Board	<u>\$ 4,860,308</u>	<u>\$ 4,874,925</u>	<u>\$ -</u>	<u>\$ -</u>

*The accompanying notes are an integral part of the financial statements.*

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Waynesville ABC Board
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (2,261,377)	\$ -	\$ (2,261,377)	
Public safety	(7,581,193)	-	(7,581,193)	
Streets and public works	(1,861,392)	-	(1,861,392)	
Sanitation	(227,848)	-	(227,848)	
Cultural and recreation	(2,180,690)	-	(2,180,690)	
Interest on long-term debt	(108,138)	-	(108,138)	
Total governmental activities	(14,220,638)	-	(14,220,638)	
Business-Type Activities:				
Electric	-	3,296,374	3,296,374	
Water	-	(81,779)	(81,779)	
Sewer	-	482,543	482,543	
Total business-type activities	-	3,697,138	3,697,138	
Total primary government	(14,220,638)	3,697,138	(10,523,500)	
Component Unit:				
ABC Board				\$ 14,617
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	7,371,710	-	7,371,710	-
Local option sales tax	4,627,878	-	4,627,878	-
Other taxes and licenses	119,362	-	119,362	-
Unrestricted intergovernmental revenues	1,274,446	-	1,274,446	-
Gain on sale of capital assets	32,446	5,286	37,732	-
Investment earnings	389,056	374,254	763,310	-
Miscellaneous	216,166	-	216,166	-
Total general revenues, excluding transfers	14,031,064	379,540	14,410,604	-
Transfers	1,094,852	(1,094,852)	-	-
Total general revenues and transfers	15,125,916	(715,312)	14,410,604	-
Change in net position	905,278	2,981,826	3,887,104	14,617
Net Position:				
Beginning of year - July 1	23,476,162	33,643,618	57,119,780	2,223,984
End of year - June 30	\$ 24,381,440	\$ 36,625,444	\$ 61,006,884	\$ 2,238,601

*The accompanying notes are an integral part of the financial statements.*

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<b>Major Funds</b>		<b>Nonmajor</b>	<b>Total</b>
	<b>General Fund</b>	<b>ARPA Fund</b>	<b>Governmental Fund</b>	<b>Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,254,728	\$ -	\$ 611,892	\$ 9,866,620
Taxes receivable, net	165,015	-	-	165,015
Accounts receivable, net	79,672	-	8	79,680
Due from other governments	2,064,239	-	-	2,064,239
Other receivables	450,529	-	-	450,529
Due from other funds	4,319,527	-	-	4,319,527
Inventories	10,916	-	-	10,916
Leases receivable	3,497	-	-	3,497
Cash and cash equivalents, restricted	830,259	223,814	-	1,054,073
Total assets	<u>\$ 17,178,382</u>	<u>\$ 223,814</u>	<u>\$ 611,900</u>	<u>\$ 18,014,096</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,041,767	\$ -	\$ -	\$ 1,041,767
Advances from other funds	576,483	-	-	576,483
Unearned revenues	2,930	167,414	-	170,344
Total liabilities	<u>1,621,180</u>	<u>167,414</u>	<u>-</u>	<u>1,788,594</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	165,015	-	-	165,015
Lease deferrals	941	-	-	941
Other deferred inflows	102,723	-	-	102,723
Prepaid taxes	4,615	-	-	4,615
Total deferred inflow of resources	<u>273,294</u>	<u>-</u>	<u>-</u>	<u>273,294</u>
<b>Fund Balances:</b>				
Non-spendable:				
Perpetual maintenance	-	-	611,892	611,892
Inventories	10,916	-	-	10,916
Leases	2,556	-	-	2,556
Restricted:				
Stabilization by state statute	7,291,538	-	8	7,291,546
General government	-	56,400	-	56,400
Public safety	68,052	-	-	68,052
Streets - Powell Bill	383,559	-	-	383,559
Streets - paving	31,250	-	-	31,250
Culture and recreation	24,712	-	-	24,712
Future capital outlay	322,686	-	-	322,686
Assigned:				
Subsequent year's expenditures	589,000	-	-	589,000
Unassigned	6,559,639	-	-	6,559,639
Total fund balances	<u>15,283,908</u>	<u>56,400</u>	<u>611,900</u>	<u>15,952,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,178,382</u>	<u>\$ 223,814</u>	<u>\$ 611,900</u>	<u>\$ 18,014,096</u>

The accompanying notes are an integral part of the financial statements.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2024

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances - governmental funds	\$ 15,952,208
Capital assets and right to use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Total capital assets and right to use assets of governmental activities	\$ 23,849,424
Less capital assets of internal service funds	<u>(167,845)</u>
	23,681,579
Accrued interest on property taxes receivable are not available to pay for current period expenditures and, therefore, is not reported in the funds.	60,880
Deferred outflows of resources related to pensions are not reported in the funds.	4,001,564
Deferred outflows of resources related to OPEB are not reported in the funds.	1,499,438
Net pension liability - LGERS	(6,000,102)
Total pension liability - LEOSA	(1,840,287)
Total OPEB liability	(6,629,851)
Internal service funds are used by management to charge the cost of garage services to individual funds. The assets and liabilities of the internal services funds are included in the governmental activities in the Statement of Net Position. The cumulative effect of internal service activities related to enterprise funds are allocated to business-type activities as an internal balance.	279,322
Long-term debt and leases, accrued interest and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(5,334,408)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	165,015
Deferred inflows of resources related to pensions are not reported in the funds.	(280,057)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(1,173,861)</u>
Net position of governmental activities	<u>\$ 24,381,440</u>

*The accompanying notes are an integral part of the financial statements.*

## TOWN OF WAYNESVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds		Nonmajor	Total
	General Fund	ARPA Fund	Governmental Fund	Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,458,532	\$ -	\$ -	\$ 7,458,532
Other taxes and licenses	4,747,240	-	-	4,747,240
Unrestricted intergovernmental revenues	1,274,446	-	-	1,274,446
Restricted intergovernmental revenues	1,109,276	1,264,381	-	2,373,657
Permits and fees	288,450	-	-	288,450
Sales and services	1,733,939	-	30,950	1,764,889
Investment earnings	377,142	-	11,914	389,056
Miscellaneous	216,166	-	-	216,166
Total revenues	<u>17,205,191</u>	<u>1,264,381</u>	<u>42,864</u>	<u>18,512,436</u>
<b>Expenditures:</b>				
Current:				
General government	2,309,624	1,027,233	-	3,336,857
Public safety	8,734,031	-	-	8,734,031
Transportation	2,947,628	-	-	2,947,628
Environmental protection	275,169	-	-	275,169
Cultural and recreation	2,689,558	-	-	2,689,558
Debt service:				
Principal	604,370	-	-	604,370
Interest	108,138	-	-	108,138
Total expenditures	<u>17,668,518</u>	<u>1,027,233</u>	<u>-</u>	<u>18,695,751</u>
Revenues over (under) expenditures	<u>(463,327)</u>	<u>237,148</u>	<u>42,864</u>	<u>(183,315)</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	31,481	-	-	31,481
Issuance of long-term debt	800,000	-	-	800,000
Sales of assets	32,446	-	-	32,446
Transfers in	1,444,178	-	-	1,444,178
Transfers out	-	(180,748)	-	(180,748)
Total other financing sources (uses)	<u>2,308,105</u>	<u>(180,748)</u>	<u>-</u>	<u>2,127,357</u>
Net change in fund balances	1,844,778	56,400	42,864	1,944,042
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>13,439,130</u>	<u>-</u>	<u>569,036</u>	<u>14,008,166</u>
End of year - June 30	<u>\$ 15,283,908</u>	<u>\$ 56,400</u>	<u>\$ 611,900</u>	<u>\$ 15,952,208</u>

The accompanying notes are an integral part of the financial statements.



# TOWN OF WAYNESVILLE, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Amounts reported for governmental activities in the Statement of Activities  
(Exhibit D) are different due to the following items:

Net change in fund balances - total governmental funds	\$ 1,944,042
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay expenditures which were capitalized	1,907,610
Depreciation expense for governmental assets	(1,332,969)
Capital outlay for right-to-use assets	31,481
Amortization of right-to-use assets	(121,198)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable property tax revenues	(80,036)
Accrued interest on property taxes	(6,786)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt, leases, and subscriptions issued	(831,481)
Principal payments on long-term debt, leases, and subscriptions	604,370

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.

Claims and judgments	5,000
Compensated absences	(20,286)
Changes in LGERS pension liability and related deferred outflows and inflows of resources	(712,701)
Changes in LEOSSA pension liability and related deferred outflows and inflows of resources	(137,562)
Changes in OPEB pension liability and related deferred outflows and inflows of resources	(884,769)

Internal Service Fund activities attributable to governmental funds are reported with governmental activities on the Statement of Activities.

540,563

Change in net position of governmental activities	<u>\$ 905,278</u>
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*The accompanying notes are an integral part of the financial statements.*

## TOWN OF WAYNESVILLE, NORTH CAROLINA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Over/Under</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,079,300	\$ 7,442,300	\$ 7,458,532	\$ 16,232
Other taxes and licenses	4,620,150	4,620,150	4,747,240	127,090
Unrestricted intergovernmental revenues	892,000	892,000	1,274,446	382,446
Restricted intergovernmental revenues	1,061,750	1,309,468	1,109,276	(200,192)
Permits and fees	244,650	254,900	288,450	33,550
Sales and services	1,454,750	1,466,750	1,733,939	267,189
Investment earnings	201,000	301,000	377,142	76,142
Miscellaneous	499,100	376,796	216,166	(160,630)
Total revenues	<u>16,052,700</u>	<u>16,663,364</u>	<u>17,205,191</u>	<u>541,827</u>
<b>Expenditures:</b>				
Current:				
General government	2,960,435	2,854,124	2,309,624	544,500
Public safety	7,498,345	9,393,628	8,734,031	659,597
Transportation	3,162,960	3,230,355	2,947,628	282,727
Environmental protection	318,640	329,135	275,169	53,966
Cultural and recreational	2,779,630	2,905,895	2,689,558	216,337
Debt service:				
Principal retirement	732,965	604,370	604,370	-
Interest and fees	-	53,595	108,138	(54,543)
Total expenditures	<u>17,452,975</u>	<u>19,371,102</u>	<u>17,668,518</u>	<u>1,702,584</u>
Revenues over (under) expenditures	<u>(1,400,275)</u>	<u>(2,707,738)</u>	<u>(463,327)</u>	<u>2,244,411</u>
<b>Other Financing Sources (Uses):</b>				
Lease liabilities issued	-	-	31,481	31,481
Issuance of long-term debt	-	800,000	800,000	-
Sales of assets	25,000	25,000	32,446	7,446
Transfers in	1,345,600	1,353,950	1,444,178	90,228
Fund balance appropriated	29,675	528,788	-	(528,788)
Total other financing sources (uses)	<u>1,400,275</u>	<u>2,707,738</u>	<u>2,308,105</u>	<u>(399,633)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,844,778</u>	<u>\$ 1,844,778</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>13,439,130</u>	
End of year - June 30			<u>\$ 15,283,908</u>	

*The accompanying notes are an integral part of the financial statements.*

TOWN OF WAYNESVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

	Business-Type Activities				Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 4,211,273	\$ 4,355,822	\$ -	\$ 8,567,095	\$ 181,341
Accounts receivable, net	1,012,721	352,751	403,029	1,768,501	-
Other receivables	40	45	33	118	2
Inventories	312,881	354,693	37,938	705,512	74,275
Cash and cash equivalents, restricted	193,639	73,427	-	267,066	-
Total current assets	5,730,554	5,136,738	441,000	11,308,292	255,618
Non-current assets:					
Advances to other funds	576,483	-	-	576,483	-
Capital assets:					
Land and construction in progress	1,256,466	1,486,362	22,926,150	25,668,978	-
Other capital assets, net of depreciation	2,383,710	11,378,874	4,929,058	18,691,642	167,845
Total capital assets	3,640,176	12,865,236	27,855,208	44,360,620	167,845
Total non-current assets	4,216,659	12,865,236	27,855,208	44,937,103	167,845
Total assets	9,947,213	18,001,974	28,296,208	56,245,395	423,463
<b>Deferred Outflows of Resources:</b>					
Pension deferrals	156,384	386,193	375,837	918,414	75,425
OPEB deferrals	59,303	145,426	148,083	352,812	28,711
Total deferred outflows of resources	215,687	531,619	523,920	1,271,226	104,136
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	451,452	152,410	2,127,751	2,731,613	29,784
Due to other funds	-	-	4,319,527	4,319,527	-
Compensated absences, current	5,263	29,796	29,809	64,868	353
Installment purchases, current	-	45,237	-	45,237	-
OPEB liability - current	8,892	21,806	22,204	52,902	4,305
Payable from restricted assets:					
Customer deposits	193,639	73,427	-	267,066	-
Total current liabilities	659,246	322,676	6,499,291	7,481,213	34,442
Non-current liabilities:					
Compensated absences	14,336	31,158	-	45,494	14,476
Installment purchases	-	481,732	-	481,732	-
State revolving loan	-	-	9,787,774	9,787,774	-
Net pension liability	256,810	634,391	617,225	1,508,426	123,884
OPEB liability - non-current	248,394	609,124	620,249	1,477,767	120,257
Total non-current liabilities	519,540	1,756,405	11,025,248	13,301,193	258,617
Total liabilities	1,178,786	2,079,081	17,524,539	20,782,406	293,059

The accompanying notes are an integral part of the financial statements.

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Internal Service Funds</b>
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	2,203	5,248	5,264	12,715
OPEB deferrals	46,426	113,850	115,929	276,205
Total deferred inflows of resources	48,629	119,098	121,193	288,920
<b>Net Position:</b>				
Net investment in capital assets	3,640,176	12,338,267	18,067,434	34,045,877
Unrestricted (deficit)	5,295,309	3,997,147	(6,893,038)	2,399,418
Total net position	\$ 8,935,485	\$ 16,335,414	\$ 11,174,396	36,445,295
Adjustment to reflect the cumulative effect of internal service fund activities related to enterprise funds				180,149
Total net position of business-type activities				\$ 36,625,444

*The accompanying notes are an integral part of the financial statements.*

## TOWN OF WAYNESVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities				Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>Operating Revenues:</b>					
Charges for services	\$ 10,863,739	\$ 3,537,558	\$ 4,130,643	\$ 18,531,940	\$ 1,116,021
Other operating revenue	26,066	101,785	78,151	206,002	8,898
Total operating revenues	<u>10,889,805</u>	<u>3,639,343</u>	<u>4,208,794</u>	<u>18,737,942</u>	<u>1,124,919</u>
<b>Operating Expenses:</b>					
Finance and administration	1,127,314	879,232	867,949	2,874,495	-
Electric operations	838,440	-	-	838,440	-
Electric power purchases	5,458,660	-	-	5,458,660	-
Water treatment and distribution	-	2,196,185	-	2,196,185	-
Waste collection and treatment	-	-	2,413,105	2,413,105	-
Garage operations	-	-	-	-	968,768
Depreciation and amortization	245,504	653,536	464,192	1,363,232	36,804
Total operating expenses	<u>7,669,918</u>	<u>3,728,953</u>	<u>3,745,246</u>	<u>15,144,117</u>	<u>1,005,572</u>
Operating income (loss)	<u>3,219,887</u>	<u>(89,610)</u>	<u>463,548</u>	<u>3,593,825</u>	<u>119,347</u>
<b>Non-Operating Revenues (Expenses):</b>					
Investment earnings	96,132	116,637	161,485	374,254	3,435
Grant revenue	18,426	-	2,126	20,552	-
Interest and fees paid	-	(9,038)	-	(9,038)	-
Gain (loss) on disposal of assets	194	5,092	-	5,286	800
Total non-operating revenues (expenses)	<u>114,752</u>	<u>112,691</u>	<u>163,611</u>	<u>391,054</u>	<u>4,235</u>
Income (loss) before transfers and capital contributions	3,334,639	23,081	627,159	3,984,879	123,582
Transfers in	-	134,181	46,567	180,748	-
Transfers out	(1,275,600)	-	-	(1,275,600)	(168,578)
Transfer of net position to governmental activities	-	-	-	-	(1,024,899)
Capital contributions	<u>43,602</u>	<u>-</u>	<u>-</u>	<u>43,602</u>	<u>-</u>
Change in net position	2,102,641	157,262	673,726	2,933,629	(1,069,895)
<b>Net Position:</b>					
Beginning of year - July 1	<u>6,832,844</u>	<u>16,178,152</u>	<u>10,500,670</u>		<u>1,280,920</u>
End of year - June 30	<u>\$ 8,935,485</u>	<u>\$ 16,335,414</u>	<u>\$ 11,174,396</u>		<u>\$ 211,025</u>
Adjustment to reflect the current year internal service fund activities related to enterprise funds				<u>48,197</u>	
Change in net position - business-type activities				<u>\$ 2,981,826</u>	

The accompanying notes are an integral part of the financial statements.

TOWN OF WAYNESVILLE, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities				Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	Total	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 10,813,793	\$ 3,505,266	\$ 4,084,892	\$ 18,403,951	\$ -
Cash received from interfund charges	-	-	-	-	1,116,021
Cash paid for goods and services	(6,858,307)	(1,819,050)	(3,519,549)	(12,196,906)	(630,975)
Cash paid to employees for services	(392,188)	(1,202,151)	(1,424,229)	(3,018,568)	(285,377)
Other operating revenues	26,066	101,785	78,151	206,002	8,898
Net cash provided (used) by operating activities	<u>3,589,364</u>	<u>585,850</u>	<u>(780,735)</u>	<u>3,394,479</u>	<u>208,567</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition of capital assets and construction	(667,181)	(621,027)	(15,537,850)	(16,826,058)	(19,903)
Proceeds from sale of capital assets	194	5,092	-	5,286	800
Proceeds from issuance of debt	-	-	9,787,774	9,787,774	-
Principal paid on debt	-	(61,684)	-	(61,684)	-
Capital contributions	43,602	-	-	43,602	-
Prior year capital grants received	82,507	-	-	82,507	-
Interest and fees paid on installment purchases	-	(9,038)	-	(9,038)	-
Net cash provided (used) by capital and related financing activities	<u>(540,878)</u>	<u>(686,657)</u>	<u>(5,750,076)</u>	<u>(6,977,611)</u>	<u>(19,103)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>					
Operating transfers out	(1,275,600)	-	-	(1,275,600)	(196,226)
Operating transfers in	-	134,181	46,567	180,748	-
Change in due to/from other funds	75,993	-	4,319,527	4,395,520	(11,558)
Grants received	18,426	-	2,126	20,552	-
Net cash provided (used) by non-capital financing activities	<u>(1,181,181)</u>	<u>134,181</u>	<u>4,368,220</u>	<u>3,321,220</u>	<u>(207,784)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	<u>96,132</u>	<u>116,637</u>	<u>161,485</u>	<u>374,254</u>	<u>3,435</u>
Net increase (decrease) in cash and cash equivalents	1,963,437	150,011	(2,001,106)	112,342	(14,885)
<b>Cash and Cash Equivalents:</b>					
Beginning of year - July 1	<u>2,441,475</u>	<u>4,279,238</u>	<u>2,001,106</u>	<u>8,721,819</u>	<u>196,226</u>
End of year - June 30	<u>\$ 4,404,912</u>	<u>\$ 4,429,249</u>	<u>\$ -</u>	<u>\$ 8,834,161</u>	<u>\$ 181,341</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 3,219,887	\$ (89,610)	\$ 463,548	\$ 3,593,825	\$ 119,347
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	245,504	653,536	464,192	1,363,232	36,804
(Increase) decrease in:					
Accounts receivable	(49,946)	(32,292)	(45,751)	(127,989)	-
Inventory	27,859	(129,340)	3,495	(97,986)	6,044
Deferred outflows of resources - pensions	(15,603)	(38,551)	(37,502)	(91,656)	(7,528)
Deferred outflows of resources - OPEB	17,973	44,075	44,879	106,927	8,701
Increase (decrease) in:					
Net pension liability	43,963	108,622	105,666	258,251	21,210
Deferred inflows of resources - pensions	(3,506)	(8,662)	(8,426)	(20,594)	(1,691)
Deferred inflows of resources - OPEB	(6,724)	(16,488)	(16,790)	(40,002)	(3,255)
Other post-employment benefits	5,188	12,722	12,954	30,864	2,512
Accounts payable	77,101	72,328	(1,753,823)	(1,604,394)	20,781
Customer deposits	24,641	7,452	-	32,093	-
Compensated absences	3,027	2,058	(13,177)	(8,092)	5,642
Net cash provided (used) by operating activities	<u>\$ 3,589,364</u>	<u>\$ 585,850</u>	<u>\$ (780,735)</u>	<u>\$ 3,394,479</u>	<u>\$ 208,567</u>
<b>Non-Cash Transactions:</b>					
Transfer of net position from (to) other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,024,899)</u>

The accompanying notes are an integral part of the financial statements.

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# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Waynesville (the "Town") and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Town of Waynesville is a municipal corporation, which is governed by an elected Mayor and a four-member Town Council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

##### **Town of Waynesville ABC Board**

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation.) Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at the Town of Waynesville ABC Board, 52 Dayco Drive, Waynesville, North Carolina 28786.

#### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental activities* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

*Fund Financial Statements.* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

**ARPA Fund.** The ARPA Fund accounts for the American Rescue Plan Act (ARPA) funds awarded to the Town. These funds can only be spent for eligible uses including: (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer or broadband.

The Town has the following nonmajor governmental fund:

**Cemetery Fund.** This permanent fund is used to accumulate monies from the sale of cemetery lots for future maintenance of the Town's cemetery.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric operations. The Electric Capital Project Fund has been consolidated into the Electric Fund for financial reporting purposes.

**Water Fund.** This fund is used to account for the Town's water operations.

**Sewer Fund.** This fund is used to account for the Town's sewer operations. The Sewer Capital Project Fund has been consolidated into the Sewer Fund for financial reporting purposes.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town reports the following fund type:

**Internal Service Funds.** Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Town of Waynesville has one internal service fund: the Garage Operations Fund. The internal service fund predominantly serves governmental activities.

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under leases and IT subscriptions are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, 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.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Haywood County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### **D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the enterprise capital project funds and the ARPA Special Revenue Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. The Town's asset services management and garage operations funds, internal service funds, operate under financial plans that were adopted by the governing board at the time the Town's budget ordinance was approved, as is required by the General Statutes. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Fund is not required to be budgeted.

### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciable lives of capital assets.

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

#### **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 state law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30] 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 and the ABC Board's investments are generally reported at fair value. The NCCMT Government Portfolio, an SEC registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

#### **Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

#### **Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds and motor vehicle taxes restricted for paving are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Federal and state seizure funds and other public

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

safety revenues are also classified as restricted cash because its use is restricted to law enforcement expenditures. Donations received for the purpose of culture and recreation projects are restricted by the donor to be used only on those projects. Unexpended debt proceeds are restricted to the purposes for which the funds were received. Advances from grantors in the American Rescue Plan Fund are classified as restricted because their use is completely restricted for the purpose for which the grant funding was awarded.

The Town's restricted cash at June 30, 2024, is as follows:

### Governmental Activities:

#### General Fund:

Public safety	\$ 68,052
Streets - Powell Bill	383,559
Streets - paving	31,250
Culture and recreation	24,712
Unspent debt proceeds	322,686

#### ARPA Fund:

Unspent grant funds	223,814
Total governmental activities	<u>1,054,073</u>

### Business-Type Activities:

#### Electric Fund:

Customer deposits	193,639
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#### Water Fund:

Customer deposits	<u>73,427</u>
Total business-type activities	<u>267,066</u>

Total restricted cash	<u>\$ 1,321,139</u>
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### Ad Valorem 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 1, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2023.

### Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **Leases Receivable**

The Town's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of each lease.

### **Inventory and Prepaid Items**

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use or sale. The cost of these inventories is expensed when consumed rather than when purchased.

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 and expensed as the items are used.

### **Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land and land improvements, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$7,500; infrastructure, \$8,500; furniture and equipment, \$5,000; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network, and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and 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.

## TOWN OF WAYNESVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town's capital assets include certain right-to-use lease assets as a result of implementing GASB 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The Town's capital assets also include certain right-to-use subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

Capital assets are depreciated on a straight-line basis over the following useful lives to the cost of the assets:

<b>Asset</b>	<b>Estimated Useful Lives</b>
Infrastructure	15-50 years
Buildings and system	20-50 years
Substations, lines and related equipment	24 years
Other improvements	20-40 years
Vehicles and motorized equipment	5-25 years
Equipment and furniture	5-20 years
Computer equipment	5 years

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<b>Asset</b>	<b>Estimated Useful Lives</b>
Furniture and equipment	3-10 years
New facility	40 years



# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position 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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet these criteria – pension deferrals and OPEB deferrals.

In addition to liabilities, the Statement of Net Position 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 assets that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criteria for this category - prepaid taxes, property taxes receivable, lease deferrals, pension deferrals, OPEB deferrals, and other deferred inflows.

### **Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Compensated Absences**

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

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

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **Reimbursement for Pandemic-Related Expenses**

During the 2021 fiscal year, the American Rescue Plan Act (ARPA) established the Coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$3,231,911 of fiscal recovery funds to be paid in two installments. The first installment of \$1,615,955 was received in August 2021, and the second installment of \$1,615,956 was received in August 2022. The Town Council has elected to use the standard allowance of \$3,231,911 for revenue replacement. During the 2022 fiscal year, the Town used \$1,145,923 for vehicles, equipment, and various projects. During the 2023 fiscal year, the Town used \$710,592 on vehicles, equipment, and various projects. During the 2024 fiscal year, the Town used \$1,207,981 on vehicles, equipment, and various projects. Remaining revenue replacement funds will be transferred to the appropriate funds as determined in Ordinance 47-22 as expenditures are incurred.

### **Net Position/Fund Balances**

#### **Net Position**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed by law through state statute.

#### **Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Perpetual Maintenance* – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town's Cemetery.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*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 non-spendable. 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 General Government* – portion of fund balance that has been restricted by revenue source for certain general government expenditures.

*Restricted for Public Safety* – portion of fund balance that has been restricted by revenue source for certain public safety expenditures.

*Restricted for Streets - Powell Bill* – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

*Restricted for Streets - Paving* – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended motor vehicle taxes.

*Restricted for Culture and Recreation* – portion of fund balance representing unspent donations received that are restricted by revenue source for specific culture and recreation projects.

*Restricted for Future Capital Outlay* – portion of fund balance restricted by revenue source for future capital outlay. This classification consists of unexpended debt proceeds.

Restricted fund balance/net position on Exhibit A varies from Exhibit C by the amount of unexpended debt proceeds of \$322,686 at June 30, 2024.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Committed Fund Balance

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing body 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.

### Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Town intends to use for specific purposes. The Town's governing body has the authority to assign fund balance. The Budget Officer, as granted in the officially adopted budget ordinance, has been granted limited authority to assign fund balance.

*Subsequent Year's Expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds without limitation.

### Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is restricted, committed, or assigned to specific purposes within the General Fund.

The Town of Waynesville does not have a formal spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer uses resources in the following hierarchy: loan proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The Town of Waynesville has not adopted a minimum fund balance policy for the General Fund.

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	\$ 15,283,908
<b>Less:</b>	
Inventories	10,916
Leases	2,556
Stabilization by state statute	7,291,538
Total available fund balance	<u>\$ 7,978,898</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2024, outstanding encumbrances in the General Fund totaled \$480,294.

### **G. Defined Benefit Cost – Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## **2. Stewardship, Compliance, and Accountability**

### **Non-Compliance with North Carolina General Statutes**

N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year. The 2024 audit was significantly delayed due to significant turnover in key financial personnel; refer to finding 2024-002 for further information.

**Corrective Action Plan:** Management has a system in place to have financial reports filed in a timely manner.

N.C. General Statute 159-29 requires that the person designated by the Board as the Finance Director give a true accounting and faithful performance bond in an amount not less than the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000. Refer to finding 2024-003 for further information.

**Corrective Action Plan:** Human Resources will require bonding before assuming a position that requires it. Doing it preemptively will prevent there being an unbonded finance officer in the future.

N.C. General Statute 159-32 requires all collections and receipts greater than \$250 be deposited on a daily basis. Refer to finding 2024-004 for further information.

**Corrective Action Plan:** Collections supervisor will ensure that receipts greater than \$250 are deposited on a daily basis.

N.C. General Statute 159-28 requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. For the fiscal year ended June 30, 2024, actual expenditures exceeded budgeted expenditures for the following funds: ARPA Grant Project Fund and the Asset Services Management Internal Service Fund.

**Corrective Action Plan:** Management concurs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **3. Detail Notes On All Funds**

#### **A. Assets**

##### **Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' 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, these deposits are considered to be held by the Town's agents in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and 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 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 properly secured. The Town has no formal investment policy. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2024, the Town's deposits had a carrying amount of \$6,209,656 and a bank balance of \$6,277,333. Of the bank balance, \$652,254 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Town's cash on hand totaled \$3,200 at June 30, 2024.

The carrying amount of deposits for the ABC Board was \$1,408,937 and the bank balance was \$1,369,229. The ABC Board maintains a cash balance at a financial institution which exceeds the Federal Deposit Insurance Corporation coverage of \$250,000. At June 30, 2024, the ABC Board's uninsured cash balance was \$1,119,229.

##### **Investments**

At June 30, 2024, the Town had \$13,723,339 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and AAAMf by Moody's Investor Service. The Town has no policy regarding credit risk.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Receivables - Allowances for Doubtful Accounts

Receivables presented in the balance sheet and the Statement of Net Position as of June 30, 2024, are net of the following allowances for doubtful accounts:

	<u>General Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Taxes receivable	\$ 113,208	\$ -	\$ -	\$ -	\$ 113,208
Accounts receivable	42,679	130,749	53,460	67,377	294,265
Total	<u>\$ 155,887</u>	<u>\$ 130,749</u>	<u>\$ 53,460</u>	<u>\$ 67,377</u>	<u>\$ 407,473</u>

### Leases Receivable

Details of the Town's leases receivable at June 30, 2024, are as follows:

On the implementation date of July 1, 2021, the Town was the lessor of a 36-month lease for the use of American – Cell Tower. An initial lease receivable was recorded in the amount of \$63,902. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$1,748 and \$470, respectively. The lessee is required to make monthly fixed payments of \$1,749, including interest at a rate of 0.8450%. The Town recognized lease revenue was \$21,144 during the fiscal year. The lessee has five options to extend the lease for 60 months.

On the implementation date of July 1, 2021, the Town was the lessor of a 36-month lease for the use of American – Communication Tower. An initial lease receivable was recorded in the amount of \$63,903. As of June 30, 2024, the value of the lease receivable and the deferred inflow of resources was \$1,748 and \$470, respectively. The lessee is required to make monthly fixed payments of \$1,749, including interest at a rate of 0.8453%. The Town recognized lease revenue was \$21,144 during the fiscal year. The lessee has five options to extend the lease for 60 months.

Future minimum lease payments receivable as of June 30, 2024 were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 3,497</u>	<u>\$ 2</u>	<u>\$ 3,499</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Capital Assets

A summary of changes in the Town's governmental capital assets follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2024</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 2,545,318	\$ -	\$ -	\$ -	\$ 2,545,318
Public art	114,547	-	-	-	114,547
Construction in progress	656,657	203,327	-	(240,754)	619,230
Total non-depreciable assets	<u>3,316,522</u>	<u>203,327</u>	<u>-</u>	<u>(240,754)</u>	<u>3,279,095</u>
<b>Depreciable Assets:</b>					
Land improvements	1,638,957	67,985	-	-	1,706,942
Buildings and improvements	18,974,543	336,469	-	193,687	19,504,699
Equipment, furniture, and fixtures	4,139,613	442,632	(61,365)	-	4,520,880
Vehicles and motorized equipment	8,706,026	837,991	(224,351)	-	9,319,666
Infrastructure	31,157,828	19,206	-	47,067	31,224,101
Total depreciable capital assets	<u>64,616,967</u>	<u>1,704,283</u>	<u>(285,716)</u>	<u>240,754</u>	<u>66,276,288</u>
<b>Right-to-Use Assets:</b>					
Land improvements	321,284	31,481	-	-	352,765
Building	85,355	-	-	-	85,355
Equipment	295,986	-	(43,128)	-	252,858
Subscriptions	60,556	-	-	-	60,556
Total right-to-use assets	<u>763,181</u>	<u>31,481</u>	<u>(43,128)</u>	<u>-</u>	<u>751,534</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	(1,048,374)	(43,001)	-	-	(1,091,375)
Buildings and improvements	(7,028,261)	(400,380)	-	-	(7,428,641)
Equipment, furniture, and fixtures	(3,503,169)	(160,496)	61,365	-	(3,602,300)
Vehicles and motorized equipment	(5,958,009)	(485,993)	224,351	-	(6,219,651)
Infrastructure	(27,558,379)	(243,099)	-	-	(27,801,478)
Total accumulated depreciation	<u>(45,096,192)</u>	<u>(1,332,969)</u>	<u>285,716</u>	<u>-</u>	<u>(46,143,445)</u>
<b>Less Accumulated Amortization:</b>					
Land improvements	(37,966)	(22,131)	-	-	(60,097)
Building	(48,774)	(24,387)	-	-	(73,161)
Equipment	(141,399)	(55,263)	43,128	-	(153,534)
Subscriptions	(7,839)	(19,417)	-	-	(27,256)
Total accumulated amortization	<u>(235,978)</u>	<u>(121,198)</u>	<u>43,128</u>	<u>-</u>	<u>(314,048)</u>
Governmental activities capital assets, net	<u>\$ 23,364,500</u>				<u>\$ 23,849,424</u>



# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$	372,414
Public safety		476,906
Transportation		290,299
Environmental protection		6,968
Culture and recreation		<u>307,580</u>
Total	\$	<u><u>1,454,167</u></u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Proprietary Capital Assets

The capital assets of the proprietary funds of the Town at June 30, 2024, are as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2024</u>
<b>Electric Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 230,058	\$ -	\$ -	\$ -	\$ 230,058
Construction in progress	394,456	655,497	-	(23,545)	1,026,408
Total non-depreciable assets	<u>624,514</u>	<u>655,497</u>	<u>-</u>	<u>(23,545)</u>	<u>1,256,466</u>
<b>Depreciable Assets:</b>					
Buildings and improvements	22,997	-	-	-	22,997
Equipment, furniture, and fixtures	285,139	11,684	-	-	296,823
Vehicles and motorized equipment	1,009,130	-	-	-	1,009,130
Substations, lines, and related equipment	8,063,358	-	-	23,545	8,086,903
Total depreciable capital assets	<u>9,380,624</u>	<u>11,684</u>	<u>-</u>	<u>23,545</u>	<u>9,415,853</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	(22,997)	-	-	-	(22,997)
Equipment, furniture, and fixtures	(192,297)	(17,277)	-	-	(209,574)
Vehicles and motorized equipment	(911,245)	(33,212)	-	-	(944,457)
Substations, lines, and related equipment	(5,660,100)	(195,015)	-	-	(5,855,115)
Total accumulated depreciation	<u>(6,786,639)</u>	<u>(245,504)</u>	<u>-</u>	<u>-</u>	<u>(7,032,143)</u>
Depreciable capital assets, net	<u>2,593,985</u>				<u>2,383,710</u>
Capital assets, net	<u>3,218,499</u>				<u>3,640,176</u>
<b>Water Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	1,486,362	-	-	-	1,486,362
Construction in progress	-	-	-	-	-
Total non-depreciable assets	<u>1,486,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486,362</u>
<b>Depreciable Assets:</b>					
Land improvements	83,691	-	-	-	83,691
Buildings and improvements	1,841,507	36,597	-	-	1,878,104
Equipment, furniture, and fixtures	427,895	38,762	-	-	466,657
Vehicles and motorized equipment	1,091,582	-	(26,665)	-	1,064,917
Plant and distribution systems	26,216,209	545,668	-	-	26,761,877
Total depreciable capital assets	<u>29,660,884</u>	<u>621,027</u>	<u>(26,665)</u>	<u>-</u>	<u>30,255,246</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2024</u>
<b>Water Fund (continued):</b>					
<b>Less Accumulated Depreciation:</b>					
Land improvements	(58,885)	(3,834)	-	-	(62,719)
Buildings and improvements	(1,306,317)	(27,754)	-	-	(1,334,071)
Equipment, furniture, and fixtures	(390,209)	(12,655)	-	-	(402,864)
Vehicles and motorized equipment	(736,993)	(51,348)	26,665	-	(761,676)
Plant and distribution systems	<u>(15,757,097)</u>	<u>(557,945)</u>	<u>-</u>	<u>-</u>	<u>(16,315,042)</u>
Accumulated depreciation	<u>(18,249,501)</u>	<u>(653,536)</u>	<u>26,665</u>	<u>-</u>	<u>(18,876,372)</u>
Depreciable capital assets, net	<u>11,411,383</u>				<u>11,378,874</u>
Capital assets, net	<u>12,897,745</u>				<u>12,865,236</u>
<b>Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	110,500	-	-	-	110,500
Construction in progress	<u>7,484,601</u>	<u>15,331,049</u>	<u>-</u>	<u>-</u>	<u>22,815,650</u>
Total non-depreciable assets	<u>7,595,101</u>	<u>15,331,049</u>	<u>-</u>	<u>-</u>	<u>22,926,150</u>
<b>Depreciable Assets:</b>					
Land improvements	67,912	-	-	-	67,912
Buildings and improvements	8,703,801	-	-	-	8,703,801
Equipment, furniture, and fixtures	523,748	182,412	-	-	706,160
Vehicles and motorized equipment	1,085,277	24,389	-	-	1,109,666
Plant and distribution systems	<u>10,312,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,312,104</u>
Total depreciable capital assets	<u>20,692,842</u>	<u>206,801</u>	<u>-</u>	<u>-</u>	<u>20,899,643</u>
<b>Less Accumulated Depreciation:</b>					
Land improvements	(37,530)	(3,346)	-	-	(40,876)
Buildings and improvements	(8,005,027)	(151,870)	-	-	(8,156,897)
Equipment, furniture, and fixtures	(451,144)	(41,267)	-	-	(492,411)
Vehicles and motorized equipment	(605,231)	(54,620)	-	-	(659,851)
Plant and distribution systems	<u>(6,407,461)</u>	<u>(213,089)</u>	<u>-</u>	<u>-</u>	<u>(6,620,550)</u>
Accumulated depreciation	<u>(15,506,393)</u>	<u>(464,192)</u>	<u>-</u>	<u>-</u>	<u>(15,970,585)</u>
Depreciable capital assets, net	<u>5,186,449</u>				<u>4,929,058</u>
Capital assets, net	<u>12,781,550</u>				<u>27,855,208</u>
 Business-type capital assets, net	 <u>\$ 28,897,794</u>				 <u>\$ 44,360,620</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2024, is composed of the following elements:

	<b>Governmental Activities</b>	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
Capital assets, net	\$ 23,849,424	\$ 3,640,176	\$ 12,865,236	\$ 27,855,208
Less: long-term debt	(4,869,688)	-	(526,969)	(9,787,774)
Add: unspent debt proceeds	322,686	-	-	-
Net investment in capital assets	<u>\$ 19,302,422</u>	<u>\$ 3,640,176</u>	<u>\$ 12,338,267</u>	<u>\$ 18,067,434</u>

### Construction Commitments

The Town has active construction projects as of June 30, 2024. At year-end, the Town's commitments with contractors are as follows:

<b>Project</b>	<b>Project Authorization</b>	<b>Remaining Commitment</b>
Governmental:		
Recreation pedestrian bridge	\$ 380,000	\$ 31,911
Business-Type:		
Sewer Fund:		
WWTP upgrade design	1,640,000	143,482
WWTP Construction	25,725,000	5,745,104
Water Fund:		
Floc Basin Canal Gate Replacement	153,745	153,745
Electric Fund:		
Russ Ave/Walnut St project	1,750,000	1,148,001

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Discretely Presented Component Unit

Activity for the Town of Waynesville ABC Board for the year ended June 30, 2024, was as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2024</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 509,646	\$ -	\$ -	\$ -	\$ 509,646
<b>Depreciable Assets:</b>					
New facility	843,569	-	-	-	843,569
Furniture and equipment	158,537	-	-	-	158,537
Total depreciable capital assets	1,002,106	-	-	-	1,002,106
<b>Less Accumulated Depreciation:</b>					
New facility	(195,971)	(21,996)	-	-	(217,967)
Furniture and equipment	(121,637)	(10,132)	-	-	(131,769)
Total accumulated depreciation	(317,608)	(32,128)	-	-	(349,736)
Total depreciable capital assets, net	684,498				652,370
Capital assets, net	<u>\$ 1,194,144</u>				<u>\$ 1,162,016</u>

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2024, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Performance Bonds</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities</b>	<u>\$ 283,904</u>	<u>\$ 472,737</u>	<u>\$ 314,910</u>	<u>\$ -</u>	<u>\$ 1,071,551</u>
<b>Business-Type Activities:</b>					
Electric Fund	\$ 437,184	\$ 14,268	\$ -	\$ -	\$ 451,452
Water Fund	109,025	41,887	-	1,498	152,410
Sewer Fund	2,076,864	50,887	-	-	2,127,751
Total business-type activities	<u>\$ 2,623,073</u>	<u>\$ 107,042</u>	<u>\$ -</u>	<u>\$ 1,498</u>	<u>\$ 2,731,613</u>

### Pension Plan Obligations

#### 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 (LEOs) of participating local government 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

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report 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, or 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 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to 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. The Town of Waynesville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.85% for general employees, 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 were \$1,357,415 for the year ended June 30, 2024.

## TOWN OF WAYNESVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

*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 of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the Town reported a liability of \$7,508,528 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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 June 30, 2024, the Town's proportion was 0.11337% (measured as of June 30, 2023), which was an increase of 0.00306% from its proportion as of June 30, 2023, (measured as of June 30, 2022).

For the year ended June 30, 2024, the Town recognized pension expense of \$2,084,153. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 836,672	\$ 18,012
Changes of assumptions	319,069	-
Net difference between projected and actual earnings on pension plan investments	2,009,611	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	49,006	45,565
Town contributions subsequent to the measurement date	1,357,415	-
Total	<u>\$ 4,571,773</u>	<u>\$ 63,577</u>

## TOWN OF WAYNESVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

\$1,357,415 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 ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Total</b>
2025	\$ 1,118,439
2026	592,311
2027	1,355,055
2028	84,976
2029	-
Thereafter	-
Total	<u>\$ 3,150,781</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates 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, 2022, valuation, with the exception of the discount rate, were based on the results of an actuarial experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

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



## TOWN OF WAYNESVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 returns projections reflect current yields across the United States 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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	<u>6.0%</u>	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.50%. This discount is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rate, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

*Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	<u>\$ 13,008,229</u>	<u>\$ 7,508,528</u>	<u>\$ 2,980,658</u>

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

### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The Town administers a public employee retirement system (the "Separation Allowance"), 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 85% 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 law enforcement officers of the Town are covered by the separation Allowance.

At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated program members entitled to, but not yet receiving, benefits	-
Active program members	<u>37</u>
Total	<u><u>44</u></u>

A separate report was not issued for the plan.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Summary of Significant Accounting Policies

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds 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 normal actuarial cost method was used in the December 31, 2022, valuation. The total pension liability in the December 31, 2022, valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25 to 7.75%, including inflation and productivity factor
Discount rate	4.00%

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

**Mortality Assumption:** All mortality rates use Pub-2010 amount-weighted tables.

**Mortality Projection:** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

**Deaths After Retirement (Healthy):** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by one year.

**Deaths After Retirement (Disabled Members at Retirement):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back three years for all ages.

**Deaths After Retirement (Survivors of Deceased Members):** Mortality rates are based on the Below-Median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward three years. Rates for female members are set forward one year. Because the contingent survivor tables have no rates prior to age 45, the Below-Median Teachers Mortality Table for Employees are used for ages less than 45.

**Deaths Prior To Retirement:** Mortality rates are based on the Safety Mortality Table for Employees.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

**Contributions.** The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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. The Town paid \$94,634 as benefits came due for the reporting period.

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

At June 30, 2024, the Town reported a total pension liability of \$1,840,287. The total pension, liability was measured at December 31, 2023, based on a December 31, 2022, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$234,551.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 179,306	\$ -
Changes of assumptions and other inputs	192,541	230,233
Town benefit payments and plan administrative expense made subsequent to the measurement date	51,783	-
Total	<u>\$ 423,630</u>	<u>\$ 230,233</u>

\$51,783 reported as deferred outflows of resources related to pensions resulting from administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2025	\$ 82,955
2026	74,582
2027	(8,102)
2028	(27,822)
2029	18,349
Thereafter	1,652
Total	<u>\$ 141,614</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

*Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate.* The following presents the Town's total pension liability calculated using the discount rate of 4.00%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	<b>1% Decrease (3.00%)</b>	<b>Discount Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total pension liability	\$ 1,997,197	\$ 1,840,287	\$ 1,697,116

### Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	<b>2024</b>
Beginning balance	\$ 1,684,801
Service cost	67,798
Interest on the total pension liability	70,576
Differences between expected and actual experience in the measurement of the total pension liability	68,956
Changes of assumption or other inputs	42,790
Benefit payments	(94,634)
Ending balance of the total pension liability	<u>\$ 1,840,287</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 4.31 percent at December 31, 2022, to 4.00 percent at December 31, 2023.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### **Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,084,153	\$ 234,551	\$ 2,318,704
Pension liability	7,508,528	1,840,287	9,348,815
Proportionate share of the net pension liability	0.11337%	NA	NA

#### **Deferred Outflows of Resources:**

Differences between expected and actual experience	\$ 836,672	\$ 179,306	\$ 1,015,978
Changes of assumptions	319,069	192,541	511,610
Net difference between projected and actual earnings on pension plan investments	2,009,611	-	2,009,611
Changes in proportion and differences between contributions and proportionate share of contributions	49,006	-	49,006
Benefit payments and administration costs paid subsequent to the measurement date	<u>1,357,415</u>	<u>51,783</u>	<u>1,409,198</u>
Total deferred outflows of resources	<u>\$ 4,571,773</u>	<u>\$ 423,630</u>	<u>\$ 4,995,403</u>

#### **Deferred Inflows of Resources:**

Differences between expected and actual experience	\$ 18,012	\$ -	\$ 18,012
Changes of assumptions	-	230,233	230,233
Changes in proportion and differences between contributions and proportionate share of contributions	<u>45,565</u>	<u>-</u>	<u>45,565</u>
Total deferred inflows of resources	<u>\$ 63,577</u>	<u>\$ 230,233</u>	<u>\$ 293,810</u>

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

**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 law enforcement officers and employees not engaged in law enforcement. 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes the Pension Trust Fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

The Town made contributions of \$150,079 for the reporting year. No amounts have been forfeited.

#### **Supplemental Retirement Income Plan for General Employees**

**Plan Description.** The Town has elected, effective January 1, 2004, to contribute to the Supplemental Retirement Income Plan (Plan) for general employees in addition to law enforcement officers.

**Funding Policy.** Effective January 1, 2004, the Town commenced contributions of 3% for all covered employees. Effective January 1, 2005, this percentage increased to 5%.

The Town made contributions of \$362,275 for the reporting year. No amounts have been forfeited.

#### **Other Post-Employment Benefits**

##### **Healthcare Benefits**

**Plan Description.** Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) or Law Enforcement Officers Retirement System and meet the requirements enumerated below. The Town pays the full cost of coverage for these benefits through private insurers.

Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town reserves the right to change benefits at its discretion without prior notice to retirees. A separate report was not issued for the plan. A retiree shall receive health insurance coverage under the following conditions:

##### **Health Insurance for Retirees (Amended 02-10-2015)**

Retirees must meet the North Carolina Local Governmental Employees Retirement System (NCLGERS) or the North Carolina Law Enforcement Officers Retirement System's (NCLEORS) eligibility guidelines for retirement.

1. A retiree who has achieved at least ten (10) or more consecutive years of service with the Town, not including any accumulated sick or vacation time, and has reached 55 years of age, will receive health insurance coverage, at no cost to the retiree, until the retiree reaches Medicare eligibility through age or disability.
2. A retiree of any age, who has achieved thirty (30) or more years of creditable service under the NCLGERS or the NCLEORS, with at least half of that time (15 or more years) having been in active service with the Town of Waynesville, will receive health insurance coverage, at no cost to the retiree, from the date of separation from the Town of Waynesville, regardless of age at the time of separation, until the retiree becomes Medicare eligible through age or disability.

## TOWN OF WAYNESVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

When the retiree and/or spouse reach the age of 65 and the Town's regular health insurance coverage terminates, the retiree may have the option of purchasing Medicare supplement insurance, if available through the Town's insurance program. The retiree and/or spouse would be responsible for the full cost of Medicare supplemental insurance premium.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	<b><u>General Employees</u></b>
Retirees and dependents receiving benefits	28
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>165</u>
Total	<u><u>193</u></u>

#### **Total OPEB Liability**

The Town's total OPEB liability of \$8,160,520 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25%-8.41%
Firefighters	3.25%-8.15%
Law enforcement officers	3.25%-7.90%
Municipal Bond Index Rate:	
Prior measurement date	3.54%
Measurement date	3.65%
Healthcare cost trend rates:	
Pre-Medicare medical and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032



# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at July 1, 2023	\$ 7,995,971
Changes for the year:	
Service cost	356,776
Interest	289,213
Differences between expected and actual experience	(32,775)
Changes of assumptions or other inputs	(79,683)
Benefit payments	(368,982)
Net changes	164,549
Balance at June 30, 2024	\$ 8,160,520

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.54% to 3.65%.

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	<b>1% Decrease (2.65%)</b>	<b>Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
Total OPEB liability	\$ 8,922,763	\$ 8,160,520	\$ 7,480,297

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 7,368,112	\$ 8,160,520	\$ 9,096,810

### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the Town recognized OPEB expense of \$823,462. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 509,490	\$ 803,502
Changes of assumptions	1,156,298	669,041
Benefit payments and plan administrative expense made subsequent to the measurement date	215,173	-
Total	\$ 1,880,961	\$ 1,472,543

\$215,173 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2025	\$ 185,366
2026	190,401
2027	126,440
2028	29,416
2029	(237,604)
Thereafter	(100,774)
Total	\$ 193,245

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **Other Employment Benefits**

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), 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. The Town provides additional death benefits to employees through its group health insurance plan.

### **Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, and rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of the general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant.

In accordance with IRS Regulations, the funds are placed with a third-party trustee and accordingly are not included in the financial statements of the Town.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

	<u>Amount</u>
Contributions to pension plan in the current fiscal year - LGERS	\$ 1,357,415
Differences between expected and actual experience - LGERS	836,672
Changes of assumptions - LGERS	319,069
Net difference between projected and actual earning on pension plan investment - LGERS	2,009,611
Changes in proportion and differences between Town contributions and proportionate share of contributions - LGERS	49,006
Differences between expected and actual experience - LEOSSA	179,306
Changes of assumptions - LEOSSA	192,541
Plan administrative expense made subsequent to the measurement date - LEOSSA	51,783
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	215,173
Differences between expected and actual experience - OPEB	509,490
Changes of assumptions - OPEB	1,156,298
Total	<u>\$ 6,876,364</u>

Deferred inflows of resources at year-end are comprised of the following elements:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund)	\$ -	\$ 165,015
Prepaid taxes (General Fund)	4,615	4,615
Lease deferrals	941	941
Other deferred inflows	102,723	102,723
Differences between expected and actual experience - LGERS	18,012	-
Differences between expected and actual experience - OPEB	803,502	-
Changes in proportion and differences between Town contributions and proportionate share of contributions - LGERS	45,565	-
Changes of assumptions - LEOSSA	230,233	-
Changes of assumptions - OPEB	669,041	-
Total	<u>\$ 1,874,632</u>	<u>\$ 273,294</u>

# **TOWN OF WAYNESVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

### **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 risk-financing through Tokio Marine/HCC Insurance for property and liability insurance. The Town's obtains workers' compensation coverage up to statutory limits through Bitco Insurance Companies.

The Town carries commercial coverage for all other risks of loss. 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.

The Town does not carry flood insurance because it is not located in an area that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the Town's employees that have access at any given time to \$100 or more of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$1,000,000 and the Tax Collector is individually bonded for \$125,000. The remaining employees that have access to funds are bonded under a blanket bond up to a limit of between \$5,000 and \$125,000 per occurrence, depending on the type of crime.

### **Claims, Judgments and Contingent Liabilities**

The Town is under a Special Order of Consent for the wastewater treatment plant (WWTP) due to being unable to consistently comply with effluent limitations for Total Suspended Solids (TSS) and fecal coliform as set forth in the NCDES Permit NC0025321. The Town has been working for several years on planning, design, and construction of improvements to the current WWTP. Funding for the majority of the project has been secured and the construction contract was awarded in July 2022. Construction is projected to complete within Fiscal Year 2026. The Town is using ARP funds to reduce I&I as required by the SOC.

### **Long-Term Obligations**

#### **Lease Liabilities**

The Town has entered into agreements to lease certain land improvements, buildings, and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

On the implementation date of July 1, 2021, the Town was the lessee of a 72-month lease for the use of Blue Ridge Southern Railroad – Parking Lot. An initial lease liability was recorded in the amount of \$13,984. As of June 30, 2024, the value of the lease liability was \$7,446. The Town is required to make monthly fixed payments of \$188, including interest at a rate of 1.3351%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$6,992 at June 30, 2024.

On the implementation date of July 1, 2021, the Town was the lessee of a 119-month lease for the use of Boundary Street – Parking Lot. An initial lease liability was recorded in the amount of \$71,671. As of June 30, 2024, the value of the lease liability was \$52,768. The Town is required to make monthly fixed payments of \$600, including interest at a rate of 1.7222%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$49,989 at June 30, 2024.

On the implementation date of July 1, 2021, the Town was the lessee of a 42-month lease for the use of Chambers – Communication Tower. An initial lease liability was recorded in the amount of \$85,355. As of June 30, 2024, the value of the lease liability was \$20,938. The Town is required to make monthly fixed payments of \$3,500, including interest at a rate of 1.0112%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$12,193 at June 30, 2024.

On the implementation date of July 1, 2021, the Town was the lessee of a 58-month lease for the use of Digital Copiers – Sharp Electronics. An initial lease liability was recorded in the amount of \$237,175. As of June 30, 2024, the value of the lease liability was \$91,470. The Town is required to make monthly fixed payments of \$4,205, including interest at a rate of 1.1771%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$90,132 at June 30, 2024.

On June 6, 2022, the Town was the lessee of a 60-month lease for the use of Quadient. An initial lease liability was recorded in the amount of \$15,683. As of June 30, 2024, the value of the lease liability was \$8,840. The Town is required to make monthly fixed payments of \$839, including interest at a rate of 2.8680%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$9,192 at June 30, 2024.

On the implementation date of July 1, 2021, the Town was the lessee of a 300-month lease for the use of Viola N. Forga Living Trust #3245. A modified lease liability was recorded in the amount of \$230,229. As of June 30, 2024, the value of the lease liability was \$215,165. The Town is required to make monthly fixed payments of \$850, including interest at a rate of 2.7570%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$207,354 at June 30, 2024. The Town has four extension options each for 60 months. The Town had a termination period of three months as of the lease commencement. The lessor had a termination period of three months as of the lease commencement.

On July 1, 2023, the Town was the lessee of a 120-month lease for the use of Parking Lot Lease-Corner of Haywood and Church Streets. An initial lease liability was recorded in the amount of \$31,481. As of June 30, 2024, the value of the lease liability was \$28,646. The Town is required to make monthly fixed payments of \$300, including interest at a rate of 2.7730%. As a result of the lease, the Town has recorded a right-to-use asset with a net book value of \$28,334 at June 30, 2024.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 90,975	\$ 8,656	\$ 99,631
2026	62,905	7,542	70,447
2027	21,548	6,828	28,376
2028	17,446	6,381	23,827
2029	18,017	5,972	23,989
2030-2034	70,196	23,938	94,134
2035-2039	52,623	16,495	69,118
2040-2044	63,577	8,413	71,990
2045-2046	27,986	811	28,797
Total	<u>\$ 425,273</u>	<u>\$ 85,036</u>	<u>\$ 510,309</u>

### Subscription Liabilities

The Town has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On May 14, 2023, the Town entered into a 36-month subscription for the use of Debtbook. An initial subscription liability was recorded in the amount of \$37,949. As of June 30, 2024, the value of the subscription liability was \$12,646. The Town is required to make annual fixed payments of \$13,000, including interest at a rate of 2.7960%. As a result of the subscription, the Town has recorded a right-to-use asset with a net book value of \$24,895 at June 30, 2024.

On July 1, 2022, the Town entered into a 40-month subscription for the use of Digital Ally PD. An initial subscription liability was recorded in the amount of \$20,607. As of June 30, 2024, the value of the subscription liability was \$6,929. The Town is required to make annual fixed payments of \$7,092, including interest at a rate of 2.3540%. As a result of the subscription, the Town has recorded a right-to-use asset with a net book value of \$8,405 at June 30, 2024.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal	Interest	Total
2025	<u>\$ 19,575</u>	<u>\$ 517</u>	<u>\$ 20,092</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Notes Payable

Notes payable at June 30, 2024, are comprised of the following individual agreements:

#### **Business-Type Activities:**

\$329,868 installment purchase contract with North Carolina Department of Environmental Quality (NCDEQ) dated March 14, 2014, payable in annual installments of \$16,493 at 0% interest until 2034. \$ 165,073

\$904,740 installment purchase contract with the North Carolina Department of Environmental Quality (NCDEQ) dated November 1, 2010, payable in 20 annual principal installments of \$45,237 beginning May 1, 2013 and 40 semi-annual interest payments at 2.22%. The Drinking Water State Revolving Fund (DWSRF) project replaced water lines in the Dayton Drive community. 361,896

\$24,045,900 state revolving loan with North Carolina Department of Environmental Quality (NCDEQ) dated July 12, 2022 Payable in 20 annual principal installments of \$1,202,295 at 0% interest until 2045. As of June 30, 2024, only \$9,787,774 have been drawn down. 9,787,774

Total business-type activities long-term debt \$ 10,314,743

Annual debt service requirements to maturity for the Town's business-type activities direct borrowing installment purchases are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 45,237	\$ 8,034	\$ 53,271
2026	1,263,979	7,030	1,271,009
2027	1,263,979	6,026	1,270,005
2028	1,263,979	5,021	1,269,000
2029	1,263,979	4,017	1,267,996
2030-2034	5,196,540	6,026	5,202,566
2035-2039	17,050	-	17,050
Total	<u>\$ 10,314,743</u>	<u>\$ 36,154</u>	<u>\$ 10,350,897</u>

The Town's outstanding notes payable to NCDEQ are not secured by a pledge of faith and credit of the state of North Carolina or of the Town but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the Town from the state may be withheld by the state and applied to the payment of the outstanding note.



# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### Governmental Activities:

\$1,300,000 installment purchase contract dated October 4, 2016 with a balance of \$843,344 refinanced on May 10, 2022, payable in semi-annual installments of \$93,709 principal plus interest at 2.00% until April 2031. Secured by the public works facility.	\$ 655,959
\$2,000,000 USDA rural development loan dated September 26, 2008 with a balance of \$1,694,510 was refinanced on December 21, 2021, payable in annual installments of \$141,209 principal plus interest at 1.99% until December 2033. Secured by fire station building.	1,412,091
\$3,000,000 installment purchase contract dated May 13, 2008, payable in 40 semi-annual installments of \$105,669 including interest at 3.58%. Secured by police station building.	781,128
\$894,996 installment purchase contract dated May 10, 2022, payable in annual installments of \$59,667 including interest at 2.01% until April 2037. Secured by fire tanker and related equipment.	775,662
\$800,000 installment purchase contract dated August 15, 2023, payable in annual installments of \$76,502 including interest at 4.89% until August 2038. Secured by fire truck and related equipment.	<u>800,000</u>
Total governmental activities long-term debt	<u><u>\$ 4,424,840</u></u>

Annual debt service requirements to maturity for the Town's governmental activities direct borrowing installment purchases are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 516,982	\$ 122,254	\$ 639,236
2026	525,491	107,861	633,352
2027	534,333	93,133	627,466
2028	543,519	78,064	621,583
2029	339,833	64,530	404,363
2030-2034	1,453,471	204,587	1,658,058
2035-2038	<u>511,211</u>	<u>57,482</u>	<u>568,693</u>
Total governmental funds	<u><u>\$ 4,424,840</u></u>	<u><u>\$ 727,911</u></u>	<u><u>\$ 5,152,751</u></u>

The Town had installment purchases of \$4,424,840 as of June 30, 2024. In the event of default, the lender, at its sole discretion, may declare the outstanding indebtedness immediately due and payable. The lender can also enforce its security interest in the mortgaged property. This debt also requires a reserve amount equal to one year's debt payment for each loan.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

A summary of changes in long-term obligations is as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Direct borrowing					
installment purchases	\$ 4,097,990	\$ 800,000	\$ 473,150	\$ 4,424,840	\$ 516,982
Lease liabilities	505,940	31,481	112,148	425,273	90,975
Subscription liabilities	38,647	-	19,072	19,575	19,575
Total pension liability (LEOSSA)	1,684,801	155,486	-	1,840,287	-
Legal claims	5,000	-	5,000	-	-
Net pension liability (LGERS)	4,972,884	1,027,218	-	6,000,102	-
Total OPEB liability	6,496,166	133,685	-	6,629,851	229,134
Compensated absences	453,621	262,401	236,473	479,549	236,473
Total governmental activities	<u>\$ 18,255,049</u>	<u>\$ 2,410,271</u>	<u>\$ 845,843</u>	<u>\$ 19,819,477</u>	<u>\$ 1,093,139</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
Net pension liability (LGERS)	\$ 212,847	\$ 43,963	\$ -	\$ 256,810	\$ -
Total OPEB liability	252,098	5,188	-	257,286	8,892
Compensated absences	<u>16,572</u>	<u>8,290</u>	<u>5,263</u>	<u>19,599</u>	<u>5,263</u>
Total Electric Fund	<u>481,517</u>	<u>57,441</u>	<u>5,263</u>	<u>533,695</u>	<u>14,155</u>
<b>Water Fund:</b>					
Direct borrowing					
installment purchases	588,653	-	61,684	526,969	45,237
Net pension liability (LGERS)	525,769	108,622	-	634,391	-
Total OPEB liability	618,208	12,722	-	630,930	21,806
Compensated absences	<u>58,896</u>	<u>31,854</u>	<u>29,796</u>	<u>60,954</u>	<u>29,796</u>
Total Water Fund	<u>1,791,526</u>	<u>153,198</u>	<u>91,480</u>	<u>1,853,244</u>	<u>96,839</u>
<b>Sewer Fund:</b>					
State revolving loans	-	9,787,774	-	9,787,774	-
Net pension liability (LGERS)	511,559	105,666	-	617,225	-
Total OPEB liability	629,499	12,954	-	642,453	22,204
Compensated absences	<u>42,986</u>	<u>23,333</u>	<u>36,510</u>	<u>29,809</u>	<u>29,809</u>
Total Sewer Fund	<u>1,184,044</u>	<u>9,929,727</u>	<u>36,510</u>	<u>11,077,261</u>	<u>52,013</u>
<b>Total Business-Type Activities:</b>					
Direct borrowing					
installment purchases	588,653	9,787,774	61,684	10,314,743	45,237
Net pension liability (LGERS)	1,250,175	258,251	-	1,508,426	-
Total OPEB liability	1,499,805	30,864	-	1,530,669	52,902
Compensated absences	<u>118,454</u>	<u>63,477</u>	<u>71,569</u>	<u>110,362</u>	<u>64,868</u>
Total business-type activities	<u>\$ 3,457,087</u>	<u>\$10,140,366</u>	<u>\$ 133,253</u>	<u>\$ 13,464,200</u>	<u>\$ 163,007</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Compensated absences and other post-employment benefits typically have been liquidated in the General Fund.

At June 30, 2024, the Town had a legal debt margin of \$131,127,184.

### C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2024, is as follows:

<u>Payable To</u>	<u>Receivable From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Sewer Fund	<u>\$ 4,319,527</u>	Short-term operating loan

Advances between funds consist of a loan to the General Fund from the Electric Fund of \$800,000 on February 11, 2020, with a balance of \$576,483 at June 30, 2024. The purpose of the interfund loan was for recreation center improvements. Terms of the interfund loan are 2% interest payable semiannually starting July 1, 2021, for a period of 10 years.

The following interfund transfers were made during the year ended June 30, 2024:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Electric Fund	General Fund	\$ 1,275,600	Payment in lieu of taxes
Electric Fund	Electric Capital Project Fund	<u>600,000</u>	Walnut Street/Russ Avenue Improvements
		<u>\$ 1,875,600</u>	
Sewer Fund	Sewer Capital Project Fund	<u>\$ 588,460</u>	Reallocated grant expenditures
ARPA Grant Project Fund	Water Fund	\$ 134,181	
ARPA Grant Project Fund	Sewer Fund	<u>46,567</u>	
		<u>\$ 180,748</u>	Payment for grant related expenditures
Asset Management Fund	General Fund	<u>\$ 168,578</u>	Close out Asset Management Fund to General Fund

### 4. Jointly Governed Organization

The nine-member Board of the Waynesville Housing Authority is appointed by the Mayor of the Town of Waynesville. The Housing Authority acts as a municipal corporation and is governed through Article 1 of Chapter 157 of the North Carolina General Statutes. The Town of Waynesville is also disclosed as a related organization in the notes to the financial statements for the Town of Waynesville Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority at P.O. Box 418, Waynesville, North Carolina 28786.

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town is member of Electri-Cities of North Carolina and is categorized as a “non-agency member”. The Town negotiates and purchases its wholesale power through direct contract with the generating entity. The Town is represented a Town official appointed by the Board of Alderman. The “non-agency” electric distributors are represented on the Electric-Cities Board by a members elected among the “non-agency” entities. The Town currently purchases its power from Santee Cooper Power Corporation through a ten-year contract that extends through 2026.

### 5. Related Party Transactions

The Town and its discretely presented component unit engaged in the following transactions during the year ended June 30, 2024:

#### **Town of Waynesville ABC Board:**

Payments to the Town for profit distributions	\$	335,235
Payments to the Town for law enforcement		43,148
Payments to the Town for education and rehabilitation		<u>33,560</u>
Total	\$	<u><u>411,943</u></u>

At June 30, 2024, the ABC Board owed the Town \$283,921 related to the above transactions.

### 6. Summary Disclosures of Significant Commitments and Contingencies

#### **Federal and State-Assisted Programs**

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreement. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### 7. Subsequent Events

On July 12, 2022, the LGC approved a State Revolving Loan in the amount of \$24,045,900. On September 10, 2024, the Town approved an increase of the amount of the loan to \$29,243,000. As of 6/30/2024 \$9,787,774 has been drawn down. The Town does not have to start making principal payments until May of 2026.

The Town has applied to receive two cash flow loans from the NC State Treasurer totaling \$835,708. On June 13, 2025, the Town received their first cash flow loan from the NC State Treasurer’s Office in the amount of \$503,482.76. This is a cash flow loan to help replenish fund balance to fund projects from hurricane Helene. The Town starts repayment in FY26 with a \$1 payment due. This loan helps the Town apply for grants and principal forgiveness under new programs from the state.

## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

On September 10, 2024, the Town approved Capital Project Ordinances O-44-24 and O-45-24 for the CDBG Grant South Waynesville Phase II Sanitary Public Water System Improvement in the amounts of \$613,500 and \$1,376,957.

On September 10, 2024, the Town approved a grant project ordinance for “LASII Planning – Comprehensive Stormwater Master Plan Project Local Assistance for Stormwater Infrastructure Investment Program FY22 American Rescue Plan Act Grant (ARPA) Project #SRP-SW-ARP-0060” in the amount of \$440,000. Grant funds were awarded by the North Carolina Department of Environmental Quality (DEQ) Division of Water Infrastructure (DWI).

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# TOWN OF WAYNESVILLE, NORTH CAROLINA

## OTHER POST-EMPLOYMENT BENEFITS

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

#### LAST SEVEN FISCAL YEARS

	Other Post-Employment Benefits			
	2024	2023	2022	2021
Service cost	\$ 356,776	\$ 476,723	\$ 454,923	\$ 300,145
Interest	289,213	209,465	190,437	220,693
Differences between expected and actual experience	(32,775)	(935,748)	(40,719)	1,042,060
Changes of assumptions or other inputs	(79,683)	(796,473)	793,024	885,366
Benefit payments	(368,982)	(355,577)	(322,649)	(259,883)
Net change in total OPEB liability	164,549	(1,401,610)	1,075,016	2,188,381
Total OPEB liability - beginning	7,995,971	9,397,581	8,322,565	6,134,184
Total OPEB liability - ending	<u>\$ 8,160,520</u>	<u>\$ 7,995,971</u>	<u>\$ 9,397,581</u>	<u>\$ 8,322,565</u>
Covered-employee payroll	\$ 7,887,978	\$ 7,887,978	\$ 7,079,757	\$ 7,079,757
Total OPEB liability as a percentage of covered-employee payroll	103.46%	101.37%	132.74%	117.55%

#### Notes to the Required Schedules:

*Changes of Assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available. There are no assets accumulated in a trust that meet the criteria for GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB Fund.



**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST SEVEN FISCAL YEARS**

	<b>Other Post-Employment Benefits</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 279,620	\$ 228,792	\$ 244,994
Interest	215,255	169,843	144,991
Differences between expected and actual experience	24,503	(307,109)	(5,983)
Changes of assumptions or other inputs	194,225	883,376	(219,892)
Benefit payments	(223,823)	(200,977)	(219,593)
Net change in total OPEB liability	489,780	773,925	(55,483)
Total OPEB liability - beginning	5,644,404	4,870,479	4,925,962
Total OPEB liability - ending	<u>\$ 6,134,184</u>	<u>\$ 5,644,404</u>	<u>\$ 4,870,479</u>
Covered-employee payroll	\$ 7,044,416	\$ 7,044,416	\$ 6,544,442
Total OPEB liability as a percentage of covered-employee payroll	87.08%	80.13%	74.42%

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**TOWN OF WAYNESVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Town's proportion of the net pension liability (asset) (%)	0.11337%	0.11031%	0.10996%	0.11729%	0.12472%
Town's proportion of the net pension liability (asset) (\$)	\$ 7,508,528	\$ 6,223,059	\$ 1,686,342	\$ 4,191,271	\$ 3,406,006
Town's covered payroll	\$ 9,296,929	\$ 8,578,644	\$ 7,749,833	\$ 7,704,282	\$ 7,998,194
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.76%	72.54%	21.76%	54.40%	42.58%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

\* 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 WAYNESVILLE, NORTH CAROLINA**

**TOWN OF WAYNESVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS\***

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Town's proportion of the net pension liability (asset) (%)	0.12620%	0.12672%	0.11592%	0.11821%	0.11235%
Town's proportion of the net pension liability (asset) (\$)	\$ 2,993,896	\$ 1,935,931	\$ 2,460,207	\$ 530,519	\$ (620,080)
Town's covered payroll	\$ 7,673,190	\$ 7,510,818	\$ 7,197,159	\$ 6,490,657	\$ 6,367,343
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.02%	25.78%	34.18%	8.17%	( 9.74%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**TOWN OF WAYNESVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Local Governmental Employees' Retirement System</b>				
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Contractually required contribution	\$ 1,357,415	\$ 1,150,585	\$ 992,009	\$ 804,092	\$ 707,272
Contributions in relation to the contractually required contribution	<u>1,357,415</u>	<u>1,150,585</u>	<u>992,009</u>	<u>804,092</u>	<u>707,272</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$10,298,659	\$ 9,296,929	\$ 8,578,644	\$ 7,749,833	\$ 7,704,282
Contributions as a percentage of covered payroll	13.18%	12.38%	11.56%	10.38%	9.18%

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**TOWN OF WAYNESVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 636,799	\$ 593,861	\$ 564,103	\$ 485,425	\$ 463,628
Contributions in relation to the contractually required contribution	<u>636,799</u>	<u>593,861</u>	<u>564,103</u>	<u>485,425</u>	<u>463,628</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 7,998,194	\$ 7,673,190	\$ 7,510,818	\$ 7,197,159	\$ 6,490,657
Contributions as a percentage of covered payroll	7.96%	7.74%	7.51%	6.74%	7.14%

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 1,684,801	\$ 1,960,969	\$ 1,834,928	\$ 1,345,260
Service cost	67,798	82,343	90,018	48,646
Interest on the total pension liability	70,576	42,880	34,280	41,981
Differences between expected and actual experience in the measurement of the total pension liability	68,956	13,585	172,557	58,469
Changes of assumption or other inputs	42,790	(304,616)	(53,264)	455,562
Benefit payments	(94,634)	(110,360)	(117,550)	(114,990)
Ending balance of the total pension liability	<u>\$ 1,840,287</u>	<u>\$ 1,684,801</u>	<u>\$ 1,960,969</u>	<u>\$ 1,834,928</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 1,256,230	\$ 1,189,141	\$ 1,088,441	\$ 1,096,940
Service cost	50,038	54,748	46,268	46,071
Interest on the total pension liability	43,929	36,319	40,718	37,962
Differences between expected and actual experience in the measurement of the total pension liability	55,612	103,109	7,590	-
Changes of assumption or other inputs	38,221	(47,451)	73,259	(25,397)
Benefit payments	(98,770)	(79,636)	(67,135)	(67,135)
Ending balance of the total pension liability	<u>\$ 1,345,260</u>	<u>\$ 1,256,230</u>	<u>\$ 1,189,141</u>	<u>\$ 1,088,441</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total pension liability	\$ 1,840,287	\$ 1,684,801	\$ 1,960,969	\$ 1,834,928
Covered-employee payroll	2,319,615	1,914,611	1,982,932	1,774,744
Total pension liability as a percentage of covered-employee payroll	79.34%	88.00%	98.89%	103.39%

**Notes to the Schedules:**

The Town of Waynesville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A  
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL  
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,345,260	\$ 1,256,230	\$ 1,189,141	\$ 1,088,441
Covered-employee payroll	1,993,820	2,050,493	1,939,905	1,716,584
Total pension liability as a percentage of covered-employee payroll	67.47%	61.26%	61.30%	63.41%

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 7,392,300	\$ 7,407,656	\$ 15,356
Penalties and interest	50,000	50,876	876
Total	<u>7,442,300</u>	<u>7,458,532</u>	<u>16,232</u>
<b>Other Taxes and Licenses:</b>			
Privilege licenses	150	100	(50)
Cable TV franchise tax	100,000	88,011	(11,989)
Gross receipts tax on vehicle rentals	20,000	31,251	11,251
Local option sales tax	<u>4,500,000</u>	<u>4,627,878</u>	<u>127,878</u>
Total	<u>4,620,150</u>	<u>4,747,240</u>	<u>127,090</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Franchise tax	722,000	854,306	132,306
Beer and wine tax	40,000	51,345	11,345
ABC Board profit distribution	<u>130,000</u>	<u>368,795</u>	<u>238,795</u>
Total	<u>892,000</u>	<u>1,274,446</u>	<u>382,446</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell bill allocation	390,000	401,381	11,381
ABC revenue for law enforcement	36,000	43,148	7,148
Federal and state grants	247,718	19,483	(228,235)
Fire district taxes	<u>635,750</u>	<u>645,264</u>	<u>9,514</u>
Total	<u>1,309,468</u>	<u>1,109,276</u>	<u>(200,192)</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	194,650	217,033	22,383
Reconnect fees	<u>60,250</u>	<u>71,417</u>	<u>11,167</u>
Total	<u>254,900</u>	<u>288,450</u>	<u>33,550</u>
<b>Sales and Services:</b>			
Recreation department fees	490,500	592,954	102,454
Cemetery revenues	27,250	18,350	(8,900)
Sanitation fees	697,500	756,287	58,787
Police contract services	170,000	274,132	104,132
Court costs and fees	1,500	2,008	508
Rents	<u>80,000</u>	<u>90,208</u>	<u>10,208</u>
Total	<u>1,466,750</u>	<u>1,733,939</u>	<u>267,189</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/ (Negative)</b>
<b>Investment Earnings</b>	301,000	377,142	76,142
<b>Miscellaneous</b>	376,796	216,166	(160,630)
Total revenues	16,663,364	17,205,191	541,827
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits	129,899	112,526	17,373
Operating expenses	189,450	163,450	26,000
Allocated to other funds	(139,950)	(139,950)	-
Total	179,399	136,026	43,373
<b>Administration:</b>			
Salaries and employee benefits	651,130	621,581	29,549
Professional services	78,160	67,542	10,618
Operating expenses	231,920	237,379	(5,459)
Capital outlay	-	31,481	(31,481)
Allocated to other funds	(707,180)	(704,500)	(2,680)
Total	254,030	253,483	547
<b>Finance:</b>			
Salaries and employee benefits	1,325,260	1,234,850	90,410
Professional services	116,200	112,951	3,249
Operating expenses	317,236	103,604	213,632
Capital outlay	44,800	56,022	(11,222)
Allocated to other funds	(1,315,188)	(1,268,688)	(46,500)
Total	488,308	238,739	249,569
<b>Planning and Code Enforcement:</b>			
Salaries and employee benefits	811,205	718,016	93,189
Professional services	262,250	220,955	41,295
Operating expenses	-	500	(500)
Total	1,073,455	939,471	133,984
<b>Downtown:</b>			
Salaries and employee benefits	81,225	79,266	1,959
Operating expenses	114,332	112,406	1,926
Capital outlay	54,500	40,245	14,255
Total	250,057	231,917	18,140

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive/ (Negative)</b>
<b>Special Appropriations:</b>			
Contributions	35,000	3,244	31,756
<b>Public Building:</b>			
Salaries and employee benefits	634,785	634,041	744
Operating expenses	679,197	619,060	60,137
Capital outlay	25,000	15,000	10,000
Allocated to other funds	(765,107)	(761,357)	(3,750)
Total	573,875	506,744	67,131
Total general government	2,854,124	2,309,624	544,500
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits	4,944,181	4,830,866	113,315
Professional services	25,000	31,323	(6,323)
Operating expenses	858,807	839,615	19,192
Capital outlay	341,767	341,329	438
Total	6,169,755	6,043,133	126,622
<b>Fire:</b>			
Salaries and employee benefits	1,871,313	1,830,596	40,717
Professional services	29,670	22,972	6,698
Operating expenses	417,753	409,904	7,849
Capital outlay	905,137	427,426	477,711
Total	3,223,873	2,690,898	532,975
Total public safety	9,393,628	8,734,031	659,597
<b>Transportation:</b>			
<b>Streets and Highways:</b>			
Salaries and employee benefits	1,641,595	1,460,124	181,471
Professional services	69,500	59,264	10,236
Operating expenses	1,130,329	1,082,614	47,715
Contracted services	300,000	308,766	(8,766)
Capital outlay	88,931	36,860	52,071
Total	3,230,355	2,947,628	282,727
<b>Environmental Protection:</b>			
<b>Cemetery:</b>			
Salaries and employee benefits	193,015	170,197	22,818
Operating expenses	114,520	89,172	25,348
Capital outlay	21,600	15,800	5,800
Total	329,135	275,169	53,966

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>Culture and Recreation:</b>			
<b>Parks and Recreation:</b>			
Salaries and employee benefits	1,972,125	1,824,613	147,512
Operating expenses	736,839	700,426	36,413
Capital outlay	196,931	164,519	32,412
Total	<u>2,905,895</u>	<u>2,689,558</u>	<u>216,337</u>
<b>Debt Service:</b>			
Principal repayment	604,370	604,370	-
Interest and fees	<u>53,595</u>	<u>108,138</u>	<u>(54,543)</u>
Total	<u>657,965</u>	<u>712,508</u>	<u>(54,543)</u>
Total expenditures	<u>19,371,102</u>	<u>17,668,518</u>	<u>1,702,584</u>
Revenues over (under) expenditures	<u>(2,707,738)</u>	<u>(463,327)</u>	<u>2,244,411</u>
<b>Other Financing Sources (Uses):</b>			
Lease liabilities issued	-	31,481	31,481
Issuance of long-term debt	800,000	800,000	-
Sales of assets	25,000	32,446	7,446
Transfers in	1,353,950	1,444,178	90,228
Fund balance appropriated	<u>528,788</u>	<u>-</u>	<u>(528,788)</u>
Total other financing sources (uses)	<u>2,707,738</u>	<u>2,308,105</u>	<u>(399,633)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,844,778</u>	<u>\$ 1,844,778</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>13,439,130</u>	
End of year - June 30		<u>\$ 15,283,908</u>	

## TOWN OF WAYNESVILLE, NORTH CAROLINA

## MAJOR SPECIAL REVENUE FUND - ARPA GRANT PROJECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual			Variance
	Project	Prior	Current	Total	Positive/
	Authorization	Years	Year	to Date	(Negative)
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
American Rescue Plan grant	\$ 3,487,711	\$ 1,856,515	\$ 1,264,381	\$ 3,120,896	\$ (366,815)
<b>Expenditures:</b>					
Grant expenditures	255,800	345,845	255,800	601,645	(345,845)
Capital outlay	1,249,649	533,157	771,433	1,304,590	(54,941)
Total expenditures	1,505,449	879,002	1,027,233	1,906,235	(400,786)
Revenues over (under) expenditures	1,982,262	977,513	237,148	1,214,661	(767,601)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	28,108	-	28,108	28,108
Transfers out	(1,982,262)	(1,005,621)	(180,748)	(1,186,369)	795,893
Total other financing sources (uses)	(1,982,262)	(977,513)	(180,748)	(1,158,261)	824,001
Revenues and other financing sources over					
(under) expenditures and other financing uses	\$ -	\$ -	\$ 56,400	\$ 56,400	\$ 56,400

**TOWN OF WAYNESVILLE, NORTH CAROLINA**
**NONMAJOR CEMETERY PERMANENT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Actual</u>
<b>Revenues:</b>	
Sales and services	\$ 30,950
Investment earnings	<u>11,914</u>
Total revenues	<u>42,864</u>
 Net change in fund balance	 42,864
 <b>Fund Balance:</b>	
Beginning of year - July 1	<u>569,036</u>
 End of year - June 30	 <u><u>\$ 611,900</u></u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA****ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 10,634,800	\$ 10,863,739	\$ 228,939
Other operating revenue	15,000	26,066	11,066
Total operating revenues	<u>10,649,800</u>	<u>10,889,805</u>	<u>240,005</u>
Non-operating revenues:			
Proceeds from sale of assets	500	194	(306)
Grant revenue	-	62,028	62,028
Investment earnings	50,000	96,132	46,132
Total non-operating revenues	<u>50,500</u>	<u>158,354</u>	<u>107,854</u>
Total revenues	<u>10,700,300</u>	<u>11,048,159</u>	<u>347,859</u>
<b>Expenditures:</b>			
Finance and administration:			
Charges by General Fund	<u>1,144,959</u>	<u>1,127,314</u>	<u>17,645</u>
Electrical operations:			
Salaries and employee benefits	586,995	436,506	150,489
Professional services	206,305	45,762	160,543
Maintenance	225,000	157,206	67,794
Other departmental expenditures	344,919	154,647	190,272
Capital outlay	452,210	70,182	382,028
Total	<u>1,815,429</u>	<u>864,303</u>	<u>951,126</u>
Electrical power purchases	<u>6,710,000</u>	<u>5,458,660</u>	<u>1,251,340</u>
Total expenditures	<u>9,670,388</u>	<u>7,450,277</u>	<u>2,220,111</u>
Revenues over (under) expenditures	<u>1,029,912</u>	<u>3,597,882</u>	<u>2,567,970</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	845,688	-	(845,688)
Transfers out	(1,875,600)	(1,875,600)	-
Total other financing sources (uses)	<u>(1,029,912)</u>	<u>(1,875,600)</u>	<u>(845,688)</u>



**TOWN OF WAYNESVILLE, NORTH CAROLINA****ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	1,722,282	<u>\$ 1,722,282</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) To Full Accrual:</b>			
Capital outlay		70,182	
Depreciation		(245,504)	
Increase (decrease) in deferred outflows of resources - OPEB		(17,973)	
(Increase) decrease in deferred inflows of resources - OPEB		6,724	
(Increase) decrease in total OPEB liability		(5,188)	
Increase (decrease) in deferred outflows of resources - pension		15,603	
(Increase) decrease in deferred inflows of resources - pension		3,505	
(Increase) decrease in net pension liability		(43,963)	
(Increase) decrease in compensated absences		(3,027)	
Intrafund transfers		<u>600,000</u>	
Change in net position		<u>\$ 2,102,641</u>	

## TOWN OF WAYNESVILLE, NORTH CAROLINA

**ELECTRIC CAPITAL PROJECT FUND -  
WALNUT STREET/RUSS AVENUE IMPROVEMENTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive/ (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenues:					
State grant	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
<b>Expenditures:</b>					
Additional lighting	150,000	85,163	52,450	137,613	12,387
Historic District	850,000	-	-	-	850,000
Russ to Howell Mill	706,000	-	544,549	544,549	161,451
Total expenditures	<u>1,706,000</u>	<u>85,163</u>	<u>596,999</u>	<u>682,162</u>	<u>1,023,838</u>
Revenues over (under) expenditures	(706,000)	(85,163)	(596,999)	(682,162)	23,838
<b>Other Financing Sources (Uses):</b>					
Transfers in	<u>706,000</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>(106,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (85,163)</u>	<u>\$ 3,001</u>	<u>\$ (82,162)</u>	<u>\$ (82,162)</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**WATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 3,363,000	\$ 3,537,558	\$ 174,558
Tap and connection fees	70,000	101,721	31,721
Other operating revenue	1,000	64	(936)
Total operating revenues	<u>3,434,000</u>	<u>3,639,343</u>	<u>205,343</u>
Non-operating revenues:			
Proceeds from sale of assets	1,000	5,092	4,092
Investment earnings	105,000	116,637	11,637
Total non-operating revenues	<u>106,000</u>	<u>121,729</u>	<u>15,729</u>
Total revenues	<u>3,540,000</u>	<u>3,761,072</u>	<u>221,072</u>
<b>Expenditures:</b>			
Finance and administration:			
Charges by General Fund	<u>896,877</u>	<u>879,232</u>	<u>17,645</u>
Water maintenance and distribution:			
Maintenance department:			
Salaries and employee benefits	643,910	594,271	49,639
Professional services	61,000	36,475	24,525
Maintenance	349,414	136,925	212,489
Other departmental expenditures	221,970	205,298	16,672
Capital outlay	629,535	214,987	414,548
Total	<u>1,905,829</u>	<u>1,187,956</u>	<u>717,873</u>
Operations department:			
Salaries and employee benefits	708,230	645,382	62,848
Professional services	60,000	46,803	13,197
Utilities	29,300	37,282	(7,982)
Maintenance	261,425	269,284	(7,859)
Other departmental expenditures	130,335	120,689	9,646
Capital outlay	540,745	406,040	134,705
Total	<u>1,730,035</u>	<u>1,525,480</u>	<u>204,555</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA****WATER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Debt service:			
Principal repayment	61,684	61,684	-
Interest and fees	9,316	9,038	278
Total debt service	<u>71,000</u>	<u>70,722</u>	<u>278</u>
 Total expenditures	 <u>4,603,741</u>	 <u>3,663,390</u>	 <u>940,351</u>
 Revenues over (under) expenditures	 <u>(1,063,741)</u>	 <u>97,682</u>	 <u>1,161,423</u>
 <b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	1,063,741	-	(1,063,741)
Transfers in	-	134,181	134,181
Total other financing sources (uses)	<u>1,063,741</u>	<u>134,181</u>	<u>(929,560)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ -</u>	 231,863	 <u>\$ 231,863</u>

**Reconciliation from Budgetary Basis****(Modified Accrual) To Full Accrual:**

Capital outlay	621,027
Depreciation	(653,536)
Increase (decrease) in deferred outflows of resources - OPEB	(44,075)
(Increase) decrease in deferred inflows of resources - OPEB	16,488
(Increase) decrease in total OPEB liability	(12,722)
Increase (decrease) in deferred outflows of resources - pension	38,551
(Increase) decrease in deferred inflows of resources - pension	8,662
(Increase) decrease in net pension liability	(108,622)
(Increase) decrease in compensated absences	(2,058)
Principal repayment	<u>61,684</u>
 Change in net position	 <u>\$ 157,262</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 3,838,000	\$ 4,130,643	\$ 292,643
Tap and connection fees	55,000	78,151	23,151
Total operating revenues	<u>3,893,000</u>	<u>4,208,794</u>	<u>315,794</u>
Non-operating revenues:			
Grant revenue	-	2,126	2,126
Investment earnings	130,000	161,485	31,485
Total non-operating revenues	<u>130,000</u>	<u>163,611</u>	<u>33,611</u>
Total revenues	<u>4,023,000</u>	<u>4,372,405</u>	<u>349,405</u>
<b>Expenditures:</b>			
Finance and administration:			
Charges by General Fund	<u>885,594</u>	<u>867,949</u>	<u>17,645</u>
Water collection and treatment:			
Salaries and employee benefits	725,510	687,802	37,708
Professional services	75,000	14,594	60,406
Maintenance	120,000	106,706	13,294
Other departmental expenditures	129,690	101,601	28,089
Capital outlay	<u>919,034</u>	<u>136,562</u>	<u>782,472</u>
Total	<u>1,969,234</u>	<u>1,047,265</u>	<u>921,969</u>
Operations department:			
Salaries and employee benefits	876,535	824,031	52,504
Professional services	70,000	48,729	21,271
Utilities	160,500	107,048	53,452
Maintenance	178,541	128,696	49,845
Other departmental expenditures	313,240	306,294	6,946
Capital outlay	<u>75,000</u>	<u>70,239</u>	<u>4,761</u>
Total	<u>1,673,816</u>	<u>1,485,037</u>	<u>188,779</u>
Total expenditures	<u>4,528,644</u>	<u>3,400,251</u>	<u>1,128,393</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	<u>(505,644)</u>	<u>972,154</u>	<u>1,477,798</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	1,094,104	-	(1,094,104)
Transfers in	-	46,567	46,567
Transfers out	<u>(588,460)</u>	<u>(588,460)</u>	<u>-</u>
Total other financing sources (uses)	<u>505,644</u>	<u>(541,893)</u>	<u>(1,047,537)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>430,261</u>	<u>\$ 430,261</u>

**Reconciliation from Budgetary Basis  
(Modified Accrual) To Full Accrual:**

Capital outlay	206,801
Depreciation	(464,192)
Increase (decrease) in deferred outflows of resources - OPEB	(44,879)
(Increase) decrease in deferred inflows of resources - OPEB	16,790
(Increase) decrease in total OPEB liability	(12,954)
Increase (decrease) in deferred outflows of resources - pension	37,502
(Increase) decrease in deferred inflows of resources - pension	8,426
(Increase) decrease in net pension liability	(105,666)
(Increase) decrease in compensated absences	13,177
Intrafund transfers	<u>588,460</u>
Change in net position	<u>\$ 673,726</u>

## TOWN OF WAYNESVILLE, NORTH CAROLINA

SEWER CAPITAL PROJECT FUND -  
WASTE WATER TREATMENT PLANT IMPROVEMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive/ (Negative)
<b>Expenditures:</b>					
Engineering and professional fees	\$ 1,978,900	\$ 1,591,586	\$ 576,472	\$ 2,168,058	\$ (189,158)
Construction cost	26,202,321	5,402,097	14,657,035	20,059,132	6,143,189
Closing costs	588,460	490,918	97,542	588,460	-
Contingency	1,241,779	-	-	-	1,241,779
Total expenditures	<u>30,011,460</u>	<u>7,484,601</u>	<u>15,331,049</u>	<u>22,815,650</u>	<u>7,195,810</u>
Revenues over (under) expenditures	<u>(30,011,460)</u>	<u>(7,484,601)</u>	<u>(15,331,049)</u>	<u>(22,815,650)</u>	<u>7,195,810</u>
<b>Other Financing Sources (Uses):</b>					
CWSRF loan issued	24,545,900	-	9,787,774	9,787,774	(14,758,126)
Long-term debt issued	4,877,100	-	-	-	(4,877,100)
Transfers in	588,460	-	588,460	588,460	-
Total other financing sources (uses)	<u>30,011,460</u>	<u>-</u>	<u>10,376,234</u>	<u>10,376,234</u>	<u>(19,635,226)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (7,484,601)</u>	<u>\$ (4,954,815)</u>	<u>\$ (12,439,416)</u>	<u>\$ (12,439,416)</u>

## TOWN OF WAYNESVILLE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2024

	Asset Services Management Fund	Garage Operations Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 181,341	\$ 181,341
Other receivables	-	2	2
Inventories	-	74,275	74,275
Total current assets	-	255,618	255,618
Capital assets:			
Other capital assets, net of depreciation	-	167,845	167,845
Total assets	-	423,463	423,463
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	-	75,425	75,425
OPEB deferrals	-	28,711	28,711
Total deferred outflows of resources	-	104,136	104,136
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	29,784	29,784
Compensated absences, current	-	353	353
OPEB liability - current	-	4,305	4,305
Total current liabilities	-	34,442	34,442
Non-current liabilities:			
Compensated absences	-	14,476	14,476
Net pension liability	-	123,884	123,884
Total OPEB liability	-	120,257	120,257
Total non-current liabilities	-	258,617	258,617
Total liabilities	-	293,059	293,059
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	-	1,038	1,038
OPEB deferrals	-	22,477	22,477
Total deferred inflows of resources	-	23,515	23,515
<b>Net Position:</b>			
Net investment in capital assets	-	167,845	167,845
Unrestricted (deficit)	-	43,180	43,180
Total net position	\$ -	\$ 211,025	\$ 211,025



## TOWN OF WAYNESVILLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Asset Services Management Fund	Garage Operations Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ -	\$ 1,116,021	\$ 1,116,021
Other operating revenue	-	8,898	8,898
Total operating revenues	-	1,124,919	1,124,919
<b>Operating Expenses:</b>			
Garage operations	-	968,768	968,768
Depreciation and amortization	-	36,804	36,804
Total operating expenses	-	1,005,572	1,005,572
Operating income (loss)	-	119,347	119,347
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	-	3,435	3,435
Gain (loss) on sale of assets	-	800	800
Total non-operating revenues (expenses)	-	4,235	4,235
Income (loss) before transfers	-	123,582	123,582
Transfers out	(168,578)	-	(168,578)
Transfer of net position to governmental activities	(1,024,899)	-	(1,024,899)
Change in net position	(1,193,477)	123,582	(1,069,895)
<b>Net Position:</b>			
Beginning of year - July 1	1,193,477	87,443	1,280,920
End of year - June 30	\$ -	\$ 211,025	\$ 211,025

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	<b>Asset Services Management Fund</b>	<b>Garage Operations Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from interfund charges	\$ -	\$ 1,116,021	\$ 1,116,021
Cash paid for goods and services	-	(630,975)	(630,975)
Cash paid to employees for services	-	(285,377)	(285,377)
Other operating revenues	-	8,898	8,898
Net cash provided (used) by operating activities	<u>-</u>	<u>208,567</u>	<u>208,567</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets and construction	-	(19,903)	(19,903)
Proceeds from sale of capital assets	<u>-</u>	<u>800</u>	<u>800</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(19,103)</u>	<u>(19,103)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Operating transfers out	(196,226)	-	(196,226)
Change in due to/from other funds	<u>-</u>	<u>(11,558)</u>	<u>(11,558)</u>
Net cash provided (used) by non-capital financing activities	<u>(196,226)</u>	<u>(11,558)</u>	<u>(207,784)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>-</u>	<u>3,435</u>	<u>3,435</u>
Net increase (decrease) in cash and cash equivalents	(196,226)	181,341	(14,885)
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>196,226</u>	<u>-</u>	<u>196,226</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 181,341</u>	<u>\$ 181,341</u>

# TOWN OF WAYNESVILLE, NORTH CAROLINA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	<u>Asset Services Management Fund</u>	<u>Garage Operations Fund</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ -	\$ 119,347	\$ 119,347
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	36,804	36,804
(Increase) decrease in:			
Inventory	-	6,044	6,044
Deferred outflows of resources - pensions	-	(7,528)	(7,528)
Deferred outflows of resources - OPEB	-	8,701	8,701
Increase (decrease) in:			
Net pension liability	-	21,210	21,210
Deferred inflows of resources - pensions	-	(1,691)	(1,691)
Deferred inflows of resources - OPEB	-	(3,255)	(3,255)
Other post-employment benefits	-	2,512	2,512
Accounts payable	-	20,781	20,781
Compensated absences	-	5,642	5,642
	<u>-</u>	<u>208,567</u>	<u>208,567</u>
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 208,567</u>	<u>\$ 208,567</u>
<b>Non-Cash Transactions:</b>			
Transfer of net position to governmental activities	<u>\$ (1,024,899)</u>	<u>\$ -</u>	<u>\$ (1,024,899)</u>
Assumption of current liabilities by General Fund	<u>\$ 27,648</u>	<u>\$ -</u>	<u>\$ 27,648</u>

**TOWN OF WAYNESVILLE, NORTH CAROLINA**
**ASSET SERVICES MANAGEMENT INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive/ (Negative)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers out	\$ -	\$ (168,578)	\$ (168,578)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(168,578)	<u>\$ (168,578)</u>
<b>Reconciliation from Modified Accrual Basis To Full Accrual Basis:</b>			
Transfer of net position to governmental activities		<u>(1,024,899)</u>	
Change in net position		<u>\$ (1,193,477)</u>	

## TOWN OF WAYNESVILLE, NORTH CAROLINA

**GARAGE OPERATIONS INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**FINANCIAL PLAN AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive/ (Negative)</b>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 1,117,900	\$ 1,116,021	\$ (1,879)
Other operating revenue	-	8,898	8,898
Total operating revenues	<u>1,117,900</u>	<u>1,124,919</u>	<u>7,019</u>
Non-operating revenues:			
Proceeds from sale of assets	-	800	800
Investment earnings	-	3,435	3,435
Total non-operating revenues	<u>-</u>	<u>4,235</u>	<u>4,235</u>
Total revenues	<u>1,117,900</u>	<u>1,129,154</u>	<u>11,254</u>
<b>Expenditures:</b>			
Operating expenses:			
Salaries and employee benefits	287,300	310,968	(23,668)
Maintenance and repairs	39,000	9,303	29,697
Materials and supplies	255,400	261,165	(5,765)
Other departmental expenses	<u>516,200</u>	<u>412,063</u>	<u>104,137</u>
Total operating expenses	<u>1,097,900</u>	<u>993,499</u>	<u>104,401</u>
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>1,117,900</u>	<u>993,499</u>	<u>124,401</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>135,655</u>	<u>\$ 135,655</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) To Full Accrual:</b>			
Depreciation		(36,804)	
Increase (decrease) in deferred outflows of resources - OPEB		(8,701)	
(Increase) decrease in deferred inflows of resources - OPEB		3,255	
(Increase) decrease in total OPEB liability		(2,512)	
Increase (decrease) in deferred outflows of resources - pension		7,528	
(Increase) decrease in deferred inflows of resources - pension		(1,691)	
(Increase) decrease in net pension liability		21,210	
(Increase) decrease in compensated absences		<u>5,642</u>	
Change in net position		<u>\$ 123,582</u>	

## TOWN OF WAYNESVILLE, NORTH CAROLINA

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2024

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2023</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2024</b>
2023-2024	\$ -	\$ 7,297,118	\$ 7,250,336	\$ 46,782
2022-2023	53,762	-	47,030	6,732
2021-2022	67,485	-	20,787	46,698
2020-2021	42,247	-	17,205	25,042
2019-2020	39,790	-	11,139	28,651
2018-2019	33,641	-	8,123	25,518
2017-2018	35,268	-	5,538	29,730
2016-2017	27,470	-	3,219	24,251
2015-2016	22,755	-	2,420	20,335
2014-2015	25,691	-	1,207	24,484
2013-2014	32,258	-	32,258	-
<b>Total</b>	<b>\$ 380,367</b>	<b>\$ 7,297,118</b>	<b>\$ 7,399,262</b>	<b>278,223</b>
Less: Allowance for uncollectible accounts				(113,208)
Ad valorem taxes receivable, net				<u>\$ 165,015</u>
<b>Reconciliation of Collections and Credits with Revenues:</b>				
Ad valorem taxes:				
General Fund			\$	7,458,532
Reconciling items:				
Penalties and interest collected				(50,876)
Special motor vehicle tax				(45)
Taxes written off				32,258
Miscellaneous adjustments				<u>(40,607)</u>
Total collections and credits			\$	<u>7,399,262</u>

## TOWN OF WAYNESVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
FOR THE YEAR ENDED JUNE 30, 2024

	Total Levy				
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,635,741,348	\$ 0.4392	\$ 7,184,176	\$ 6,637,403	\$ 546,773
Municipal service district	58,658,947	0.1900	111,452	111,452	-
Penalties	-		1,490	1,490	-
Total original levy	<u>1,694,400,295</u>		<u>7,297,118</u>	<u>6,750,345</u>	<u>546,773</u>
Total property valuation	<u>\$ 1,694,400,295</u>				
Net Levy			7,297,118	6,750,345	546,773
Uncollected taxes at June 30, 2024			<u>(46,782)</u>	<u>(46,782)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 7,250,336</u>	<u>\$ 6,703,563</u>	<u>\$ 546,773</u>
Current Levy Collection Percentage			99.36%	99.31%	100.00%

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Waynesville, 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 (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Waynesville, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 25, 2025. Our report includes a reference to other auditors who audited the financial statements of the Town of Waynesville ABC Board, as described in our report on the Town of Waynesville's financial statements. The financial statements of the Town of Waynesville ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Town of Waynesville ABC Board or that are reported separately by those auditors who audited the financial statements of the Town of Waynesville ABC Board.

### **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, we identified certain deficiencies in internal controls that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2024-001, 2024-002, 2024-003, and 2024-005 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2024-004 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Waynesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2024-002, 2024-003, 2024-004, and 2024-005.

### **Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying Schedule of Findings, Responses, and Questioned Costs. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 25, 2025

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Waynesville, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Town of Waynesville, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of the Town of Waynesville's major federal programs for the year ended June 30, 2024. The Town of Waynesville's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Waynesville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

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

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in*

*internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 25, 2025

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# TOWN OF WAYNESVILLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? Yes

• Significant deficiency(s) identified? Yes

Non-compliance material to financial statements noted? Yes

#### Federal Awards

Internal control over major federal programs:

• Material weakness (es) identified? No

• Significant deficiency(s) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name or Cluster</u>	<u>AL #</u>
--------------------------------	-------------

COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
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Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	No
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## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024**

#### **2. Findings Related to the Audit of the Basic Financial Statements**

##### **Material Weakness**

##### **Finding 2024-001**

**Criteria:** The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

**Condition:** Controls over financial reporting have been designed but not properly implemented and monitored. Approvals could not be verified for all journal entries sampled.

**Effect:** Lack of proper implementation of control policies greatly increases the risk of an error or irregularity going undetected and can result in improper financial reporting.

**Cause:** Due to turnover and limited number of personnel, there are not adequate safeguards in place to monitor controls over journal entries.

**Recommendation:** Access to the books and records of the Town should be separated from access to the assets of the Town as much as possible. Internal controls over journal entries should be added to ensure proper segregation of duties.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

##### **Material Weakness**

##### **Non-Compliance**

##### **Finding 2024-002**

**Criteria:** N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year.

**Condition:** The annual audit was delayed due to turnover in financial personnel.

**Effect:** Delays of timely reporting and errors in financial reporting could occur.

**Cause:** The Town's Finance Director position was turned over several times.

**Recommendation:** Management should cross-train where possible so that vacancies in key personnel do not create significant disruptions in day-to-day operations.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.



## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Material Weakness**

##### **Non-Compliance**

##### **Finding 2024-003**

**Criteria:** N.C. General Statute 159-29 S.L. 2022-53, Section 9(a) requires that the person designated by the Board as the Finance Director give a true accounting and faithful performance bond in an amount not less than the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000. The Interim Finance Director was appointed on April 24, 2024, but was not bonded until May 3, 2024.

**Condition:** The Board-appointed Interim Finance Director for the Town was not individually bonded timely to meet the requirements after initial appointment.

**Effect:** The Town should have a system in place to ensure compliance with state statutes.

**Cause:** Management did not take the proper steps to make sure the Town was in compliance with state statutes after appointment of the Interim Finance Director.

**Recommendation:** Management should ensure that Finance Director is covered timely for the Town's bonding.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

##### **Significant Deficiency**

##### **Non-Compliance**

##### **Finding 2024-004**

**Criteria:** N.C. General Statute 159-32 requires all collections and receipts greater than \$250 be deposited on a daily basis.

**Condition:** Deposits were not being made daily when cash and checks collected exceeded \$250, which is in violation of G.S. 159-32. One instance of this occurring was noted during the audit.

**Effect:** The Town was in violation of North Carolina General Statutes.

**Cause:** Lack of monitoring over cash deposits

**Recommendation:** Management should implement controls over deposits to ensure compliance with General Statutes.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

## **TOWN OF WAYNESVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024**

#### **2. Findings Related to the Audit of the Basic Financial Statements (continued)**

##### **Material Weakness**

##### **Non-Compliance**

##### **Finding 2024-005**

**Criteria:** N.C. General Statute 159-28 requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. The statutes require that funds be appropriated before incurring the obligation of funds and that amounts be pre-audited prior to the expenditure being made.

**Condition:** For fiscal year ended June 30, 2024, actual expenditures exceeded the authorized appropriations made by the governing board for the Town for the following funds: ARPA Grant Project Fund and the Asset Services Management Internal Service Fund.

**Effect:** The Town was in violation of North Carolina State Statutes.

**Cause:** The Town expended more than what had been appropriated because budget amendments were not made for those items.

**Recommendation:** The Town should implement additional monitoring controls, such as reviewing monthly budget to actual reports and careful pre-audit of expenditures. Budget amendments should be adopted prior to expending funds that exceed budgeted amounts.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

#### **3. Findings and Questioned Costs Related to the Audit of Federal Awards**

None reported.



Gary Caldwell, Mayor  
Julia Freeman, Mayor Pro Tem  
Clarence "Chuck" Dickson, Alderman  
Jon Feichter, Alderman  
Anthony Sutton, Alderman

Robert W. Hites, Jr. Town Manager  
Martha Bradley, Town Attorney

**TOWN OF WAYNESVILLE, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

**Findings Related to the Audit of the Basic Financial Statements:**

**Material Weakness**

**Finding 2024-001:**

**Name of Contact Person:** Ian Barrett, Finance Director

**Corrective Action:** Between the assistant finance director and the finance director, one person will primarily focus on reconciliations. After any entries, they will be signed off by the other who did not reconcile the accounts or prepare the entry.

**Proposed Completion Date:** Regularly implemented going forward.

**Material Weakness**

**Finding 2024-002:**

**Name of Contact Person:** Ian Barrett, Finance Director

**Corrective Action:** While working through the FY24 audit, clean up was done to ensure a smoother completion process going forward. I feel good about staffing going forward and more confident on the process. Another factor was the impact of hurricane Helene. While we may not have influence over preventing storms, we can work to ensure ease of access. We will work on digitizing records to ensure easier access.

**Proposed Completion Date:** 2025 Fiscal Audit



Gary Caldwell, Mayor  
Julia Freeman, Mayor Pro Tem  
Clarence "Chuck" Dickson, Alderman  
Jon Feichter, Alderman  
Anthony Sutton, Alderman

Robert W. Hites, Jr. Town Manager  
Martha Bradley, Town Attorney

**TOWN OF WAYNESVILLE, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

**Findings Related to the Audit of the Basic Financial Statements (continued):**

**Material Weakness**

**Finding 2024-003:**

**Name of Contact Person:** Ian Barrett, Finance Director

**Corrective Action:** Human Resources will require bonding before assuming a position that requires it. Doing it preemptively will prevent there being an unbonded finance officer in the future.

**Proposed Completion Date:** End of 2024 Fiscal Audit

**Significant Deficiency**

**Finding 2024-004:**

**Name of Contact Person:** Ian Barrett, Finance Director

**Corrective Action:** Since I have assumed this position, I have stressed the importance of same day deposits when we receipt payments. This is practice and we will ensure timeliness to reflect on our books. There should always be a deposit to the bank if there are receipts for payments. This has been discussed with the collection's supervisor.

**Proposed Completion Date:** End of 2024 Fiscal Audit

**Material Weakness**

**Finding 2024-005:**

**Name of Contact Person:** Ian Barrett, Finance Director

**Corrective Action:** Funds were over budget in fiscal year 2024, going forward all ARPA funds are going to be tracked by at least two people in house and reconciled against the federal portal. The Asset Services Management Internal Service Fund was dissolved in fiscal year 2024, over budget will not occur again for this fund.

**TOWN OF WAYNESVILLE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

None Reported

TOWN OF WAYNESVILLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass- Through Grantor's	Fed.(Direct & Pass-Through) Expenditures	2024 State Expenditures	2024 Local Expenditures	Passed Through to Subrecipients
<b>Federal Grants:</b>						
U.S. Department of Treasury:						
Direct Program						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0498	\$ 1,264,381	\$ -	\$ -	\$ -
Passed thorough NC Department of Environmental Quality State Revolving Fund						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	CS370930-01	14,657,035	-	-	-
Total Coronavirus State and Local Fiscal Recovery Funds			15,921,416	-	-	-
U.S. Department of Transportation:						
Passed through the National Highway Traffic Safety Administration						
State and Community Highway Safety	20.600		2,478	-	-	-
U.S. Department of Homeland Security:						
Direct Program						
Assistance to Firefighters Grant	97.044	EMW-2021-FG-00111	81,793	-	-	-
Total assistance - Federal programs			16,005,687	-	-	-
<b>State Grants:</b>						
North Carolina Department of Environmental Quality:						
North Carolina Volkswagen Settlement Program						
Phase II, Level II EV Charging Stations				16,724	-	-
VW-DC Fast Existing Sites Program				1,702	-	-
Total North Carolina Department of Environmental Quality				18,426	-	-
N.C. Department of Transportation:						
Powell Bill allocation		38570		338,406	-	-
Total assistance - State programs				356,832	-	-
Total Federal and State awards			\$ 16,005,687	\$ 356,832	\$ -	\$ -

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Waynesville under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. 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* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Waynesville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Waynesville.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

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