

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

**JBW**

**J. B. WATSON & Co., P.L.L.C.**

Certified Public Accountants

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**LOCAL GOVERNMENT OFFICIALS**  
**June 30, 2019**

**Town Council Members**

Michael Alvarez - Mayor

David Cohn - Mayor Pro Tem

Mike Head

Shirley Howe

Marcus McIntyre

Jerry Morse

**Administrative and Financial Staff**

Patrick Sadek, P.E. - Town Manager

Jim Wojtowicz, CPA - Finance Director

Alicia Massey, CTC - Tax Collector

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## **FINANCIAL SECTION**

# **J. B. WATSON & CO., P.L.L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

120 SOUTH RUTHERFORD STREET

P. O. BOX 341

WADESBORO, N.C. 28170

JAMES F. HANNA, CPA  
DENEAL H. BENNETT, CPA  
J. DAVID BURNS, CPA

TELEPHONE (704) 694-5174  
FACSIMILE (704) 694-6970

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited 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 Town of Indian Trail, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Town of Indian Trail ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Town of Indian Trail ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Town of Indian Trail ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the 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 Town of Indian Trail, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Indian Trail, North Carolina. 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* (Uniform Guidance), 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.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of 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 October 28, 2019, on our consideration of Town of Indian Trail, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Town of Indian Trail, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "B. Watson & Co., PLLC". The signature is written in a cursive, flowing style.

Wadesboro, North Carolina  
October 28, 2019

## Management's Discussion and Analysis

As management of the Town of Indian Trail, we offer readers of the Town of Indian Trail's financial statements this narrative overview and analysis of the financial activities of the Town of Indian Trail for the fiscal year ended June 30, 2019. 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

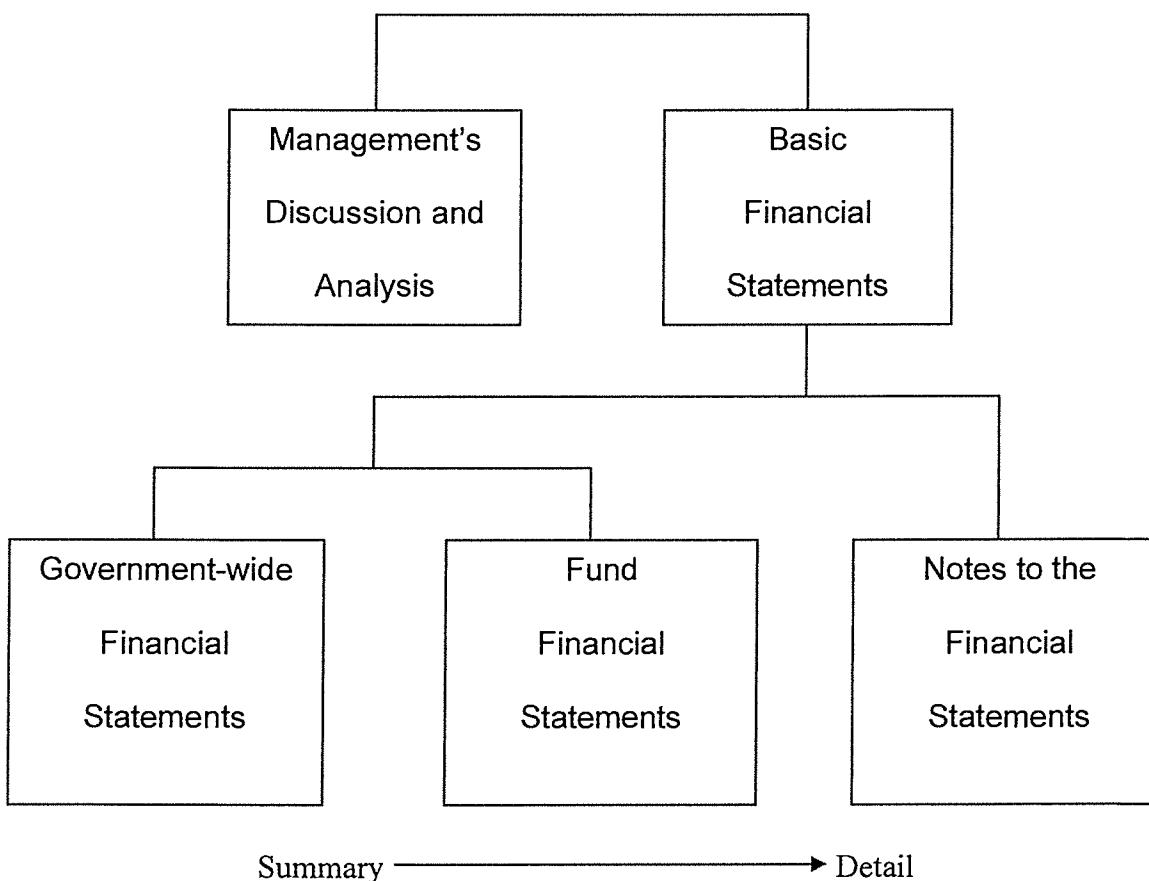
- The assets and deferred outflows of resources of the Town of Indian Trail exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$66,962,883 (*net position*).
- The government's total net position increased by \$4,026,957, primarily due to acceptance of donated streets of \$857,338, state Powell Bill operating funds of \$861,804, and federal and state grants totaling \$227,369.
- As of the close of the current fiscal year, the Town of Indian Trail's governmental funds reported combined ending fund balances of \$26,376,046, with a net increase of \$2,315,251 in fund balance. Approximately 40% of this total amount, or \$9,915,369, is non-spendable, restricted, committed or assigned, including \$1,749,541 of bond funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,469,352, or 139% of total general fund expenditures for the fiscal year.
- The Indian Trail ABC Board is considered a discretely presented component unit of the Town. The Town Council exercises control over the Board by appointing its members, and the ABC Board is required to distribute 100% of its net profits to the Town.
- The Town of Indian Trail currently has two outstanding bond issuances. \$3,000,000 of General Obligation Bonds was sold to SunTrust Bank on December 6, 2012. \$8,000,000 of General Obligation Bonds were sold to Stifel, Nicolaus & Company, Inc. on May 1, 2013. The Town of Indian Trail maintains an Aa1 bond rating from Moody's Investors service and AA++ rating from Standard and Poor's Financial Services.
- The Town of Indian Trail's total debt decreased by \$1,427,667 (10%) during the current fiscal year. Current debt is for the purchase of property at 130 Blythe Drive, 304 Matthews-Indian Trail Road, 145 acres on Oakwood Lane, the Municipal Complex, and the two outstanding bond issuances.
- In October, 2019, the Town of Indian Trail drew down \$2,500,000 from an authorized 2012 Parks and Recreation Bond Resolution. These bond proceeds will be used to upgrade and enhance our Town parks. The scheduled payback is fifteen years.
- The Town of Indian Trail also continued use of a Stormwater proprietary fund during the current fiscal year.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Indian Trail'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 Indian Trail.

## Required Components of Annual Financial Report

Figure 1



## Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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.

## Management's Discussion and Analysis

### Town of Indian Trail

The next statements (Exhibits 3-1 through 8) 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. Following the notes is **required supplementary information**. This section contains funding information about the Town's pension plans. Also after the notes, **supplementary information** is provided to show detail about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

### **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into 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 safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the Stormwater services offered by the Town of Indian Trail. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are Exhibits 1 and 2 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 Indian Trail, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance)

Management's Discussion and Analysis  
Town of Indian Trail

with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Indian Trail 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* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental 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 Indian Trail 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** – Town of Indian Trail uses *Enterprise Funds* to report the same functions presented as business-type activities in the government-wide financial statements. Town of Indian Trail uses enterprise funds to account for its Stormwater activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 begin on page 12 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 Indian Trail's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 38 of this report.

Management's Discussion and Analysis  
Town of Indian Trail

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**Government-Wide Financial Analysis**

*TOWN OF INDIAN TRAIL  
NET POSITION  
FIGURE 2*

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 27,597,148	\$ 25,202,557	\$ 4,130,480	\$ 3,262,872	\$ 31,727,628	\$ 28,465,429
Capital assets, net	49,577,537	50,335,827	268,923	142,104	49,846,460	50,477,931
Total Assets	<u>77,174,685</u>	<u>75,538,384</u>	<u>4,399,403</u>	<u>3,404,976</u>	<u>81,574,088</u>	<u>78,943,360</u>
Deferred Outflows of Resources	<u>646,524</u>	<u>411,524</u>	-	-	<u>646,524</u>	<u>411,524</u>
<b>Liabilities</b>						
Current and other liabilities	1,034,901	950,411	50,124	130,024	1,085,025	1,080,435
Long-term liabilities:						
Due within one year	1,212,854	1,303,627	-	-	1,212,854	1,303,627
Due in more than one year	<u>12,784,822</u>	<u>13,840,198</u>	-	-	<u>12,784,822</u>	<u>13,840,198</u>
Total Liabilities	<u>15,032,577</u>	<u>16,094,236</u>	<u>50,124</u>	<u>130,024</u>	<u>15,082,701</u>	<u>16,224,260</u>
Deferred Inflows of Resources	<u>175,028</u>	<u>194,698</u>	-	-	<u>175,028</u>	<u>194,698</u>
<b>Net Position</b>						
Net investment in capital assets	38,307,083	37,741,605	268,923	142,104	38,576,006	37,883,709
Restricted	6,132,641	7,172,273	-	-	6,132,641	7,172,273
Unrestricted	<u>18,173,880</u>	<u>14,747,096</u>	<u>4,080,356</u>	<u>3,132,848</u>	<u>22,254,236</u>	<u>17,879,944</u>
Total Net Position	<u>\$ 62,613,604</u>	<u>\$ 59,660,974</u>	<u>\$ 4,349,279</u>	<u>\$ 3,274,952</u>	<u>\$ 66,962,883</u>	<u>\$ 62,935,926</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 the Town of Indian Trail exceeded liabilities and deferred inflows by \$66,962,883 as of June 30, 2019. The Town's net position increased by \$4,026,957 for the fiscal year ended June 30, 2019. However, \$38,576,006 (57.6%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Indian Trail uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Indian Trail's net investment in 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 Indian Trail's net position \$6,132,641 (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$22,254,236 (33.2%) is unrestricted.

Management's Discussion and Analysis  
Town of Indian Trail

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

- Continued diligence in the collection of property taxes. The tax collection percentage was 99.84% as of June 30, 2018, and 99.75% as of June 30, 2019. The statewide average as of June 30, 2019, was 99.12%.
- Decrease in operating and capital grants and contributions of \$1,792,639.
- Accounts payable decreased by approximately \$115,000.

(Continued on next page)

Management's Discussion and Analysis  
Town of Indian Trail

**TOWN OF INDIAN TRAIL**  
**CHANGES IN NET POSITION**  
**FIGURE 3**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 455,094	\$ 376,231	\$ 1,495,259	\$ 1,455,680	\$ 1,950,353	\$ 1,831,911
Operating grants and contributions	1,431,023	890,754	-	-	1,431,023	890,754
Capital grants and contributions	949,760	3,282,668	-	-	949,760	3,282,668
General Revenues:						
Property taxes	7,493,147	7,315,325	-	-	7,493,147	7,315,325
Other taxes and licenses	4,200,937	4,042,621	-	-	4,200,937	4,042,621
Grants and contributions not restricted to specific programs	382,260	343,101	-	-	382,260	343,101
Other	575,963	345,357	7,599	786	583,562	346,143
<b>Total Revenues</b>	<b>15,488,184</b>	<b>16,596,057</b>	<b>1,502,858</b>	<b>1,456,466</b>	<b>16,991,042</b>	<b>18,052,523</b>
<b>Expenses</b>						
General government	2,258,259	1,861,993	-	-	2,258,259	1,861,993
Public safety	2,443,705	2,309,892	-	-	2,443,705	2,309,892
Transportation	3,709,866	2,280,291	-	-	3,709,866	2,280,291
Economic and physical development	663,345	690,870	-	-	663,345	690,870
Environmental protection	1,660,131	1,611,204	-	-	1,660,131	1,611,204
Culture and recreation	1,490,611	1,622,438	-	-	1,490,611	1,622,438
Interest on long-term debt	309,637	340,365	-	-	309,637	340,365
Stormwater	-	-	428,531	672,371	428,531	672,371
<b>Total Expenses</b>	<b>12,535,554</b>	<b>10,717,053</b>	<b>428,531</b>	<b>672,371</b>	<b>12,964,085</b>	<b>11,389,424</b>
<b>Increase in Net Position before Transfers</b>	<b>2,952,630</b>	<b>5,879,004</b>	<b>1,074,327</b>	<b>784,095</b>	<b>4,026,957</b>	<b>6,663,099</b>
<b>Transfers</b>	<b>-</b>	<b>52,576</b>	<b>-</b>	<b>(52,576)</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>2,952,630</b>	<b>5,931,580</b>	<b>1,074,327</b>	<b>731,519</b>	<b>4,026,957</b>	<b>6,663,099</b>
<b>Net Position, July 1</b>	<b>59,660,974</b>	<b>53,729,394</b>	<b>3,274,952</b>	<b>2,543,433</b>	<b>62,935,926</b>	<b>56,272,827</b>
<b>Net Position, June 30</b>	<b>\$ 62,613,604</b>	<b>\$ 59,660,974</b>	<b>\$ 4,349,279</b>	<b>\$ 3,274,952</b>	<b>\$ 66,962,883</b>	<b>\$ 62,935,926</b>

**Governmental activities:** Governmental activities increased the Town's net position by \$2,952,630, thereby accounting for 73% of the total growth in the net position of the Town of Indian Trail. The key elements of this increase are mainly due to strict adherence to respective budgeted levels, capital grants, and contributions for streets and sidewalks.

**Business-type activities:** Business-type activities increased the Town of Indian Trail's net position by \$1,074,327, accounting for 27% of the total growth in the government's net position.



### Financial Analysis of the Town's Funds

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

**Governmental Funds:** The focus of the Town of Indian Trail'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 Indian Trail's financing requirements.

The General Fund is the chief operating fund of the Town of Indian Trail. At the end of the current fiscal year, Town of Indian Trail's fund balance available in the General Fund was \$18,941,116, while total fund balance reached \$20,804,506. The Governing Body of Town of Indian Trail has determined that the Town should maintain an available fund balance of 30% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 160% of general fund expenditures (excluding transfers), and total fund balance represents 176% of the same amount. The Town Council from time to time may utilize fund balances that will reduce fund balance below the requirement indicated but in no case below 15% except in an extreme emergency for the purpose of providing for:

- (1) A revenue shortfall
- (2) Dealing with a natural disaster or other event that threatens the health or safety of the residents
- (3) Taking advantage of any unforeseen significant opportunity that may be otherwise lost to the community
- (4) To protect the long-term fiscal security of the Town of Indian Trail
- (5) For major Town projects that are to the overall benefit of the Town after proper due diligence and an opportunity for public comments
- (6) Funds needed as a part of a matching grant for a major project

At June 30, 2019, the governmental funds of the Town of Indian Trail reported a combined fund balance of \$26,376,046 with a net increase in fund balance of \$2,315,251. The primary reason for this increase is due to the General Fund's revenues far exceeding expenditures.

**General Fund Budgetary Highlights:** During the fiscal 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.

Revenues were more than the adopted budget for fiscal year ended June 30, 2019, due to additional state revenues for local option sales tax and franchise sales tax, as well as

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additional profit distributions from the Indian Trail ABC Board. Expenditures were less than the adopted budget due to the Town's conservative spending practices.

**Proprietary Funds:** The Town of Indian Trail's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Stormwater Fund at the end of the fiscal year amounted to \$4,080,356. The change in net position in the Stormwater Fund was due to decreases in expenditures for stormwater mapping and other contracted services. A few major projects are in the planning stages and are expected to originate in FY 2020.

### Capital Asset and Debt Administration

**Capital assets:** The Town of Indian Trail's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$49,846,460 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year were primarily for construction in progress and transitioning assets from construction in progress into buildings and improvements. Net additions to construction in progress and buildings and improvements were \$515,912. The Town also accepted streets valued at \$857,338.

**TOWN OF INDIAN TRAIL**  
**CAPITAL ASSETS (net of depreciation)**  
**FIGURE 4**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,895,112	\$ 3,895,112	\$ -	\$ -	\$ 3,895,112	\$ 3,895,112
Construction in progress	1,964,872	1,836,306	121,864	-	2,086,736	1,836,306
Buildings and improvements	19,881,245	20,764,353	74,186	79,731	19,955,431	20,844,084
Infrastructure	22,786,097	22,670,612	-	-	22,786,097	22,670,612
Computer equipment	274,706	352,629	-	-	274,706	352,629
Computer software	31,733	48,462	-	-	31,733	48,462
Equipment	483,829	444,736	22,691	56,080	506,520	500,816
Furniture	211,750	266,477	-	-	211,750	266,477
Vehicles	48,193	57,140	50,182	6,293	98,375	63,433
	<u>\$ 49,577,537</u>	<u>\$ 50,335,827</u>	<u>\$ 268,923</u>	<u>\$ 142,104</u>	<u>\$ 49,846,460</u>	<u>\$ 50,477,931</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, 2019, the Town of Indian Trail had total general obligation bond debt outstanding of \$7,946,000, which is backed 100% by the full faith and credit of the Town. The remainder of the Town's debt represents installment purchases of \$4,994,833.

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**TOWN OF INDIAN TRAIL**  
**Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Installment purchases	\$ 4,994,833	\$ 5,913,500	\$ -	\$ -	\$ 4,994,833	\$ 5,913,500
General obligation bonds	<u>7,946,000</u>	<u>8,455,000</u>	<u>-</u>	<u>-</u>	<u>7,946,000</u>	<u>8,455,000</u>
Total	<u>\$ 12,940,833</u>	<u>\$ 14,368,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,940,833</u>	<u>\$ 14,368,500</u>

### **Town of Indian Trail's Outstanding Debt**

The Town of Indian Trail's total debt decreased by \$1,427,667 (10%) during the past fiscal year due to scheduled principal payments on the general obligation bond issuances and installment purchases.

As mentioned in the financial highlights section of this document, the Town of Indian Trail maintains an Aa1 bond rating from Moody's Investors Service and AA++ rating from Standard and Poor's Financial Services. These bond ratings are a clear indication of the sound financial condition of Town of Indian Trail and a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina general statutes limit 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 Town of Indian Trail is \$314,929,228. The Town has \$14,500,000 in bonds authorized but unissued at June 30, 2019.

Additional information regarding the Town of Indian Trail's long-term debt can be found in Note 3 of this report.

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

The following key economic indicators reflect the growth and prosperity of the Town.

- The Town's population continues to increase. The 2010 Census reflects a population of 33,518, while the 2016 U.S. Census reflects a population of 38,222.
- The Town of Indian Trail's unemployment rate as of June 30, 2019, was 3.7% compared to Union County's rate of 3.9% and the State average of 4.2%.
- Tax revenue allocations to the Debt Service and Capital Reserve Fund will remain at five cents and can only be utilized for debt services and capital expenditures as specified in the Capital Reserve Fund Ordinance and any subsequent amendments

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thereto in the current or future fiscal years. The total tax rate will remain at \$0.185 per \$100.

- Budgeted expenditures for governmental activities increased slightly overall or stayed the same as last year. This year's emphasis will be on the Town's infrastructure, technology, and to continue to maintain/enhance all of our municipal services.

**Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** The 2019-2020 operating budget provides for resources to address the Town's daily needs, as well as, continuing the Debt Service and Capital Reserve Fund so the Council can continue to address quality of life and capital improvement programs. This budget continues the process of Council having the ability to have specific funds to address town infrastructure needs, whether through repair, construction or reconstruction, acquiring and developing parks, greenways, recreational area and open spaces, acquisition or construction of municipal structures and capital equipment and address the debt associated with these future endeavors.

**Business-type Activities:** The Town uses the Equivalent Residential Unit (ERU) rate to assess Stormwater fees. The ERU rate is a minimum of \$53.10 effective July 1, 2017, (\$42.48 previously) for residential tier 1 and \$63.60 effective July 1, 2017, (\$50.88 previously) for residential tier 2. The commercial rate is based on the number of ERU at a rate of \$3.38 per month or \$40.56 per ERU (previously \$2.70 per month or \$32.40 per ERU). The Town has developed a ranking procedure regarding Stormwater calls received from Residents and will continue to work on Stormwater issues throughout the municipality.

**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, Jim Wojtowicz, CPA, Town of Indian Trail, P.O. Box 2430, Indian Trail, NC 28079. One can also call (704)-821-5401, visit our website [www.indiantrail.org](http://www.indiantrail.org), or send an email to [jmw@indiantrail.org](mailto:jmw@indiantrail.org) for more information.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

**Exhibit 1**

	Primary Government			Town of
	Governmental	Business-type	Total	Indian Trail
	Activities	Activities		ABC Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22,071,086	\$ 4,112,622	\$ 26,183,708	\$ 952,303
Receivables:				
Taxes receivable	112,166	-	112,166	-
Accounts receivable	17,746	11,439	29,185	-
Due from component unit	55,000	-	55,000	-
Due from other governments	1,183,612	2,081	1,185,693	-
Due from other funds	-	4,338	4,338	-
Inventories	640	-	640	187,778
Prepaid expenses	-	-	-	7,534
Restricted assets:				
Cash and cash equivalents	4,156,898	-	4,156,898	-
Deposits	-	-	-	6,304
Capital assets:				
Land and other nondepreciable assets	5,859,984	121,864	5,981,848	42,261
Other capital assets (net)	43,717,553	147,059	43,864,612	120,724
<b>TOTAL ASSETS</b>	<b>77,174,685</b>	<b>4,399,403</b>	<b>81,574,088</b>	<b>1,316,904</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>646,524</b>	<b>-</b>	<b>646,524</b>	<b>45,221</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	231,311	50,124	281,435	135,111
Accrued interest payable	83,250	-	83,250	-
Due to other funds	4,338	-	4,338	-
Taxes payable	-	-	-	106,775
Due to primary government	-	-	-	55,000
Distributions payable	-	-	-	14,500
Deposits in escrow	715,857	-	715,857	-
Liabilities payable from restricted assets:				
Accounts payable	145	-	145	-
Long-term liabilities:				
Due within one year	1,212,854	-	1,212,854	-
Due in more than one year	12,784,822	-	12,784,822	34,398
<b>TOTAL LIABILITIES</b>	<b>15,032,577</b>	<b>50,124</b>	<b>15,082,701</b>	<b>345,784</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>175,028</b>	<b>-</b>	<b>175,028</b>	<b>403</b>
<b>NET POSITION</b>				
Net investment in capital assets	38,307,083	268,923	38,576,006	162,985
Restricted for:				
Stabilization by State statute	1,862,750	-	1,862,750	-
Streets - Powell Bill	2,461,264	-	2,461,264	-
Capital projects	1,808,627	-	1,808,627	-
Working capital	-	-	-	134,719
Unrestricted	18,173,880	4,080,356	22,254,236	718,234
<b>TOTAL NET POSITION</b>	<b>\$ 62,613,604</b>	<b>\$ 4,349,279</b>	<b>\$ 66,962,883</b>	<b>\$ 1,015,938</b>

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

**Exhibit 2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>			<b>Town of Indian Trail ABC Board</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Governmental activities:</b>								
General government	\$ 2,258,259	\$ 8,489	\$ -	\$ -	\$ (2,249,770)	\$ -	\$ (2,249,770)	\$ -
Public safety	2,443,705	450	-	-	(2,443,255)	-	(2,443,255)	-
Transportation	3,709,866	13,602	1,396,562	949,760	(1,349,942)	-	(1,349,942)	-
Economic and physical development	663,345	249,457	-	-	(413,888)	-	(413,888)	-
Environmental protection	1,660,131	-	-	-	(1,660,131)	-	(1,660,131)	-
Culture and recreation	1,490,611	183,096	34,461	-	(1,273,054)	-	(1,273,054)	-
Interest on long-term debt	309,637	-	-	-	(309,637)	-	(309,637)	-
Total governmental activities	<u>12,535,554</u>	<u>455,094</u>	<u>1,431,023</u>	<u>949,760</u>	<u>(9,699,677)</u>	<u>-</u>	<u>(9,699,677)</u>	<u>-</u>
<b>Business-type activities:</b>								
Stormwater Fund	<u>428,531</u>	<u>1,495,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,066,728</u>	<u>1,066,728</u>	<u>-</u>
<b>Component unit:</b>								
ABC Board	<u>4,498,839</u>	<u>4,559,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,792</u>
	<u>\$ 17,462,924</u>	<u>\$ 6,509,984</u>	<u>\$ 1,431,023</u>	<u>\$ 949,760</u>	<u>(9,699,677)</u>	<u>1,066,728</u>	<u>(8,632,949)</u>	<u>60,792</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					7,493,147	-	7,493,147	-
Other taxes and licenses					4,200,937	-	4,200,937	-
Grants and contributions not restricted to specific programs					382,260	-	382,260	-
Investment earnings, unrestricted					540,686	1,266	541,952	-
Miscellaneous, unrestricted					35,277	6,333	41,610	127
Total general revenues excluding transfers					12,652,307	7,599	12,659,906	127
Transfers					-	-	-	-
Total general revenues and transfers					<u>12,652,307</u>	<u>7,599</u>	<u>12,659,906</u>	<u>127</u>
Change in net position					2,952,630	1,074,327	4,026,957	60,919
Net position, beginning					<u>59,660,974</u>	<u>3,274,952</u>	<u>62,935,926</u>	<u>955,019</u>
Net position, ending					<u>\$ 62,613,604</u>	<u>\$ 4,349,279</u>	<u>\$ 66,962,883</u>	<u>\$ 1,015,938</u>

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30 , 2019**

**Exhibit 3-1**

	Major Funds				
	General	Capital	Municipal	Total	Total
	Fund	Reserve and	Complex	Non-major	Governmental
	Fund	Debt Service	Capital	Governmental	Governmental
	Fund	Fund	Project Fund	Funds	Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,342,987	\$ 3,728,099	\$ -	\$ -	\$ 22,071,086
Restricted cash and cash equivalents	2,407,357	-	-	1,749,541	4,156,898
Taxes receivable	77,116	-	-	-	77,116
Accounts receivable	17,746	-	-	-	17,746
Due from component unit	55,000	-	-	-	55,000
Due from other governments	1,183,612	-	-	-	1,183,612
Due from other funds	4,337	43,489	-	92,840	140,666
Inventories	640	-	-	-	640
<b>TOTAL ASSETS</b>	<b>\$ 22,088,795</b>	<b>\$ 3,771,588</b>	<b>\$ -</b>	<b>\$ 1,842,381</b>	<b>\$ 27,702,764</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 197,557	\$ -	\$ -	\$ 33,754	\$ 231,311
Accounts payable from restricted cash	145	-	-	-	145
Due to other funds	136,329	-	-	8,675	145,004
Deposits in escrow	715,857	-	-	-	715,857
<b>TOTAL LIABILITIES</b>	<b>1,049,888</b>	<b>-</b>	<b>-</b>	<b>42,429</b>	<b>1,092,317</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>234,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234,401</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	640	-	-	-	640
Restricted:					
Stabilization by State statute	1,862,750	-	-	-	1,862,750
Streets - Powell Bill	2,461,264	-	-	-	2,461,264
Capital projects	-	-	-	1,808,627	1,808,627
Committed:					
Capital projects	-	-	-	-	-
Debt service and capital reserve	-	3,771,588	-	-	3,771,588
Tree preservation and protection	10,500	-	-	-	10,500
Unassigned	16,469,352	-	-	(8,675)	16,460,677
<b>TOTAL FUND BALANCES</b>	<b>20,804,506</b>	<b>3,771,588</b>	<b>-</b>	<b>1,799,952</b>	<b>26,376,046</b>
<b>TOTAL LIABILITIES, DEFERRED</b>					
<b>INFLOWS OF RESOURCES, AND</b>					
<b>FUND BALANCES</b>	<b>\$ 22,088,795</b>	<b>\$ 3,771,588</b>	<b>\$ -</b>	<b>\$ 1,842,381</b>	<b>\$ 27,702,764</b>

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



**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

**Exhibit 3-2**

**Fund balances - Total governmental funds (Exhibit 3-1)** **\$ 26,376,046**

Amounts reported for governmental activities in the statement of net position  
(Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the fund statements. 49,577,537

Deferred outflows of resources related to pensions are not reported in  
the funds. 646,524

Other long-term assets (accrued interest receivable from taxes) are not  
available to pay for current-period expenditures and, therefore, are  
inflows of resources in the funds. 35,050

Earned revenues considered deferred inflows of resources in fund  
statements. 77,116

Deferred inflows of resources related to pensions are not reported in  
the funds. (17,743)

Long-term liabilities used in governmental activities are not financial uses  
and, therefore, are not reported in the funds.

General obligation bonds (7,946,000)

Premiums on bond issuances (79,162)

Installment purchases (4,994,833)

Accrued interest payable (83,250)

Compensated absences (139,533)

Net pension liability (LGERS) (838,148)

**Net position of governmental activities (Exhibit 1)** **\$ 62,613,604**

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

**Exhibit 4-1**

	Major				
	General	Capital	Municipal	Total	Total
	Fund	Reserve and	Complex	Non-major	Governmental
		Debt Service	Capital Project	Governmental	Governmental
		Fund	Fund	Funds	Funds
<b>REVENUES:</b>					
Ad valorem taxes	\$ 7,487,802	\$ -	\$ -	\$ -	\$ 7,487,802
Other taxes and licenses	45,725	-	-	-	45,725
Unrestricted intergovernmental	4,471,386	-	-	-	4,471,386
Restricted intergovernmental	890,629	-	-	277,369	1,167,998
Permits and fees	227,042	-	-	-	227,042
Sales and services	183,772	-	-	-	183,772
Investment earnings	423,921	75,454	-	41,311	540,686
Miscellaneous	480,228	-	-	-	480,228
<b>TOTAL REVENUES</b>	<b>14,210,505</b>	<b>75,454</b>	<b>-</b>	<b>318,680</b>	<b>14,604,639</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,826,109	-	-	-	1,826,109
Public safety	2,443,308	-	-	-	2,443,308
Transportation	2,947,499	-	-	326,523	3,274,022
Economic and physical development	640,006	-	-	-	640,006
Environmental protection	1,660,131	-	-	-	1,660,131
Culture and recreation	554,579	-	-	-	554,579
Debt service:					
Principal retirement	1,427,667	-	-	-	1,427,667
Interest and fees	324,382	-	-	-	324,382
Capital outlay	-	-	22,085	117,099	139,184
<b>TOTAL EXPENDITURES</b>	<b>11,823,681</b>	<b>-</b>	<b>22,085</b>	<b>443,622</b>	<b>12,289,388</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>2,386,824</b>	<b>75,454</b>	<b>(22,085)</b>	<b>(124,942)</b>	<b>2,315,251</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	1,474,771	2,016,077	263,512	192,966	3,947,326
Transfers to other funds	(2,309,972)	(1,538,114)	-	(99,240)	(3,947,326)
	(835,201)	477,963	263,512	93,726	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,551,623</b>	<b>553,417</b>	<b>241,427</b>	<b>(31,216)</b>	<b>2,315,251</b>
<b>FUND BALANCES, beginning</b>	<b>19,252,883</b>	<b>3,218,171</b>	<b>(241,427)</b>	<b>1,831,168</b>	<b>24,060,795</b>
<b>FUND BALANCES, ending</b>	<b>\$ 20,804,506</b>	<b>\$ 3,771,588</b>	<b>\$ -</b>	<b>\$ 1,799,952</b>	<b>\$ 26,376,046</b>

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

**Exhibit 4-2**

**Net change in fund balances - total governmental funds (Exhibit 4-1)** **\$ 2,315,251**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures (including capitalized labor)	582,804
Depreciation expense for governmental assets	(2,219,294)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	173,718
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in accrued interest receivable on taxes	242
Change in unavailable revenue for tax revenues	5,103
Disposal of capital assets not recognized on modified accrual basis	20,862
Donated assets	857,338

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 effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Amortization of bond premiums	5,654
Principal payments on long-term debt	1,427,667

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund statements:

Difference in interest expense between fund statements (modified accrual) and government-wide statements (accrual)	9,091
Change in compensated absences	10,773
Pension expense	(236,579)

<b>Total change in net position of governmental activities (Exhibit 2)</b>	<b><u>\$ 2,952,630</u></b>
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**The notes to the financial statements are an integral part of this statement.**

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**ANNUAL BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit 5**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
<b>REVENUES:</b>				
Ad valorem taxes	\$ 7,076,024	\$ 7,076,024	\$ 7,487,802	\$ 411,778
Other taxes and licenses	37,481	37,481	45,725	8,244
Unrestricted intergovernmental	4,040,000	4,040,000	4,471,386	431,386
Restricted intergovernmental	900,500	900,500	890,629	(9,871)
Permits and fees	145,000	151,500	227,042	75,542
Sales and services	120,253	133,753	183,772	50,019
Investment earnings	122,000	222,000	423,921	201,921
Miscellaneous	87,903	424,714	480,228	55,514
<b>TOTAL REVENUES</b>	<u>12,529,161</u>	<u>12,985,972</u>	<u>14,210,505</u>	<u>1,224,533</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,175,761	2,221,462	1,826,109	395,353
Public safety	2,443,308	2,443,308	2,443,308	-
Transportation	2,250,168	4,513,823	2,947,499	1,566,324
Economic and physical development	984,315	1,037,553	640,006	397,547
Environmental protection	1,710,697	1,715,399	1,660,131	55,268
Culture and recreation	797,475	834,923	554,579	280,344
Debt service:				
Principal retirement	1,147,667	1,427,667	1,427,667	-
Interest and fees	327,106	324,386	324,382	4
Contingency	255,000	247,000	-	247,000
<b>TOTAL EXPENDITURES</b>	<u>12,091,497</u>	<u>14,765,521</u>	<u>11,823,681</u>	<u>2,941,840</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>437,664</u>	<u>(1,779,549)</u>	<u>2,386,824</u>	<u>4,166,373</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	1,474,773	3,654,216	1,474,771	(2,179,445)
Transfers to other funds	(1,912,437)	(4,685,637)	(2,309,972)	2,375,665
	<u>(437,664)</u>	<u>(1,031,421)</u>	<u>(835,201)</u>	<u>196,220</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	-	(2,810,970)	1,551,623	4,362,593
<b>APPROPRIATED FUND BALANCE</b>	-	<u>2,810,970</u>	-	<u>(2,810,970)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,551,623</u>	<u>\$ 1,551,623</u>
<b>FUND BALANCE, beginning</b>			<u>19,252,883</u>	
<b>FUND BALANCE, ending</b>			<u>\$ 20,804,506</u>	

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUND**  
**June 30, 2019**

**Exhibit 6**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 4,112,622
Accounts receivable (net)	11,439
Due from other governments	2,081
Due from other funds	<u>4,338</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>4,130,480</b></u>

**NONCURRENT ASSETS**

Capital assets:	
Land and other nondepreciable assets	121,864
Other capital assets (net)	<u>147,059</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u><b>268,923</b></u>

**TOTAL ASSETS** **4,399,403**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	50,124
Due to other funds	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>50,124</b></u>

**NET POSITION**

Net investment in capital assets	268,923
Unrestricted	<u>4,080,356</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 4,349,279</b></u></u>

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

Exhibit 7

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2019**

**OPERATING REVENUES**

Stormwater management fee	\$ <u>1,495,259</u>
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**OPERATING EXPENSES**

Administration	12,938
Operations	371,793
Depreciation	<u>43,800</u>

<b>TOTAL OPERATING EXPENSES</b>	<u>428,531</u>
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<b>OPERATING INCOME</b>	<u>1,066,728</u>
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**NONOPERATING REVENUES**

Investment earnings	1,266
Disposal of capital assets	<u>6,333</u>

<b>TOTAL NONOPERATING REVENUES</b>	<u>7,599</u>
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<b>CHANGE IN NET POSITION</b>	1,074,327
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<b>NET POSITION, beginning</b>	<u>3,274,952</u>
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<b>NET POSITION, ending</b>	<u><u>\$ 4,349,279</u></u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2019**

**Exhibit 8**  
**Page 1 of 2**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 1,493,652
Cash paid for goods and services	(313,670)
Cash paid to or on behalf of employees for services	<u>(150,841)</u>

**NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

1,029,141

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Increase in due from other funds	<u>(4,338)</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING  
ACTIVITIES**

Acquisition of capital assets	<u>(164,286)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment earnings	<u>1,266</u>
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**NET INCREASE IN CASH  
AND CASH EQUIVALENTS**

861,783

**CASH AND CASH EQUIVALENTS, beginning**

3,250,839

**CASH AND CASH EQUIVALENTS, ending**

\$ 4,112,622

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 1,066,728
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	43,800
(Increase) decrease in:	
Accounts receivable	(1,607)
Due from other governments	120
Increase (decrease) in:	
Accounts payable and accrued liabilities	<u>(79,900)</u>

**NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

\$ 1,029,141

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2019**

**Exhibit 8**  
**Page 2 of 2**

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING  
AND FINANCING ACTIVITIES**

Acquisition of capital assets:

Cost of construction and purchase of equipment	\$ 170,619
Trade-in allowances	<u>(6,333)</u>

Acquisition of capital assets	<u>\$ 164,286</u>
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**The notes to the financial statements are an integral part of this statement.**



**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Town of Indian Trail and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

**A. REPORTING ENTITY**

Town of Indian Trail is a municipal corporation that is governed by an elected mayor and a five-member 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 Indian Trail 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 Town of Indian Trail ABC Board, Post Office Box 2932, Indian Trail, NC 28079.

**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* 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.

*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 emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating 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. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and environmental protection.

*Capital Reserve and Debt Service Fund.* This fund is used to account for money set aside by the Town for future debt service payments and future capital projects.

*Municipal Complex Capital Project Fund.* This fund is used to account for money set aside by the Town to build the new Town Hall and any related expenditures.

The Town reports the following non-major governmental funds:

*Bond Capital Project Fund.* This fund is used to account for bond proceeds related to streets and park improvements.

*Chestnut Extension Capital Project Fund.* This fund is used to account for the construction of the Chestnut Parkway Extension.

*Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund.* This fund is used to account for the construction of a State owned and maintained roundabout.

*US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund.* This fund is used to account for the construction of the US 74 multi-use path and South Fork Crooked Creek greenway. The sidewalk portion will be a State owned and Town maintained asset. The greenway portion will be a Town owned asset.

*Indian Trail Road Complete Street Project Fund.* This fund is used to account for the construction of the Indian Trail Road complete street project, which will be a Town owned and maintained asset.

*Chestnut Square Field Upgrade/Improvements Capital Project Fund.* This fund is used to account for an NFL grant to construct an artificial turf field at Chestnut Square Park.

The Town reports the following major proprietary fund:

*Stormwater Fund.* This fund is used to account for the Town's stormwater operations.

### **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.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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, 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 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 nonoperating 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's enterprise fund are stormwater management fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as 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.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 Town of Indian Trail because the tax is levied by Union 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. 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 is 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 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 Proprietary Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Bond Capital Project Fund, Capital Reserve and Debt Service Fund, Municipal Complex Capital Project Fund, Chestnut Extension Capital Project Fund, Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund, US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund, Indian Trail Road Complete Street Project Fund, and Chestnut Square Field Upgrade/Improvements Capital Project Fund. 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 object 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 \$5,000. All amendments must be approved by the governing board. During the year, several amendments 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.

**E. 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 and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

(NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

**CASH AND CASH EQUIVALENTS**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**RESTRICTED ASSETS**

The unexpended bond proceeds of the Bond Capital Project Fund general obligation bonds issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Construction deposits held in an escrow account are restricted to the project to which the deposits were received. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Restricted cash for the Town as of June 30, 2019, was as follows:

Governmental Activities:

*General Fund:*

Streets	\$ 1,687,575
Escrow deposits	<u>719,782</u>
Total General Fund	2,407,357

*Bond Capital Project Fund:*

Unexpended bond proceeds	<u>1,749,541</u>
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Total Restricted Cash	<u>\$ 4,156,898</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<sup>st</sup>, 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, 2018.

**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 receivables written off in prior years as well as the receivables at year-end deemed to be uncollectible. Allowances for doubtful accounts are not currently maintained by the Town due to expected collectability of all accounts receivable.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**INVENTORIES 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 inventory consists of expendable materials and supplies that are recorded as expenditures are used rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 \$5,000 for the following; improvements, furniture and equipment, vehicles, computer software and equipment; all values for land and buildings; and \$100,000 for streets and sidewalks. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 16, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The Town elected not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. 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.

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

Buildings	40 years
Infrastructure	5 – 50 years
Furniture and equipment	4 – 7 years
Computer equipment	5 years
Computer software	5 years
Other improvements	15 years
Vehicles	5 – 6 years

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

Equipment	5 – 10 years
Signage and improvements	10 – 15 years

**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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion – pension deferrals for the current fiscal year. 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 position that applies to a future period and so will not be recognized as revenue until then. The Town has several

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

items that meet the criterion for this category – property taxes receivable, pension deferrals, and advances on improvements.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. 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 210 hours of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

**NET POSITION/FUND BALANCES**

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, or laws or regulations of other governments or imposed by law through State statute.

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:

**Nonspendable 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.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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.

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 legislature in the 1930's 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 year.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included in RSS. RSS is included as a component of restricted fund balance on the Balance Sheet and restricted net position on the Statement of Net Position.

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 the total unexpended Powell Bill funds.

Restricted for capital projects – portion of fund balance that is restricted by revenue source for certain capital project expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing board (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.

Committed for capital projects – portion of fund balance that has been set aside by the Board for certain capital project expenditures.

Committed for debt service and capital reserve – portion of fund balance that has been set aside by the Board for future debt service obligations and capital projects.

Committed for tree preservation and protection – portion of fund balance that has been set aside by the Board for tree preservation and protection.



**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

Assigned Fund Balance – portion of fund balance that the Town intends to use for specific purposes.

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 board approves this appropriation; however, the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds up to \$5,000. The Town does not have any assigned fund balance this fiscal year.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Finance Officer uses resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures less capital outlays and transfers out. Any portion of the general fund balance in excess of 30% of the next year's budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

**DEFINED BENEFIT COST-SHARING PLANS**

For purposes of measuring the net pension liability (asset), 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. Town of Indian Trail's employer contributions are recognized when due and Town of Indian Trail 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.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS**

The Chestnut Square Field Upgrade/Improvements Capital Project Fund had a deficit fund balance at June 30, 2019. The deficit was comprised of \$8,675 that was expended on field design before grant funds were received or amounts were budgeted and transferred from the Bond Capital Project Fund. The entire deficit amount has been appropriated in the 2019/2020 budget through transfers from the Bond Capital Project Fund and an NFL grant.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**A. ASSETS**

**DEPOSITS**

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board'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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual 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, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board 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 formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$3,782,926 and a bank balance of \$3,903,417. The carrying amount of deposits for the ABC Board was \$949,353 and the bank balance was \$898,928. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Town's and ABC Board's bank balances exceeded federally insured limits by \$3,403,417 and \$-0-, respectively. All deposits of the Town and the ABC Board are insured or collateralized under the Pooling Method. At June 30, 2019, the Town's and the ABC Board's petty cash totaled \$800 and \$2,950, respectively.

**INVESTMENTS**

At June 30, 2019, the Town's investments consisted of \$11,775,416 in the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and \$14,781,464 in the North Carolina Capital Management Trust's Term Portfolio which is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. Government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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At June 30, 2019, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value 6/30/2019</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$ 11,775,416	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value-Level 1	<u>14,781,464</u>	.11 years	Unrated
		<u>\$ 26,556,880</u>		

The Town has an investment policy that limits their exposure to interest rate and credit risk. The policies are designed to provide the highest investment return with maximum security, while conforming to all State statutes governing the investment of idle funds.

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**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**CAPITAL ASSETS**

**Primary Government:**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><i>Governmental activities:</i></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,895,112	\$ -	\$ -	\$ 3,895,112
Construction in progress	1,836,306	150,651	22,085	1,964,872
Total capital assets not being depreciated	<u>5,731,418</u>	<u>150,651</u>	<u>22,085</u>	<u>5,859,984</u>
<b>Capital assets being depreciated:</b>				
Buildings	11,167,992	22,085	-	11,190,077
Other improvements	12,965,872	243,397	-	13,209,269
Infrastructure	29,300,237	857,338	-	30,157,575
Equipment	994,561	192,601	39,594	1,147,568
Furniture	273,633	-	-	273,633
Computer equipment	438,151	-	-	438,151
Computer software	197,639	-	-	197,639
Vehicles and motorized equipment	255,912	18,000	-	273,912
Total capital assets being depreciated	<u>55,593,997</u>	<u>1,333,421</u>	<u>39,594</u>	<u>56,887,824</u>
Less accumulated depreciation for:				
Buildings	762,759	278,894	-	1,041,653
Other improvements	2,606,752	869,696	-	3,476,448
Infrastructure	6,629,625	741,853	-	7,371,478
Equipment	549,825	152,525	38,611	663,739
Furniture	7,156	54,727	-	61,883
Computer equipment	85,522	77,923	-	163,445
Computer software	149,177	16,729	-	165,906
Vehicles and motorized equipment	198,772	26,947	-	225,719
Total accumulated depreciation	<u>10,989,588</u>	<u>2,219,294</u>	<u>38,611</u>	<u>13,170,271</u>
Total capital assets being depreciated, net	<u>44,604,409</u>			<u>43,717,553</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 50,335,827</u></u>			<u><u>\$ 49,577,537</u></u>

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Depreciation expense was charged to governmental departments as follows:

General government	\$ 429,325
Public safety	397
Transportation	821,752
Economic and physical development	17,420
Culture and recreation	950,400
	<u>\$ 2,219,294</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Stormwater Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ -	\$ 121,864	\$ -	\$ 121,864
<b>Capital assets being depreciated:</b>				
Equipment	174,514	-	-	174,514
Vehicles and motorized equipment	66,030	48,755	-	114,785
Other improvements	83,180	-	-	83,180
Total capital assets being depreciated	<u>323,724</u>	<u>48,755</u>	<u>-</u>	<u>372,479</u>
Less accumulated depreciation for:				
Equipment	118,434	33,389	-	151,823
Vehicles and motorized equipment	59,737	4,866	-	64,603
Other improvements	3,449	5,545	-	8,994
Total accumulated depreciation	<u>181,620</u>	<u>43,800</u>	<u>-</u>	<u>225,420</u>
Total capital assets being depreciated, net	<u>142,104</u>			<u>147,059</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 142,104</u>			<u>\$ 268,923</u>

Depreciation expense for the year ended June 30, 2019, was \$43,800.

**Construction commitments**

The Town had various active construction projects at June 30, 2019. The Town's commitments with contractors, engineers, and administrators at June 30, 2019, were as follows:

Chestnut Parkway Extension	\$ 206,606
Unionville-Indian Trail Road and Sardis Road Intersection Improvement	18,148
US 74 Multi-Use Path and South Fork Crooked Creek Greenway	15,500
Complete Street Project	6,225
Chestnut Square Field Upgrade/Improvements	15,225
Stormwater improvements	65,765
Sheriff's building parking lot upfit	296,087
	<u>\$ 623,556</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**Discretely Presented Component Unit:**

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ -	\$ 42,261	\$ -	\$ 42,261
<b>Capital assets being depreciated:</b>				
Store equipment	75,637	791	-	76,428
Leasehold improvements	145,545	19,365	-	164,910
Total capital assets being depreciated	221,182	20,156	-	241,338
Less accumulated depreciation for:				
Store equipment	45,045	10,004	-	55,049
Leasehold improvements	54,154	11,411	-	65,565
Total accumulated depreciation	99,199	21,415	-	120,614
Total capital assets being depreciated, net	121,983			120,724
<b>ABC capital assets, net</b>	<u>\$ 121,983</u>			<u>\$ 162,985</u>

Depreciation expense for the year ended June 30, 2019, was \$21,415.

**B. LIABILITIES**

**PAYABLES**

Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Due to Other Governments</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental activities:</b>				
General Fund	\$ 191,686	\$ 6,016	\$ 83,250	\$ 280,952
Other governmental funds	33,754	-	-	33,754
<b>Total governmental activities</b>	<u>\$ 225,440</u>	<u>\$ 6,016</u>	<u>\$ 83,250</u>	<u>\$ 314,706</u>
<b>Business-type activities:</b>				
Stormwater Fund	<u>\$ 50,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,124</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS**

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

*Plan Description:* Town of Indian Trail 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 governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided:* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 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.

*Contributions:* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Indian Trail employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Indian Trail's contractually required contribution rate for the year ended June 30, 2019, was 7.79% 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. The Town does not employ any law enforcement officers. Contributions to the pension plan from Town of Indian Trail were \$173,718 for the year ended June 30, 2019.

*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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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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, 2019, the Town reported a liability of \$838,148 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.03533% (measured as of June 30, 2018), which was a decrease of 0.00003% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the Town recognized pension expense of \$236,579. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,306	\$ 4,339
Changes of assumptions	222,412	-
Net difference between projected and actual earnings on pension plan investments	115,053	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,035	13,404
Town's contributions subsequent to the measurement date	<u>173,718</u>	<u>-</u>
Total	<u>\$ 646,524</u>	<u>\$ 17,743</u>

\$173,718 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2020	\$ 223,689
2021	144,382
2022	23,066
2023	63,926
2024	-
Thereafter	-



**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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*Actuarial Assumptions:* The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, 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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

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

*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 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 2,013,305	\$ 838,148	\$ (143,831)

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

## **2. Supplemental Retirement Income Plan**

*Plan Description:* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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*Funding Policy:* The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees. General employees may also make voluntary contributions to the plan. All amounts contributed are immediately vested in the name of each participant. The Town made contributions of \$85,995 for the reporting year. No amounts were forfeited.

**3. Deferred Compensation Plan**

*Plan Description:* The Town contributes to the North Carolina Public Employee Deferred Compensation Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The North Carolina Public Employee Deferred Compensation Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 457 plan that includes the Deferred Compensation 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:* The Plan permits each participating employee to defer a portion of his or her salary until future years by having the funds invested in various instruments that make up the North Carolina Public Employee Deferred Compensation Trust Fund. The fund is held in trust by the 457 Plan for the exclusive benefit of participating employees and their beneficiaries. The deferred compensation is available to employees upon separation from service, death, disability, retirement, or financial hardships if approved by the Board. The Town made contributions of \$19,336 for the reporting year.

**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 postemployment 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.

For the fiscal year ended June 30, 2019, the Town made contributions to the State for death benefits of \$892. The Town's required contributions for employees not engaged in law enforcement represented .04% of covered payroll.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

Contributions to pension plan in current fiscal year	\$ 173,718
Differences between expected and actual experience	129,306
Changes of assumptions	222,412
Net difference between projected and actual earnings on plan investments	115,053
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,035
Charge on refunding	-
Total	<u>\$ 646,524</u>

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

	Statement of Net Position	General Fund Balance Sheet
Advances on improvements	\$ 157,285	\$ 157,285
Grants receivable	-	-
Prepaid taxes (General Fund)	-	-
Taxes receivable, less penalties (General Fund)	-	77,116
Differences between expected and actual experience	4,339	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,404	-
Total	<u>\$ 175,028</u>	<u>\$ 234,401</u>

**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 carries commercial insurance based on management's evaluation of risk loss. The Town obtains general liability coverage of \$3 million and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town is not located in a flood zone but has elected to carry flood insurance through a commercial carrier of \$1,000,000 per occurrence.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**LONG-TERM OBLIGATIONS**

**1. Installment Purchases Payable**

Installment purchases payable consisted of the following direct borrowings at June 30, 2019:

On December 29, 2010, the Town entered into an installment purchase contract with a bank to finance the purchase of land. The financing contract requires 30 semi-annual installments of \$58,333, including interest at 3.39% through December 2025. The loan is secured by a security interest in equipment and deposits in the project fund.	758,333
On July 27, 2012, the Town entered into an installment purchase contract with a bank to finance the purchase of land. The financing contract requires 20 semi-annual installments of \$62,500, including interest at 2.19% through July 2022. The loan is secured by a deed of trust and a security interest in utility equipment.	437,500
On September 10, 2015, the Town entered into an installment purchase contract with a bank to finance the acquisition and construction of facilities. The financing contract requires 15 annual payments, including interest at 2.51% due semi-annually through August 2030. The loan is secured by a security interest in utility equipment and deposits in the project fund.	<u>3,799,000</u>
<b>TOTAL INSTALLMENT PURCHASES PAYABLE</b>	<b><u>\$ 4,994,833</u></b>

In the event of default on any of the above loans, the bank may exercise any one or more of the following remedies: (a) declare the unpaid principal immediately due and payable, (b) proceed with appropriate court action to enforce the applicable covenants of the loan agreement(s), (c) require the Town to pay over any balance remaining in the project fund, and (d) avail itself to any available remedies under the loan agreement(s).

The future minimum payments of the installment purchases as of June 30, 2019, are as follows:

Year ending <u>June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 558,667	\$ 124,992
2021	558,667	110,343
2022	558,667	95,694
2023	496,166	81,045
2024	433,666	68,448
2025-2029	1,757,000	184,444
2030-2031	<u>632,000</u>	<u>15,863</u>
	<b><u>\$ 4,994,833</u></b>	<b><u>\$ 680,829</u></b>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
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**2. General Obligation Indebtedness**

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition and construction of streets, sidewalks, parks, and related improvements. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. In the event of default, the Town agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the Town under the related agreements.

On December 18, 2012, the Town issued \$3,000,000 Streets and Sidewalk direct placement serial bonds, Series 2012. Principal installments are due annually on February 1<sup>st</sup> with semi-annual interest payments due on February 1<sup>st</sup> and August 1<sup>st</sup> at an annual interest rate of 2.15% through February 1, 2028. \$ 2,376,000

On April 18, 2013, the Town issued \$8,000,000 Parks, Streets, and Thoroughfare direct placement serial bonds, Series 2013. Principal installments are due annually on May 1<sup>st</sup>, with semi-annual interest payments due on May 1<sup>st</sup> and November 1<sup>st</sup> at interest rates from 1.5% to 2.625% through May 1, 2033. 5,570,000

**TOTAL GENERAL OBLIGATION INDEBTEDNESS** **\$ 7,946,000**

Annual debt service requirements as of June 30, 2019, are as follows:

Year ending <u>June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 509,000	\$ 166,572
2021	509,000	158,261
2022	509,000	148,937
2023	609,000	139,613
2024	708,000	127,900
2025-2029	3,502,000	409,788
2030-2033	<u>1,600,000</u>	<u>101,500</u>
	<u>\$ 7,946,000</u>	<u>\$ 1,252,571</u>

At June 30, 2019, the Town had bonds authorized but unissued of \$14,500,000 and had a legal debt margin of \$314,929,228.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**3. Changes in Long-Term Liabilities**

The following is a summary of changes in the Town's long-term obligations for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
<b>Governmental activities:</b>					
Direct placement general obligation bonds	\$ 8,455,000	\$ -	\$ 509,000	\$ 7,946,000	\$ 509,000
Premiums on bond issuances	84,816	-	5,654	79,162	5,654
Direct borrowing installment purchases	5,913,500	-	918,667	4,994,833	558,667
Compensated absences	150,306	-	10,773	139,533	139,533
Net pension liability (LGERS)	540,203	297,945	-	838,148	-
	<u>\$15,143,825</u>	<u>\$ 297,945</u>	<u>\$ 1,444,094</u>	<u>\$13,997,676</u>	<u>\$ 1,212,854</u>

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The ABC Board has no outstanding notes payable as of June 30, 2019.

**4. Operating Leases**

The Town leases office equipment under various noncancellable operating leases. The annual minimum lease payments as of June 30, 2019, are as follows:

Year ending	
<u>June 30,</u>	
2020	\$ 23,772
2021	23,772
2022	11,123
2023	2,088
2024	1,044
	<u>\$ 61,799</u>

Rent expense for the year ended June 30, 2019, was \$27,005.

The ABC Board has a five year operating lease for facilities at Union Town Center, Highway 74, Indian Trail that expires November 2020. The ABC Board is responsible for utilities and insurance of store contents. The monthly rental payment includes the following: common area maintenance fees, insurance, and real estate taxes. The following is the lease payment schedule:

Year ending	
<u>June 30,</u>	
2020	\$ 130,029
2021	54,735
	<u>\$ 184,764</u>

Rent and related expenses for the year ended June 30, 2019, were \$127,355.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**C. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund:

From Chestnut Square Field Upgrade/Improvements Capital Project Fund	\$ 4,337
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Due to the Stormwater Fund:

From Chestnut Square Field Upgrade/Improvements Capital Project Fund	4,338
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Due from the General Fund:

To Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund	9,086
To Capital Reserve and Debt Service Fund	43,489
To Chestnut Extension Capital Project Fund	30,854
To US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund	2,900
To Indian Trail Road Complete Street Project Fund	<u>50,000</u>

\$ 145,004

The interfund balances resulted from time lags between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

Transfers are used to move monies to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Transfers to various capital project funds are for funding capital needs.

Transfers from (to) other funds at June 30, 2019, consist of the following:

	<u>From</u>	<u>To</u>
<b><i>Major Governmental Funds:</i></b>		
General Fund:		
To Municipal Complex Capital Project Fund	\$ -	\$ 200,169
To Chestnut Extension Capital Project Fund	-	21,451
From/to Capital Reserve and Debt Service Fund	1,474,771	2,016,077
To US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund	-	36,000
To Indian Trail Road Complete Street Project Fund	-	36,275
Capital Reserve and Debt Service Fund:		
From/to General Fund	2,016,077	1,474,771
To Municipal Complex Capital Project Fund	-	63,343
Municipal Complex Capital Project Fund:		
From General Fund	200,169	-
From Capital Reserve and Debt Service Fund	63,343	-
<b><i>Non-major Governmental Funds:</i></b>		
Bond Capital Project Fund:		
To Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund	-	99,240
Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund:		
From Bond Capital Project Fund	99,240	-
Chestnut Extension Capital Project Fund:		
From General Fund	21,451	-
US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund:		
From General Fund	36,000	-
Indian Trail Road Complete Street Project Fund:		
From General Fund	<u>36,275</u>	<u>-</u>
	<u>\$ 3,947,326</u>	<u>\$ 3,947,326</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**D. FUND BALANCES**

**NET INVESTMENT IN CAPITAL ASSETS**

Capital assets, Governmental Activities	\$ 49,577,537
General obligation bonds	(7,946,000)
Bank loans	(4,994,833)
Unamortized bond premiums	(79,162)
Cash remaining from general obligation bonds	<u>1,749,541</u>
Net investment in capital assets	<u>\$ 38,307,083</u>

**FUND BALANCE**

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

Total fund balance – General Fund	\$ 20,804,506
Less:	
Inventories	640
Restricted for Stabilization by State Statute	1,862,750
Restricted for Streets – Powell Bill	2,461,264
Committed for tree preservation and protection	10,500
Fund Balance Policy	<u>4,065,021</u>
Remaining Fund Balance	<u>\$ 12,404,331</u>

The Town of Indian Trail has adopted a minimum fund balance policy for General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of the next year's budgeted expenditures less capital outlays and transfers out.

**NOTE 4 – JOINT VENTURES**

***Charlotte Regional Transportation Planning Organization***

The Town participates in a joint venture, Charlotte Regional Transportation Planning Organization (CRTPO), with 23 other jurisdictions in Iredell, Mecklenburg, and Union counties to work cooperatively with each other and the North Carolina Department of Transportation to enhance transportation planning opportunities for the region. CRTPO is one of the four MPO's and one RPO that make up the Charlotte Regional Alliance for Transportation. The Charlotte-Mecklenburg Planning Department is the lead planning agency for CRTPO. None of the participating governments have any equity interest in CRTPO, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the agreement between the participating governments and CRTPO, the Town paid \$12,427 to the CRTPO during the fiscal year ended June 30, 2019, for membership dues. Complete financial statements for CRTPO may be obtained from CRTPO's office at 600 E. Fourth Street, 8<sup>th</sup> Floor, Charlotte, North Carolina 28202-2853.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 5 – SUMMARY DISCLOSURE OF OTHER COMMITMENTS**

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund amounts are included in the Stabilization by State Statute amount in restricted fund balance. Outstanding encumbrances as of June 30, 2019, are as follows:

General Fund	\$ 602,055
Non-major governmental funds	<u>246,048</u>
	<u>\$ 848,103</u>

The Town has entered into a contract for solid waste and recycling collection with a company. The current contract is in effect from July 31, 2017, through July 30, 2022, and can be renewed for two 2 year terms.

The Town has entered into an interlocal agreement with Union County for law enforcement services. The current contract is in effect from July 1, 2017, through June 30, 2021. The Town is to pay Union County 90% of the county's cost of providing the services, to be determined no later than March 31<sup>st</sup> of each year.

The Town has also entered into contracts during the year for resurfacing and street improvements, stormwater maintenance, and town ordinance and policy updates. The remaining balance on these contracts at June 30, 2019, totaled approximately \$310,000. These contracts, as well as other contracts outstanding at year-end, are included in the above encumbrances.

**NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT 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 agreements. 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.

**OTHER**

The Town is subject to the authority of various federal and State regulatory agencies. No provision has been made in these financial statements for any sanctions which could be imposed if the Town were found to be in noncompliance or violation of regulations promulgated by these agencies.

**NOTE 7 – SUBSEQUENT EVENT**

On September 24, 2019, the Town approved the issuance of \$2,500,000 General Obligation Park and Recreation Bond, Series 2019, from the November 2012 Parks and Recreation bond referendum. The Town plans to use the bond issuance for major park improvements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

This section contains additional information required by generally accepted accounting principles:

- Schedule of the Proportionate Share of the Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions for Local Governmental Employees' Retirement System

Note: The Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions for Local Governmental Employees' Retirement System for the ABC Board can be found in the separately issued financial statements of the ABC Board (see Note 1.A. to the Town's financial statements for contact information.)

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Last Six Fiscal Years\***

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.03533%	0.03536%	0.03335%	0.02845%	0.02803%	0.02720%
Town's proportionate share of the net pension liability (asset) (\$)	\$ 838,148	\$ 540,203	\$ 707,799	\$ 127,682	\$ (165,306)	\$ 327,864
Town's covered payroll	\$ 2,130,774	\$ 1,965,693	\$ 1,745,232	\$ 1,696,769	\$ 1,516,069	\$ 1,511,355
Town's proportion of the net pension liability (asset) as a percentage of its covered payroll	39.34%	27.48%	40.56%	7.53%	-10.90%	21.69%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 173,718	\$ 160,660	\$ 143,889	\$ 117,803	\$ 121,659	\$ 107,183
Contributions in relation to the contractually required contribution	<u>173,718</u>	<u>160,660</u>	<u>143,889</u>	<u>117,803</u>	<u>121,659</u>	<u>107,183</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 2,230,015	\$ 2,130,774	\$ 1,965,693	\$ 1,745,232	\$ 1,696,769	\$ 1,516,069
Contributions as a percentage of covered payroll	7.79%	7.54%	7.32%	6.75%	7.17%	7.07%

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

***General Fund:***

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.



**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit A-1**  
**Page 1 of 5**

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
<b>Ad valorem taxes:</b>			
Taxes	\$ 7,076,024	\$ 7,460,079	\$ 384,055
Penalties and interest	-	27,723	27,723
Total	7,076,024	7,487,802	411,778
<b>Other taxes and licenses:</b>			
Gross receipts tax vehicle rental	37,481	44,624	7,143
Privilege licenses	-	1,101	1,101
Total	37,481	45,725	8,244
<b>Unrestricted intergovernmental:</b>			
Local option sales tax	2,100,000	2,316,953	216,953
Utilities sales tax	1,300,000	1,165,692	(134,308)
Video franchise fee	300,000	284,918	(15,082)
Piped natural gas sales tax	-	126,110	126,110
Telecommunications sales tax	-	65,074	65,074
Beer and wine tax	165,000	167,639	2,639
ABC profit distribution	175,000	345,000	170,000
Total	4,040,000	4,471,386	431,386
<b>Restricted intergovernmental:</b>			
Powell Bill allocation	875,500	861,804	(13,696)
Solid waste disposal tax	25,000	28,825	3,825
Total	900,500	890,629	(9,871)
<b>Permits and fees:</b>			
Planning revenue	141,500	205,655	64,155
Technology fees	10,000	21,387	11,387
Total	151,500	227,042	75,542
<b>Sales and services</b>	133,753	183,772	50,019
<b>Investment earnings</b>	222,000	423,921	201,921
<b>Miscellaneous:</b>			
Contributions	-	37,260	37,260
Park sponsorships	30,000	22,571	(7,429)
Escrow reimbursement	-	349,811	349,811
Other	394,714	70,586	(324,128)
Total	424,714	480,228	55,514
<b>TOTAL REVENUES</b>	<b>12,985,972</b>	<b>14,210,505</b>	<b>1,224,533</b>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit A-1**  
**Page 2 of 5**

	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES:</b>			
<b>General government:</b>			
Governing body:			
Salaries and employee benefits	-	61,912	-
Other operating expenditures	-	7,929	-
Total	<u>77,607</u>	<u>69,841</u>	<u>7,766</u>
Administration:			
Salaries and employee benefits	-	264,014	-
Contracted services	-	8,085	-
Capital outlay	-	18,000	-
Other operating expenditures	-	71,658	-
Total	<u>451,969</u>	<u>361,757</u>	<u>90,212</u>
Fleet Maintenance:			
Other operating expenditures	<u>1,159</u>	<u>618</u>	<u>541</u>
Finance:			
Salaries and employee benefits	-	238,546	-
Contracted services	-	27,250	-
Other operating expenditures	-	6,547	-
Total	<u>307,625</u>	<u>272,343</u>	<u>35,282</u>
Tax:			
Salaries and employee benefits	-	181,491	-
Other operating expenditures	-	37,924	-
Total	<u>224,190</u>	<u>219,415</u>	<u>4,775</u>
Human Resources:			
Salaries and employee benefits	-	216,526	-
Contracted services	-	8,253	-
Other operating expenditures	-	118,078	-
Total	<u>358,755</u>	<u>342,857</u>	<u>15,898</u>
Legal Cost Center:			
Contracted services	<u>114,000</u>	<u>64,099</u>	<u>49,901</u>
Communications and IT:			
Salaries and employee benefits	-	76,655	-
Contracted services	-	142,336	-
Other operating expenditures	-	57,386	-
Total	<u>300,257</u>	<u>276,377</u>	<u>23,880</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit A-1**  
**Page 3 of 5**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES - CONTINUED:</b>			
Facilities:			
Contracted services	-	24,743	-
Other operating expenditures	-	194,059	-
Total	<u>385,900</u>	<u>218,802</u>	<u>167,098</u>
<b>Total general government</b>	<u>2,221,462</u>	<u>1,826,109</u>	<u>395,353</u>
<b>Public safety:</b>			
Police:			
Contracted services	<u>2,443,308</u>	<u>2,443,308</u>	<u>-</u>
<b>Transportation:</b>			
Engineering:			
Salaries and employee benefits	-	216,615	-
Other operating expenditures	-	11,425	-
Total	<u>286,017</u>	<u>228,040</u>	<u>57,977</u>
Powell Bill:			
Salaries and employee benefits	-	92,964	-
Capital outlay	-	42,422	-
Other operating expenditures	-	1,254,687	-
Total	<u>2,493,470</u>	<u>1,390,073</u>	<u>1,103,397</u>
Public Works:			
Salaries and employee benefits	-	521,648	-
Capital outlay	-	359,501	-
Other operating expenditures	-	448,237	-
Total	<u>1,734,336</u>	<u>1,329,386</u>	<u>404,950</u>
<b>Total transportation</b>	<u>4,513,823</u>	<u>2,947,499</u>	<u>1,566,324</u>
<b>Economic and physical development:</b>			
Planning:			
Salaries and employee benefits	-	405,319	-
Contracted services	-	15,750	-
Other operating expenditures	-	17,525	-
Total	<u>566,947</u>	<u>438,594</u>	<u>128,353</u>
Code Enforcement:			
Salaries and employee benefits	-	141,511	-
Other operating expenditures	-	4,472	-
Total	<u>195,606</u>	<u>145,983</u>	<u>49,623</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit A-1**  
**Page 4 of 5**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES - CONTINUED:</b>			
<b>Economic and physical development (continued):</b>			
Community and Economic Development:			
Contracted services	-	53,550	-
Other operating expenditures	-	1,879	-
Total	<u>275,000</u>	<u>55,429</u>	<u>219,571</u>
<b>Total economic and physical development</b>	<u>1,037,553</u>	<u>640,006</u>	<u>397,547</u>
<b>Environmental protection:</b>			
Contracted services solid waste	-	1,653,387	-
Other operating expenditures	-	6,744	-
<b>Total environmental protection</b>	<u>1,715,399</u>	<u>1,660,131</u>	<u>55,268</u>
<b>Culture and recreation:</b>			
Recreation:			
Salaries and employee benefits	-	397,521	-
Contracted services	-	9,377	-
Capital outlay	-	23,697	-
Other operating expenditures	-	123,984	-
<b>Total culture and recreation</b>	<u>834,923</u>	<u>554,579</u>	<u>280,344</u>
<b>Debt service:</b>			
Principal retirement	1,427,667	1,427,667	-
Interest and fees	<u>324,386</u>	<u>324,382</u>	<u>4</u>
<b>Total debt service</b>	<u>1,752,053</u>	<u>1,752,049</u>	<u>4</u>
<b>Contingency</b>	<u>247,000</u>	<u>-</u>	<u>247,000</u>
<b>TOTAL EXPENDITURES</b>	<u>14,765,521</u>	<u>11,823,681</u>	<u>2,941,840</u>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(1,779,549)</u>	<u>2,386,824</u>	<u>4,166,373</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	3,654,216	1,474,771	(2,179,445)
Transfers to other funds	<u>(4,685,637)</u>	<u>(2,309,972)</u>	<u>2,375,665</u>
Total	<u>(1,031,421)</u>	<u>(835,201)</u>	<u>196,220</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2019**

**Exhibit A-1**  
**Page 5 of 5**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	(2,810,970)	1,551,623	4,362,593
<b>APPROPRIATED FUND BALANCE</b>	<u>2,810,970</u>	<u>-</u>	<u>(2,810,970)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	1,551,623	<u>\$ 1,551,623</u>
<b>FUND BALANCE, beginning</b>		<u>19,252,883</u>	
<b>FUND BALANCE, ending</b>		<u>\$ 20,804,506</u>	

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

**Exhibit B-1**

	Bond Capital Project Fund	Chestnut Extension Capital Project Fund	Unionville-IT and Sardis Rd. Intersection Capital Project Fund	US 74 Multi- Use Path and South Fork Crooked Creek Greenway Project Fund	Indian Trail Road Complete Street Project Fund	Chestnut Square Field Upgrade/ Improvements Capital Project Fund	Totals
<b>ASSETS</b>							
Restricted cash	\$ 1,749,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,749,541
Due from other funds	-	30,854	9,086	2,900	50,000	-	92,840
<b>TOTAL ASSETS</b>	<u>\$ 1,749,541</u>	<u>\$ 30,854</u>	<u>\$ 9,086</u>	<u>\$ 2,900</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 1,842,381</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 30,854	\$ -	\$ 2,900	\$ -	\$ -	\$ 33,754
Due to other funds	-	-	-	-	-	8,675	8,675
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>30,854</u>	<u>-</u>	<u>2,900</u>	<u>-</u>	<u>8,675</u>	<u>42,429</u>
<b>FUND BALANCES</b>							
Restricted:							
Capital projects	1,749,541	-	9,086	-	50,000	-	1,808,627
Committed:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(8,675)	(8,675)
<b>TOTAL FUND BALANCES</b>	<u>1,749,541</u>	<u>-</u>	<u>9,086</u>	<u>-</u>	<u>50,000</u>	<u>(8,675)</u>	<u>1,799,952</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,749,541</u>	<u>\$ 30,854</u>	<u>\$ 9,086</u>	<u>\$ 2,900</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 1,842,381</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2019**

**Exhibit B-2**

	Bond Capital Project Fund	Chestnut Extension Capital Project Fund	Unionville-IT and Sardis Rd. Intersection Capital Project Fund	US 74 Multi- Use Path and South Fork Crooked Creek Greenway Project Fund	Indian Trail Road Complete Street Project Fund	Chestnut Square Field Upgrade/ Improvements Capital Project Fund	Totals
<b>REVENUES:</b>							
Restricted intergovernmental	\$ -	\$ -	\$ 227,369	\$ -	\$ 50,000	\$ -	\$ 277,369
Investment earnings	41,311	-	-	-	-	-	41,311
Miscellaneous	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>41,311</u>	<u>-</u>	<u>227,369</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>318,680</u>
<b>EXPENDITURES:</b>							
Current:							
Transportation	-	-	317,523	9,000	-	-	326,523
Capital outlay	-	45,149	-	27,000	36,275	8,675	117,099
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>45,149</u>	<u>317,523</u>	<u>36,000</u>	<u>36,275</u>	<u>8,675</u>	<u>443,622</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>41,311</u>	<u>(45,149)</u>	<u>(90,154)</u>	<u>(36,000)</u>	<u>13,725</u>	<u>(8,675)</u>	<u>(124,942)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers from other funds	-	21,451	99,240	36,000	36,275	-	192,966
Transfers to other funds	(99,240)	-	-	-	-	-	(99,240)
	<u>(99,240)</u>	<u>21,451</u>	<u>99,240</u>	<u>36,000</u>	<u>36,275</u>	<u>-</u>	<u>93,726</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(57,929)</u>	<u>(23,698)</u>	<u>9,086</u>	<u>-</u>	<u>50,000</u>	<u>(8,675)</u>	<u>(31,216)</u>
<b>FUND BALANCE, beginning</b>	<u>1,807,470</u>	<u>23,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831,168</u>
<b>FUND BALANCE, ending</b>	<u>\$ 1,749,541</u>	<u>\$ -</u>	<u>\$ 9,086</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (8,675)</u>	<u>\$ 1,799,952</u>

***Capital Project Funds:***

- Bond Capital Project Fund
- Capital Reserve and Debt Service Fund
- Chestnut Extension Capital Project Fund
- Municipal Complex Capital Project Fund
- Unionville-Indian Trail Road and Sardis Road Intersection Improvement Capital Project Fund
- US 74 Multi-Use Path and South Fork Crooked Creek Greenway Project Fund
- Indian Trail Road Complete Street Project Fund
- Chestnut Square Field Upgrade/Improvements Capital Project Fund



## TOWN OF INDIAN TRAIL, NORTH CAROLINA

Exhibit B-3

## BOND CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2019

	Project Authorization (as amended)	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES:</b>					
Investment earnings	\$ -	\$ 70,105	\$ 41,311	\$ 111,416	\$ 111,416
<b>EXPENDITURES:</b>					
Debt service	163,000	160,991	-	160,991	2,009
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(163,000)</u>	<u>(90,886)</u>	<u>41,311</u>	<u>(49,575)</u>	<u>113,425</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
2012 General Obligation Bonds Proceeds	3,000,000	3,000,000	-	3,000,000	-
2013 General Obligation Bonds Proceeds	8,113,087	8,113,087	-	8,113,087	-
Transfers to other funds	<u>(10,950,087)</u>	<u>(9,214,731)</u>	<u>(99,240)</u>	<u>(9,313,971)</u>	<u>1,636,116</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>163,000</u>	<u>1,898,356</u>	<u>(99,240)</u>	<u>1,799,116</u>	<u>1,636,116</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 1,807,470</u>	<u>(57,929)</u>	<u>\$ 1,749,541</u>	<u>\$ 1,749,541</u>
<b>FUND BALANCE, beginning</b>			<u>1,807,470</u>		
<b>FUND BALANCE, ending</b>			<u>\$ 1,749,541</u>		

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
CAPITAL RESERVE AND DEBT SERVICE FUND**

**Exhibit B-4**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2019**

		<u>Actual</u>			
	<u>Project Authorization (as amended)</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>					
Investment earnings	\$ -	\$ 59,748	\$ 75,454	\$ 135,202	\$ 135,202
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	9,461,664	11,224,251	2,016,077	13,240,328	3,778,664
Transfers to other funds	(9,461,664)	(8,065,828)	(1,538,114)	(9,603,942)	(142,278)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>3,158,423</u>	<u>477,963</u>	<u>3,636,386</u>	<u>3,636,386</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 3,218,171</u>	<u>553,417</u>	<u>\$ 3,771,588</u>	<u>\$ 3,771,588</u>
<b>FUND BALANCE, beginning</b>			<u>3,218,171</u>		
<b>FUND BALANCE, ending</b>			<u>\$ 3,771,588</u>		

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
CHESTNUT EXTENSION CAPITAL PROJECT FUND**

**Exhibit B-5**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2019**

		Actual			Variance
	Project Authorization <i>(as amended)</i>	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>EXPENDITURES:</b>					
Capital outlay:					
Construction	\$ 4,750,000	\$ 1,490,926	\$ -	\$ 1,490,926	\$ 3,259,074
Design	500,000	219,550	45,149	264,699	235,301
Right-of-Way	450,000	300,000	-	300,000	150,000
<b>TOTAL EXPENDITURES</b>	5,700,000	2,010,476	45,149	2,055,625	3,644,375
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	5,700,000	2,034,174	21,451	2,055,625	(3,644,375)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 23,698</u>	(23,698)	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE, beginning</b>			23,698		
<b>FUND BALANCE, ending</b>			\$ -		

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
MUNICIPAL COMPLEX CAPITAL PROJECT FUND**

**Exhibit B-6**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2019**

		Actual			Variance
	Project Authorization <i>(as amended)</i>	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES:</b>					
Investment earnings	\$ -	\$ 300,921	\$ -	\$ 300,921	\$ 300,921
<b>EXPENDITURES:</b>					
Capital outlay:					
Construction	9,983,152	9,938,386	22,085	9,960,471	22,681
Pre-Construction	35,000	35,000	-	35,000	-
Design	765,000	765,000	-	765,000	-
<b>TOTAL EXPENDITURES</b>	<b>10,783,152</b>	<b>10,738,386</b>	<b>22,085</b>	<b>10,760,471</b>	<b>22,681</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(10,783,152)</b>	<b>(10,437,465)</b>	<b>(22,085)</b>	<b>(10,459,550)</b>	<b>323,602</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	6,064,840	5,446,038	263,512	5,709,550	(355,290)
Loan proceeds	4,718,312	4,750,000	-	4,750,000	31,688
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>10,783,152</b>	<b>10,196,038</b>	<b>263,512</b>	<b>10,459,550</b>	<b>(323,602)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (241,427)</b>	<b>241,427</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE, beginning</b>			<b>(241,427)</b>		
<b>FUND BALANCE, ending</b>			<b>\$ -</b>		

## TOWN OF INDIAN TRAIL, NORTH CAROLINA

Exhibit B-7

## UNIONVILLE-INDIAN TRAIL ROAD AND SARDIS ROAD INTERSECTION IMPROVEMENT CAPITAL

## PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2019

		Actual			Variance
	Project Authorization (as amended)	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES:</b>					
Restricted intergovernmental	\$ 2,220,000	\$ -	\$ 227,369	\$ 227,369	\$ (1,992,631)
<b>EXPENDITURES:</b>					
Transportation:					
Design	288,237	253,648	16,440	270,088	18,149
Construction	2,600,000	-	-	-	2,600,000
Right-of-Way	360,000	7,200	301,083	308,283	51,717
<b>TOTAL EXPENDITURES</b>	<b>3,248,237</b>	<b>260,848</b>	<b>317,523</b>	<b>578,371</b>	<b>2,669,866</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(1,028,237)</b>	<b>(260,848)</b>	<b>(90,154)</b>	<b>(351,002)</b>	<b>677,235</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	1,028,237	260,848	99,240	360,088	(668,149)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>9,086</b>	<b>\$ 9,086</b>	<b>\$ 9,086</b>
<b>FUND BALANCE, beginning</b>			<b>-</b>		
<b>FUND BALANCE, ending</b>			<b>\$ 9,086</b>		

## TOWN OF INDIAN TRAIL, NORTH CAROLINA

Exhibit B-8

## US 74 MULTI-USE PATH AND SOUTH FORK CROOKED CREEK GREENWAY PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2019

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES:</b>					
Restricted intergovernmental	\$ 4,237,000	\$ -	\$ -	\$ -	\$ (4,237,000)
<b>EXPENDITURES:</b>					
Transportation and capital outlay:					
Design	145,000	-	36,000	36,000	109,000
Right-of-Way	250,000	-	-	-	250,000
Construction	4,735,131	-	-	-	4,735,131
<b>TOTAL EXPENDITURES</b>	<b>5,130,131</b>	<b>-</b>	<b>36,000</b>	<b>36,000</b>	<b>5,094,131</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(893,131)</b>	<b>-</b>	<b>(36,000)</b>	<b>(36,000)</b>	<b>857,131</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	893,131	-	36,000	36,000	(857,131)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE, beginning</b>			-		
<b>FUND BALANCE, ending</b>			\$ -		

## TOWN OF INDIAN TRAIL, NORTH CAROLINA

Exhibit B-9

## INDIAN TRAIL ROAD COMPLETE STREET PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2019

		Actual			Variance
	Project	Prior	Current	Total to	Positive
	Authorization	Years	Year	Date	(Negative)
	(as amended)				
<b>REVENUES:</b>					
Restricted intergovernmental	\$ 2,560,000	\$ -	\$ 50,000	\$ 50,000	\$(2,510,000)
<b>EXPENDITURES:</b>					
Capital outlay:					
Design	80,000	-	36,275	36,275	43,725
Construction	3,842,419	-	-	-	3,842,419
Streetscape amenities	50,000	-	-	-	50,000
<b>TOTAL EXPENDITURES</b>	<b>3,972,419</b>	<b>-</b>	<b>36,275</b>	<b>36,275</b>	<b>3,936,144</b>
<b>REVENUES OVER</b>					
<b>(UNDER) EXPENDITURES</b>	<b>(1,412,419)</b>	<b>-</b>	<b>13,725</b>	<b>13,725</b>	<b>1,426,144</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	1,412,419	-	36,275	36,275	(1,376,144)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>FUND BALANCE, beginning</b>			<b>-</b>		
<b>FUND BALANCE, ending</b>			<b>\$ 50,000</b>		

## TOWN OF INDIAN TRAIL, NORTH CAROLINA

Exhibit B-10

## CHESTNUT SQUARE FIELD UPGRADE/IMPROVEMENTS CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2019

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES:</b>					
NFL grant	\$ 250,000	\$ -	\$ -	\$ -	\$ (250,000)
<b>EXPENDITURES:</b>					
Capital outlay:					
Field design	23,900	-	8,675	8,675	15,225
Drainage	20,000	-	-	-	20,000
Logo design	20,000	-	-	-	20,000
Construction	726,100	-	-	-	726,100
<b>TOTAL EXPENDITURES</b>	<b>790,000</b>	<b>-</b>	<b>8,675</b>	<b>8,675</b>	<b>781,325</b>
<b>REVENUES UNDER EXPENDITURES</b>	<b>(540,000)</b>	<b>-</b>	<b>(8,675)</b>	<b>(8,675)</b>	<b>531,325</b>
<b>OTHER FINANCING SOURCES:</b>					
Transfers from other funds	540,000	-	-	-	(540,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(8,675)</b>	<b>\$ (8,675)</b>	<b>\$ (8,675)</b>
<b>FUND BALANCE, beginning</b>			<b>-</b>		
<b>FUND BALANCE, ending</b>			<b>\$ (8,675)</b>		



***Enterprise Fund:***

The Stormwater Fund is used to account for the Town's stormwater activities.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND**  
**ACTUAL (NON-GAAP) - STORMWATER FUND**  
**For the Year Ended June 30, 2019**

**Exhibit C-1**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Operating Revenues:			
Stormwater management fee	\$ 1,480,625	\$ 1,495,259	\$ 14,634
Nonoperating Revenues:			
Investment earnings	2,000	1,266	(734)
<b>TOTAL REVENUES</b>	<u>1,482,625</u>	<u>1,496,525</u>	<u>13,900</u>
<b>EXPENDITURES:</b>			
Administration:			
Administrative expenditures	26,526	12,938	13,588
Stormwater Operations:			
Salaries and employee benefits	-	193,981	-
Contracted maintenance	-	175,120	-
Other operating expenditures	-	2,692	-
Total	<u>1,369,148</u>	<u>371,793</u>	<u>997,355</u>
Capital outlay	592,896	164,286	428,610
<b>TOTAL EXPENDITURES</b>	<u>1,988,570</u>	<u>549,017</u>	<u>1,439,553</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(505,945)</u>	<u>947,508</u>	<u>1,453,453</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	80,246	-	(80,246)
Transfers to other funds	<u>(80,246)</u>	<u>-</u>	<u>80,246</u>
	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(505,945)</u>	<u>947,508</u>	<u>1,453,453</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>505,945</u>	<u>-</u>	<u>(505,945)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 947,508</u>	<u>\$ 947,508</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:</b>			
<b>NET CHANGE IN FUND BALANCE</b>		\$ 947,508	
<b>RECONCILING ITEMS:</b>			
Capital outlay		164,286	
Depreciation		(43,800)	
Disposal of capital assets		6,333	
<b>CHANGE IN NET POSITION (EXHIBIT 7)</b>		<u>\$ 1,074,327</u>	

## **OTHER SCHEDULES**

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2019**

**Exhibit D-1**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 7,467,458	\$ 7,449,030	\$ 18,428
2017-2018	11,803	695	5,589	6,909
2016-2017	6,415	385	1,530	5,270
2015-2016	5,493	382	1,563	4,312
2014-2015	5,180	382	1,119	4,443
2013-2014	4,454	646	409	4,691
2012-2013	3,948	702	356	4,294
2011-2012	4,405	865	187	5,083
2010-2011	5,712	468	235	5,945
2009-2010	17,589	405	253	17,741
2008-2009	7,014	-	7,014	-
	<u>\$ 72,013</u>	<u>\$ 7,472,388</u>	<u>\$ 7,467,285</u>	<u>\$ 77,116</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund \$ 7,487,802

Reconciling items:

Interest and penalties collected	(27,723)
Taxes written off	7,110
Other adjustments	543
Collection of taxes previously written off	<u>(447)</u>

Total collections and credits \$ 7,467,285

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY**  
**For the Year Ended June 30, 2019**

**Exhibit D-2**

				Total Levy	
	Town-wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current rate	\$4,032,060,183	\$ 0.185	\$7,459,312	\$6,595,673	\$ 863,639
Deferred taxes at current year's rate	-	0.185	-	-	-
Deferred taxes at prior years' rate	-	0.185	-	-	-
Penalties and adjustments	-		696	696	-
Total	<u>4,032,060,183</u>		<u>7,460,008</u>	<u>6,596,369</u>	<u>863,639</u>
Discoveries:					
Current year taxes	8,464,438	0.185	15,659	15,659	-
Prior year taxes	-		272	272	-
	<u>8,464,438</u>		<u>15,931</u>	<u>15,931</u>	<u>-</u>
Releases	<u>(4,584,270)</u>		<u>(8,481)</u>	<u>(8,481)</u>	<u>-</u>
Total property valuation	<u>\$4,035,940,351</u>				
Net levy			7,467,458	6,603,819	863,639
Unpaid (by taxpayer) taxes at June 30, 2019			<u>(18,428)</u>	<u>(18,428)</u>	<u>-</u>
Current year's taxes collected			<u>\$7,449,030</u>	<u>\$6,585,391</u>	<u>\$ 863,639</u>
Current levy collection percentage			<u>99.75%</u>	<u>99.72%</u>	<u>100.00%</u>

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**TEN LARGEST TAXPAYERS**  
**For the Year Ended June 30, 2019**

**Exhibit D-3**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Harris Teeter, LLC	Distribution Center	\$ 42,963,427	19.52%
AMH Borrower, LLC	Real estate	42,502,281	19.31%
Bo-Ty, LLC	Real estate	23,156,697	10.52%
Wal-Mart Stores, Inc.	Retail	19,317,292	8.78%
Crossroads Holdings, LLC	Automotive Dealership	19,072,432	8.66%
Duke Energy Carolinas, LLC	Utility	15,682,218	7.12%
Piedmont Natural Gas	Utility	15,209,609	6.91%
Stone Indian Trail/Sun Valley Cinema	Entertainment	14,134,849	6.42%
Hanson Brick/Boren Clay	Building Materials	14,093,795	6.40%
Radiator Specialty Company	Manufacturing	<u>14,006,800</u>	<u>6.36%</u>
		<u>\$ 220,139,400</u>	<u>100.00%</u>

## **COMPLIANCE SECTION**

# **J. B. WATSON & CO., P.L.L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

120 SOUTH RUTHERFORD STREET

P. O. BOX 341

WADESBORO, N.C. 28170

JAMES F. HANNA, CPA  
DENEAL H. BENNETT, CPA  
J. DAVID BURNS, CPA

TELEPHONE (704) 694-5174  
FACSIMILE (704) 694-6970

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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 Town of Indian Trail, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 28, 2019. Our report includes a reference to other auditors who audited the financial statements of Town of Indian Trail ABC Board, as described in our report on Town of Indian Trail's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Town of Indian Trail ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

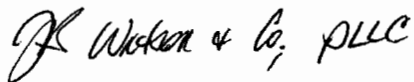


## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Wadesboro, North Carolina  
October 28, 2019

# **J. B. WATSON & CO., P.L.L.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

120 SOUTH RUTHERFORD STREET

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FACSIMILE (704) 694-6970

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

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

We have audited Town of Indian Trail, North Carolina's compliance with the types of compliance requirements described in 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's major State programs for the year ended June 30, 2019. Town of Indian Trail's major State program(s) are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State awards applicable to its State programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Town of Indian Trail's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Town of Indian Trail's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Town of Indian Trail's compliance.

## **Opinion on Each Major State Program**

In our opinion, Town of Indian Trail complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2019.

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

Management of Town of Indian Trail is responsible for establishing and maintaining effective internal control over compliance with the types compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Indian Trail's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

## **Purpose of This Report**

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 OMB Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.



Wadesboro, North Carolina  
October 28, 2019

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**Page 1 of 2**

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**Section I - Summary of Auditors' Results**

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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? No
- Significant deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major State program(s):

Program Name

Powell Bill

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

Page 2 of 2

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV - State Award Findings and Questioned Costs**

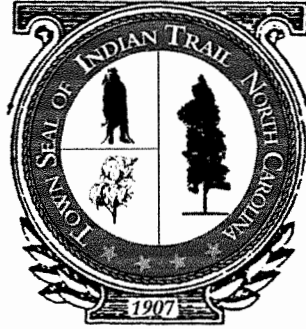
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None reported.

MAYOR  
Michael L Alvarez

MAYOR PRO TEM  
David L. Cohn

TOWN MANAGER  
Patrick Sadek, P.E.



TOWN COUNCIL  
Mike Head  
Shirley Howe  
Marcus McIntyre  
Jerry Morse

TOWN CLERK  
Kathy Queen

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019**

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**Section II - Financial Statement Findings**

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None reported.

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**Section III - Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV - State Award Findings and Questioned Costs**

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None reported.

**TOWN OF INDIAN TRAIL, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2019**

**None reported.**

**TOWN OF INDIAN TRAIL, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal	State/ Pass-through	Grant Funds Expended		
	CFDA Number	Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Grants:</b>					
<u>U.S. Department of Transportation</u>					
<i>Federal Highway Administration</i>					
Highway Planning and Construction:					
Passed-through N.C. Department of Transportation:					
Passed-through Charlotte Regional Transportation					
Planning Organization:					
State Planning and Research	20.205-5	45966.2.1	\$ 227,369	\$ -	\$ 90,154
		50419.2.1	-	-	36,000
<b>Total assistance - federal programs</b>			<u>227,369</u>	<u>-</u>	<u>126,154</u>
<b>State Grants:</b>					
<u>N.C. Department of Commerce</u>					
<i>Rural Economic Development Division</i>					
Downtown Revitalization			-	-	36,275
<u>N.C. Department of Transportation</u>					
Powell Bill			-	1,101,704	-
<b>Total assistance - State programs</b>			<u>-</u>	<u>1,101,704</u>	<u>36,275</u>
<b>Total assistance</b>			<u>\$ 227,369</u>	<u>\$ 1,101,704</u>	<u>\$ 162,429</u>

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Town of Indian Trail under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. Because the schedule presents only a select portion of the operations of Town of Indian Trail, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Town of Indian Trail.

**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 OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Powell Bill Reconciliation**

Reconciliation of Powell Bill expenses reported on this schedule to amounts reported on the Powell Bill report submitted to the State:

Total expenditures per Powell Bill Report submitted - Cash Basis	\$ 1,133,227
Total expenditures included in accounts payable at June 30, 2019	-
Total expenditures included in accounts payable at June 30, 2018	(340)
Sales tax receivable	(38,295)
Other reconciling item	295,481
Total Powell Bill Expenditures (page 43)	<u>\$ 1,390,073</u>
Reconciliation of Powell Bill cash balance to fund balance:	
Cash per Powell Bill Report submitted - Cash Basis	\$ 1,687,576
Interfund receivables/payables	3,815
Sales tax receivable	38,295
Accounts payable	(145)
Reimbursements receivable	-
Interfund transfers and reconciling items	731,723
Powell Bill Fund Balance, June 30, 2019	<u>\$ 2,461,264</u>