

**TOWN OF TRENT WOODS
North Carolina**

FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2020

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North Carolina**

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For The Fiscal Year Ended June 30, 2020

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Kinston, North Carolina

TOWN OF TRENT WOODS, NORTH CAROLINA

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MAYOR PRO-TEM/COMMISSIONER

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Commissioners
Town of Trent Woods, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Trent Woods, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Trent Woods, North Carolina as of June 30, 2020, and the respective changes in financial position, 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 the Management's Discussion and Analysis on pages 3 through 10, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 36 and 37, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Trent Woods, North Carolina. The individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, budgetary schedules and other schedules 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 and the procedures as described above, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

December 14, 2020

Management's Discussion and Analysis

As management of the Town of Trent Woods, we offer readers of the Town of Trent Woods' financial statements this narrative overview and analysis of the financial activities of the Town of Trent Woods for the fiscal year ended June 30, 2020. 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.

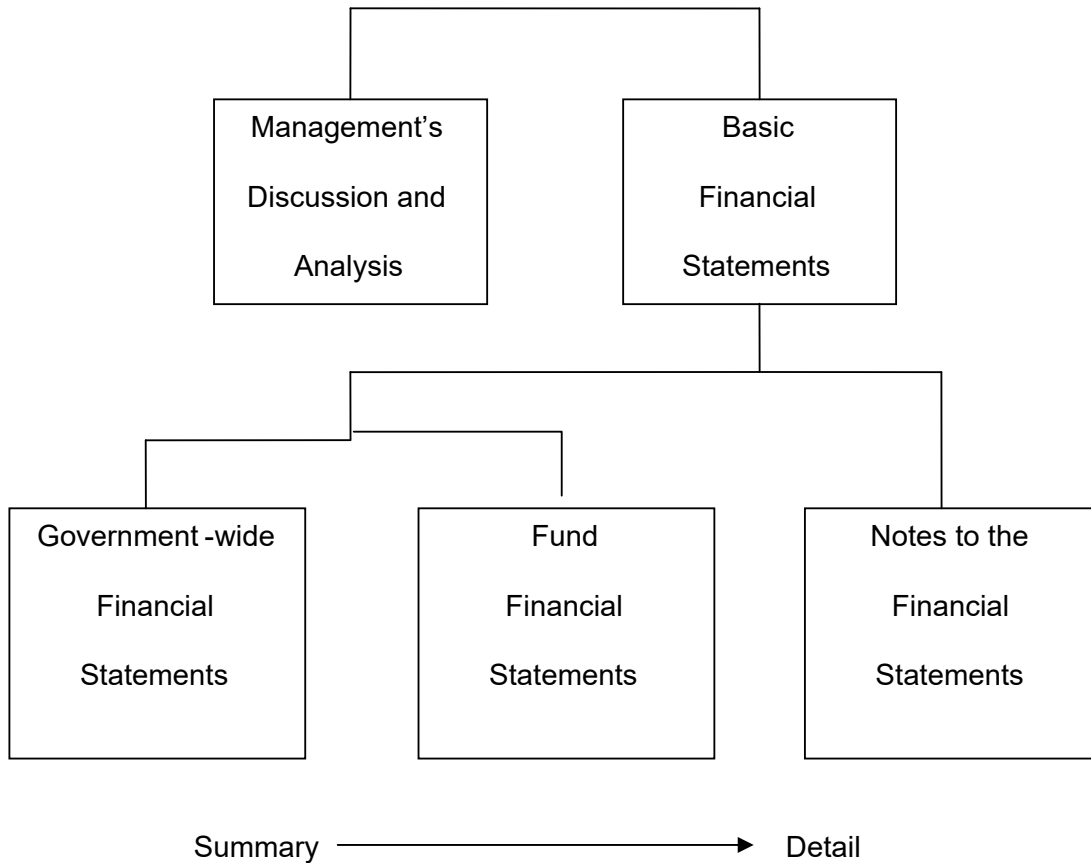
Financial Highlights

- The assets and deferred outflows of the Town of Trent Woods exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,460,488 (*net position*).
- The Town's total net position increased by \$187,875, due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Trent Woods' governmental funds reported ending fund balances of \$2,977,986, with a net decrease of \$125,526 in fund balance. Approximately 18.4 percent of this total amount, or \$547,990, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,428,760, or 72.0 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Trent Woods' 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 Trent Woods.

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.

The next statements (Exhibits 3 through 6) 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 fiduciary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how 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 one category: 1) governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks, and general administration. Property taxes and State and federal grant funds finance most of these activities.

The government-wide financial statements are on 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 Trent Woods, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Trent Woods can be divided into two categories: governmental funds and fiduciary 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Trent Woods 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Trent Woods has one fiduciary fund, which is an agency fund.

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 are on pages 18-35 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 Trent Woods’ progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 36 of this report.

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

Government-Wide Financial Analysis

**Town of Trent Woods’ Net Position
Figure 2**

	Governmental Activities	
	2020	2019
Current and other assets	\$3,239,685	\$3,354,062
Capital assets	4,592,714	4,234,940
Deferred outflows of resources	169,897	202,496
Total assets and deferred outflows of resources	\$8,002,296	\$7,791,498
Long-term liabilities	\$456,633	\$446,236
Other liabilities	62,099	50,655
Deferred inflows of resources	23,076	21,994
Total liabilities and deferred inflows of resources	\$541,808	\$518,885
Net position:		
Net Investment in capital assets	\$4,592,714	\$4,234,940
Restricted	547,990	1,095,821
Unrestricted	2,319,784	1,941,852
Total net position	\$7,460,488	\$7,272,613

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 Trent Woods exceeded liabilities and deferred inflows by \$7,460,488 as of June 30, 2020. The Town’s net position increased by \$187,875 for the fiscal year ended June 30, 2020. However, the largest portion (61.6%) reflects the Town’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Trent Woods uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Trent Woods’ net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Trent Woods’s net position (7.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,319,784 is unrestricted.

Several particular aspects of the Town’s financial operations influences the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.85%, which exceeds the State-wide average.
- Property taxes and other taxes revenue remained consistent with the prior year.

**Town of Trent Woods'
Changes in Net Position
Figure 3**

	Governmental	
	Activities	Activities
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$13,190	\$11,381
Operating grants and contributions	163,908	1,032,336
Capital grants and contributions		51,631
General revenues:		
Property taxes	996,783	1,002,634
Other taxes	647,275	651,160
Other	38,618	52,312
Total revenues	\$1,859,774	\$2,801,454
Expenses:		
General government	\$379,096	\$341,684
Public safety	588,612	559,287
Transportation	186,413	186,583
Cultural and recreational	101,689	79,145
Special projects	339,671	933,606
Other	76,418	82,140
Total expenses	\$1,671,899	\$2,182,445
Increase in net position	\$187,875	\$619,009
Net position, previously reported	7,272,613	6,653,604
Net position, June 30	\$7,460,488	\$7,272,613

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Trent Woods' 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 Trent Woods's financing requirements.

The general fund is the chief operating fund of the Town of Trent Woods. At the end of the current fiscal year, Town of Trent Woods' fund balance unassigned in the General Fund was \$1,428,760 while total fund balance reached \$2,440,800. The Town currently has an available fund balance of 77.5% of general fund expenditures, while total fund balance represents 123.0% of the same amount.

At June 30, 2020, the governmental funds of Town of Trent Woods reported a combined fund balance of \$2,977,986, with a net decrease in fund balance of \$125,526.

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.

There were several reasons the Town revised its budget throughout the year. The Town approved Phase II of the Pedestrian Plan during the year and budgeted the project in the cultural and recreation department using fund balance appropriations and transfers from the Capital Project Fund. Also, a large drainage project was approved during the year. The Town budgeted the project in the special projects department using fund balance appropriations.

Capital Asset and Debt Administration

Capital assets. The Town of Trent Woods' investment in capital assets for its governmental activities as of June 30, 2020, totals \$4,592,714 (net of accumulated depreciation). These assets include buildings, land, infrastructure, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Phase I of the Pedestrian Plan was completed during the year.
- Phase II of the Pedestrian Plan was in the planning and engineering phase with construction contracts having been awarded before year end.
- A new Kohler generator was purchased during the year.

**Town of Trent Woods' Capital Assets
 (net of depreciation)
 Figure 4**

	Governmental Activities	
	2020	2019
Land	\$702,516	\$702,516
Buildings and land improvements	2,219,839	1,791,659
Equipment and vehicles	201,101	214,297
Infrastructure	1,417,408	1,490,298
Construction in progress	51,850	36,170
Total	\$4,592,714	\$4,234,940

Additional information on the Town's capital assets can be found in note II.A.4 on page 25 of this report.

Long-term Debt. As of June 30, 2020, the Town had total bonded debt outstanding of \$0.

**Town of Trent Woods
Outstanding Debt
Figure 5**

	Governmental Activities	
	2020	2019
Net pension liability (LGERS)	\$211,373	\$205,919
Total pension liability (LEO)	245,260	240,317
Compensated Absences	39,590	38,129
Total	\$496,223	\$484,365

Town of Trent Woods' Outstanding Debt

The Town of Trent Woods' total debt increased by \$11,858 during the past fiscal year, primarily due to an increase in the LGERS net pension liability.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Trent Woods is \$46,841,505. The Town has no bonds authorized and issued at June 30, 2020.

Additional information regarding Town of Trent Woods' long-term debt can be found in the notes of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

The large percentage of the Town's population being professionals and the recent trend of demolishing older homes and rebuilding larger homes on the same property are both factors contributing to the property values being higher in the Town than most small towns in eastern North Carolina. Annexation is not an option for growth due to the Town being surrounded by the City of New Bern and the Trent River.

The Town has no commercial zoning, but there are several service businesses which are zoned as Office and Institutional (O&I). Examples include professional services such as attorneys, physicians, and accountants. The Town is close to the New Bern business district and is located between two major military bases (Cherry Point and Camp Lejeune).

The Town's unemployment rate is based upon Craven County's rate of 6.9% for June 2020. The State average for June 2020 was 7.9%.

Although the Town and surrounding areas were affected by the COVID-19 pandemic during the fiscal year ending June 30, 2020 and into the fiscal year ending June 30, 2021, the Town's primary revenues sources, which are property tax collections and unrestricted intergovernmental revenues such as local option sales tax, have been largely unaffected.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The primary focus of the adopted budget for fiscal year 2020-2021 will be to appropriate funds to finance Town operations and services and complete a capital project related to Town walkways. A transfer from the Capital Reserve Fund of \$535,000 has also been appropriated to fund the current project.

The property tax rate remains at \$0.17 per hundred valuation. Total budgeted revenues and expenditures for the 2020-21 fiscal year are \$2,601,584.

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 Officer, Town of Trent Woods, 898 Chelsea Road, Trent Woods, NC 28562. You can also call 252-637-9810, visit our website at www.trentwoodsnc.org or email us at townhall@trentwoodsnc.org for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF TRENT WOODS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government	
	Governmental Activities	Total
ASSETS:		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$2,452,505	\$2,452,505
Restricted Cash and Cash Equivalents	360,186	360,186
Taxes Receivable (Net)	5,715	5,715
Due From Other Governments	418,576	418,576
Accrued Interest Receivable on Taxes	2,703	2,703
Total Current Assets	\$3,239,685	\$3,239,685
<i>Capital Assets:</i>		
Land, Non-depreciable Improvements, and Construction in Progress	\$754,366	\$754,366
Other Capital Assets, Net of Depreciation	3,838,348	3,838,348
Total Capital Assets	\$4,592,714	\$4,592,714
Total Assets	\$7,832,399	\$7,832,399
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferrals	\$169,897	\$169,897
LIABILITIES:		
<i>Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	\$22,509	\$22,509
Compensated Absences Payable	39,590	39,590
Total Current Liabilities	\$62,099	\$62,099
<i>Long-term Liabilities:</i>		
Net Pension Liability	211,373	211,373
Total Pension Liability	245,260	245,260
Total Liabilities	\$518,732	\$518,732
DEFERRED INFLOWS OF RESOURCES		
Pension Deferrals	\$23,076	\$23,076
NET POSITION:		
Net Investment in Capital Assets	\$4,592,714	\$4,592,714
<i>Restricted for:</i>		
Transportation	360,186	360,186
Stabilization by State Statute	187,804	187,804
Unrestricted	2,319,784	2,319,784
Total Net Position	\$7,460,488	\$7,460,488

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

TOWN OF TRENT WOODS, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$379,096	\$10,608	\$64,253		(\$304,235)	(\$304,235)
Public Safety	588,612	2,582			(586,030)	(586,030)
Cultural and Recreation	101,689				(101,689)	(101,689)
Transportation	186,413		99,655		(86,758)	(86,758)
Nondepartmental	76,418				(76,418)	(76,418)
Special Projects	339,671				(339,671)	(339,671)
Total Governmental Activities	\$1,671,899	\$13,190	\$163,908	\$0	(\$1,494,801)	(\$1,494,801)
(See Note 1)						
<i>General Revenues:</i>						
Taxes:						
					\$996,783	\$996,783
					411,703	411,703
					235,572	235,572
					14,613	14,613
					24,005	24,005
					\$1,682,676	\$1,682,676
					\$187,875	\$187,875
					7,272,613	7,272,613
					\$7,460,488	\$7,460,488

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

TOWN OF TRENT WOODS, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	Major Fund	Major Fund	Total
	General	Capital Project	Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$1,915,319	\$537,186	\$2,452,505
Restricted Cash and Cash Equivalents	360,186		360,186
Taxes Receivable, Net	5,715		5,715
Due From Other Governments	418,576		418,576
Total Assets	\$2,699,796	\$537,186	\$3,236,982
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$22,509		\$22,509
Total Liabilities	\$22,509	\$0	\$22,509
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes Receivable	\$5,715		\$5,715
Unavailable Grant Revenues	230,772		230,772
Total Deferred Inflows of Resources	\$236,487	\$0	\$236,487
FUND BALANCES:			
Restricted:			
Stabilization by State Statute	\$187,804		\$187,804
Streets - Powell Bill	360,186		360,186
Committed:			
Capital Projects		\$537,186	537,186
Assigned:			
Subsequent Year's Expenditures	300,000		300,000
Law Enforcement Officers' Special Separation Allowance	164,050		164,050
Unassigned	1,428,760		1,428,760
Total Fund Balances	\$2,440,800	\$537,186	\$2,977,986
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$2,699,796	\$537,186	

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

Total Fund Balance, Governmental Funds	4,592,714
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	169,897
Deferred outflows of resources related to pensions are not reported in the funds.	236,487
Earned revenues considered deferred inflows of resources in fund statements.	2,703
Other long-term assets (accrued interest from taxes) are not available to pay current period expenditures and therefore are inflows of resources in the funds.	(39,590)
Some liabilities, including compensated absences payable, are not due and payable in the current period and therefore not reported in the fund statements.	(23,076)
Deferred inflows of resources related to pensions are not reported in the funds.	(245,260)
Total pension liability	(211,373)
Net pension liability	\$7,460,488
Net Position of Governmental Activities	

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

TOWN OF TRENT WOODS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2020

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Capital Project</u>	<u>Governmental</u>
			<u>Funds</u>
REVENUES:			
Ad Valorem Taxes	\$995,617		\$995,617
Unrestricted Intergovernmental	647,275		647,275
Restricted Intergovernmental	163,908		163,908
Investment Earnings	12,368	\$2,245	14,613
Miscellaneous	37,196		37,196
TOTAL REVENUES	\$1,856,364	\$2,245	\$1,858,609
EXPENDITURES:			
<i>Current:</i>			
General Government	\$329,527		\$329,527
Public Safety	521,013		521,013
Transportation	142,001		142,001
Culture and Recreation	575,505		575,505
Special Projects	339,671		339,671
Nondepartmental	76,418		76,418
TOTAL EXPENDITURES	\$1,984,135	\$0	\$1,984,135
Excess (Deficiency) of Revenues Over Expenditures	(\$127,771)	\$2,245	(\$125,526)
OTHER FINANCING SOURCES (USES):			
Transfers From Other Funds	\$504,469	(\$504,469)	
Transfers To Other Funds	(524,515)	524,515	
TOTAL OTHER FINANCING SOURCES (USES)	(\$20,046)	\$20,046	\$0
NET CHANGE IN FUND BALANCE	(\$147,817)	\$22,291	(\$125,526)
Fund Balances, Beginning	2,588,617	514,895	3,103,512
FUND BALANCES, ENDING	\$2,440,800	\$537,186	\$2,977,986

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

TOWN OF TRENT WOODS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	(\$125,526)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$540,800	
Depreciation expense for governmental funds	<u>(183,026)</u>	357,774

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	49,282
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Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	18,039
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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 unavailable revenue for tax revenues	1,166

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(1,461)
Pension expense	(111,399)
Total Changes in Net Position of Governmental Activities	<u>\$187,875</u>

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

TOWN OF TRENT WOODS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ANNUAL BUDGET AND ACTUAL
For The Year Ended June 30, 2020

	General Fund			Variance with Final Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad Valorem Taxes	\$962,838	\$962,838	\$995,617	\$32,779
Unrestricted Intergovernmental	631,833	631,833	647,275	15,442
Restricted Intergovernmental	100,079	100,079	163,908	63,829
Investment Earnings	16,000	16,000	12,368	(3,632)
Miscellaneous	28,160	28,160	37,196	9,036
Total Revenues	\$1,738,910	\$1,738,910	\$1,856,364	\$117,454
Expenditures:				
<i>Current:</i>				
General Government	\$338,412	\$351,747	\$329,527	\$22,220
Public Safety	568,714	568,714	521,013	47,701
Transportation	158,706	158,706	142,001	16,705
Culture and Recreation	531,391	1,646,491	575,505	1,070,986
Special Projects	87,630	387,795	339,671	48,124
Nondepartmental	86,652	86,652	76,418	10,234
Total Expenditures	\$1,771,505	\$3,200,105	\$1,984,135	\$1,215,970
Revenues Over (Under) Expenditures	(\$32,595)	(\$1,461,195)	(\$127,771)	\$1,333,424
Other Financing Sources (Uses):				
Transfers From Other Funds	\$460,000	\$1,045,000	\$504,469	(\$540,531)
Transfers To Other Funds	(\$524,515)	(524,515)	(524,515)	
Fund Balance Appropriated	97,110	940,710		(940,710)
Total Other Financing Sources (Uses)	\$32,595	\$1,461,195	(\$20,046)	(\$1,481,241)
Net Change in Fund Balance	\$0	\$0	(\$147,817)	(\$147,817)
Fund Balance, Beginning			2,588,617	
Fund Balance, Ending (Exhibit 4)			\$2,440,800	

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

TOWN OF TRENT WOODS, NORTH CAROLINA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

<u>Assets</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	<u>\$468</u>
 <u>Liabilities and Net Position</u>	
<i>Liabilities:</i>	
Intergovernmental Payable	<u>\$468</u>
Total Liabilities	<u>\$468</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Trent Woods conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Trent Woods is a municipal corporation that is governed by an elected mayor and a three-member council. As required by generally accepted accounting principles, these financial statements present the Town and all of its operations.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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 fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund is used for accounts for and report all financial resources not accounted for and reported 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 general government services.

Capital Project Fund. This Capital Project Fund is used to accumulate funds for future projects.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the Town is required to remit to the Craven County Board of Education.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

C. Measurement Focus and Basis of Accounting

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

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary 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 program revenues. Likewise, general revenues include all taxes.

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 prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Trent Woods because the tax is levied by Craven County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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 by general revenues.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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 Capital Project Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multiyear funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between departments within a fund up to 10% of the budgeted expenditures in the department whose allocation is reduced; however, any revisions that alter total expenditures of any fund or that change department appropriations by more than 10% of the budgeted expenditures in the department whose allocation is reduced must be approved by the governing board. Amendments are required for any revisions to the budget. All amendments must be approved by the governing board. 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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. 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, 2020, the Term Portfolio has a duration of .15 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.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Restricted Cash:

Governmental Activities	
General Fund:	
Streets	\$360,186
Total Governmental Activities	<u><u>\$360,186</u></u>

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

5. 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 \$2,500 for all capital assets. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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. General infrastructure assets acquired prior to July 1, 2003 have not been capitalized as the Town has elected not to retroactively implement the capitalization of infrastructure.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	10 - 25
Vehicles	6
Furniture and Equipment	6 - 10
Computer Equipment	3
Software	5 - 7

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 meet this criterion at the end of the year, pension deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial 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 two items that meet the criterion for this category – property taxes receivable and pension deferrals.

7. 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.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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.

8. Compensated Absences

The vacation policy of the Town provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide fund, an expense and a liability for compensated absences and the salary-related payments are recorded as leave when earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

The Town's sick leave policies provide 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.

9. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is classified 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.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Reserved for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Reserved 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.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Committed Fund Balance – This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote of quorum of the Town of Trent Woods’ governing body (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 assigned by the board for capital projects.

Assigned Fund Balance – portion of fund balance that the Town of Trent Woods 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 body approves all appropriations.

Designated for law enforcement officers’ special separation allowance – budgeted for law enforcement officers’ special separation allowance. The governing body approves the appropriation.

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

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

10. *Defined Benefit Cost-Sharing Plans*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Trent Woods’s employer contributions are recognized when due and the Town of Trent Woods 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.

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TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$2,610,284 and a bank balance of \$2,611,417, \$750,000 of which was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2020, the Town of Trent Woods had \$202,775 invested with the North Carolina Management Trust's Government Portfolio which earned a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Statement of Net Position and the Statement of Fund Net Position is net of the following allowances for doubtful accounts:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
<i>Governmental Activities:</i>				
General		\$8,418	\$418,576	\$426,994
Other Governmental				
Total Receivables	\$0	\$8,418	\$418,576	\$426,994
Allowance for Doubtful Accounts				
Total Governmental Activities	\$0	\$8,418	\$418,576	\$426,994

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

4. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$702,516			\$702,516
Construction in progress	36,170	\$51,850	\$36,170	51,850
Total Capital Assets Not Being Depreciated	\$738,686	\$51,850	\$36,170	\$754,366
Capital Assets Being Depreciated:				
Buildings and Land Improvements	\$1,934,907	\$495,684		\$2,430,591
Equipment and Vehicles	554,907	29,436	\$15,035	569,308
Infrastructure	1,880,983			1,880,983
Total Capital Assets Being Depreciated	\$4,370,797	\$525,120	\$15,035	\$4,880,882
<i>Less Accumulated Depreciation for:</i>				
Buildings & Improvements	\$143,248	\$67,504		\$210,752
Equipment and Vehicles	340,610	42,632	\$15,035	368,207
Infrastructure	390,685	72,890		463,575
Total Accumulated Depreciation	\$874,543	\$183,026	\$15,035	\$1,042,534
<i>Total Capital Assets Being Depreciated, Net</i>	<i>\$3,496,254</i>			<i>\$3,838,348</i>
Governmental Activity Capital Assets, Net	\$4,234,940			\$4,592,714

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

General Government	\$79,006
Public Safety	22,060
Transportation	44,412
Cultural and Recreational	37,548
Total Depreciation Expense	\$183,026

Construction Commitments

The Town has an active construction project at June 30, 2020. A contract was approved for the construction of Phase II of the Pedestrian Plan (sidewalk project) before year-end totaling \$1,065,092. There were no expenditures to date at the end of the fiscal year on the project.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Trent Woods 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020 was 9.70% for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employer contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$49,282 for the year ended June 30, 2020.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Refund of Contributions – Town employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the Town reported a liability of \$211,373 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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 the future payroll covered by the pension plan of all participating LGERS employees, actuarially determined. At June 30, 2019, the Town's proportion was 0.00774%, which was a decrease of 0.0009% its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$90,605. At June 30, 2020, 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	\$36,192	
Changes of assumptions	34,450	
Net difference between projected and actual earnings on pension plan investments	5,155	
Change in proportion and differences between Town contributions and proportionate share of contributions		11,823
Town contributions subsequent to the measurement date	49,282	
	\$125,079	\$11,823

\$49,282 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$33,044
2022	8,507
2023	18,310
2024	4,113
2025	
Thereafter	
	\$63,974

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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 weighing the expected future real rates of return by the target class 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, 2019 are summarized in the following table:

Asset Class	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>
		<u>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>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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, actuarily 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 asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability 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 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$483,450	\$211,373	(\$14,777)

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.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town of Trent Woods administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	6
Total	7

2. Summary of Significant Accounting Policies

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

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

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$18,039 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$245,260. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$20,680.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$14,055	\$2,611
Changes of assumptions and other inputs	12,724	8,642
Benefit payments and administrative expenses subsequent to the measurement date	18,039	
	\$44,818	\$11,253

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

\$18,039 paid in benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$3,523
2022	3,523
2023	3,973
2024	2,867
2025	1,462
Thereafter	178
	\$15,526

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 2.98 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98 percent) or 1-percentage-point higher (3.98 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$266,617	\$245,260	\$225,748

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

	2020
Beginning Balance	\$240,317
Service Cost	8,397
Interest on the total pension liability	8,419
Charges of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(1,461)
Changes of assumptions or other inputs	7,627
Benefit payments	(18,039)
Other changes	-
Ending balance of the total pension liability	\$245,260

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$90,605	\$20,680	\$111,285
Pension Liability	211,373	245,260	456,633
Proportionate Share of the Net Pension Liability	0.0077%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	36,192	14,055	50,247
Changes of assumptions	34,450	12,724	47,174
Net difference between projected and actual earnings on plan investments	5,155		5,155
Benefit payments and administrative costs paid subsequent to the measurement date	49,282	18,039	67,321
Deferred of Inflows of Resources			
Differences between expected and actual experience		2,611	2,611
Changes of assumptions		8,642	8,642
Changes in proportion and differences between contributions and proportionate share of contributions	11,823		11,823

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Non-Law Enforcement Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and other employees employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers 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 for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each law enforcement officers' salary, and all amounts contributed are vested immediately. The Town elects to make contributions on behalf of non-law enforcement officers as well. The employees may make voluntary contributions to the plan.

The Town made contributions of \$26,240 for the reporting year. No amounts were forfeited.

d. 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 basis. The beneficiaries of those employees who die in active full-time 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 the beneficiaries are equal to

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions immaterial.

2. Deferred Outflows and Inflows of Resources:

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$49,282
LEOSSA payments for benefits and administrative expenses for LEOSSA made subsequent to measurement date	18,039
Differences between expected and actual experience	50,247
Change of assumptions	47,174
Net difference between projected and actual earnings	5,155
Total	\$169,897

**Statement of
Net Position**

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

Taxes Receivable, Less Penalties (General Fund)	\$5,715
Unavailable grant revenues	230,772
Differences between expected and actual experience	\$2,611
Changes in assumptions	8,642
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,823
	\$23,076
	\$236,487

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability 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. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not have flood insurance. The Town's major assets do not lie in a flood zone, and management feels that the risk of loss from a flood is minimal.

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 is bonded for \$50,000.

4. Claims and Judgments

At June 30, 2020, the Town was not a defendant to any lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of legal matters will not have a material adverse effect on the Town's financial position.

5. Long-Term Obligations

a. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Compensated absences	\$38,129	\$39,590	\$38,129	\$39,590	\$39,590
Net pension liability (LGERS)	205,919	5,454		211,373	
Total pension liability (LEO)	240,317	4,943		245,260	
Governmental Activities	<u>\$484,365</u>	<u>\$49,987</u>	<u>\$38,129</u>	<u>\$496,223</u>	<u>\$39,590</u>

At June 30, 2020, the Town of Trent Woods had a legal debt margin of \$46,841,505.

C. Interfund Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Capital Project Fund to fund future capital projects.	\$524,515
From the Capital Projects Fund to the General Fund to fund current year capital project for pedestrian plan	<u>504,469</u>
	<u>\$1,028,984</u>

TOWN OF TRENT WOODS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

D. Fund Balance

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

Total Fund Balance - General Fund	\$2,440,800
Less:	
Stabilization by State Statute	187,804
Streets - Powell Bill	360,186
Appropriated Fund Balance in 2020-21 Budget	300,000
Designated for Law Enforcement Officers Special Separation Allowance	164,050
Remaining Fund Balance	\$1,428,760

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from federal 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 moneys 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.

IV. Related Party Transaction

The Town paid an elected official \$783 for part-time employment during the year. N.C. General Statute 160A-158 allows municipalities to employ the governing board in instances where the municipality has a population under 5,000. The Town adopted a resolution authorizing the payment for services.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Contributions to Local Government Employees' Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance

TOWN OF TRENT WOODS, NORTH CAROLINA
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.0077%	0.0087%	0.0087%	0.0090%	0.0096%	0.0081%	0.0086%
Town's portion of the net pension liability (asset) (\$)	\$211,373	\$205,919	\$132,759	\$190,586	\$43,039	(\$47,828)	\$103,663
Town's covered-employee payroll	\$520,068	\$513,502	\$491,666	\$470,402	\$474,602	\$434,740	\$425,987
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.64%	40.10%	27.00%	40.52%	9.07%	-11.00%	23.84%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

TOWN OF TRENT WOODS, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$49,282	\$42,625	\$40,825	\$38,082	\$32,943	\$34,487	\$30,451
Contributions in relation to the contractually required contribution	49,282	42,625	40,825	38,082	32,943	34,487	30,451
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Town's covered-employee payroll	\$524,802	\$520,068	\$513,502	\$491,666	\$470,402	\$474,602	\$434,740
Contributions as a percentage of covered-employee payroll	9.39%	8.20%	7.95%	7.75%	7.00%	7.27%	7.00%

STATEMENT 3

TOWN OF TRENT WOODS, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2020

	2020	2019	2018	2017
Beginning balance	\$240,317	\$231,078	\$223,774	\$231,377
Service cost	8,397	9,453	7,308	7,641
Interest on the total pension liability	8,419	7,017	8,290	7,938
Changes of benefit terms				
Differences between expected and actual experience in the measurement of the total pension liability	(1,461)	20,639	(2,730)	
Changes of assumptions or other inputs	7,627	(9,831)	12,475	(5,143)
Benefit payments	(18,039)	(18,039)	(18,039)	(18,039)
Ending balance of the total pension liability	<u>\$245,260</u>	<u>\$240,317</u>	<u>\$231,078</u>	<u>\$223,774</u>

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

TOWN OF TRENT WOODS, NORTH CAROLINA
 SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$245,260	\$240,317	\$231,078	\$223,774
Covered payroll	319,189	329,152	297,778	297,303
Total pension liability as a percentage of covered payroll	76.84%	73.01%	77.60%	75.27%

Notes to the schedules:

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

GENERAL FUND

The General Fund is used to account for and report all financial resources not accounted for and reported in other funds.

TOWN OF TRENT WOODS, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
<i>Ad Valorem Taxes:</i>			
Taxes	\$961,738	\$994,499	\$32,761
Penalties and Interest	1,100	1,118	18
	\$962,838	\$995,617	\$32,779
<i>Unrestricted Intergovernmental:</i>			
Utilities Sales Tax	\$90,661	\$71,356	(\$19,305)
Local Option Sales Taxes	354,000	411,703	57,703
Hold Harmless	113,000	108,754	(4,246)
Telecommunications Sales Tax	23,004	14,884	(8,120)
Piped Natural Gas Tax	6,631	5,095	(1,536)
Video Franchise Fee	26,608	18,644	(7,964)
Beer and Wine Tax	17,929	16,839	(1,090)
	\$631,833	\$647,275	\$15,442
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$100,079	\$99,655	(\$424)
Coronavirus Relief Funds		64,253	64,253
	\$100,079	\$163,908	\$63,829
<i>Investment Earnings:</i>			
Interest Income:			
Powell Bill Account	\$2,500	\$2,058	(\$442)
General Account	13,500	10,310	(3,190)
	\$16,000	\$12,368	(\$3,632)
<i>Miscellaneous:</i>			
Animal Control-Tags and Fines	\$3,000	\$2,582	(\$418)
Trash Stickers	7,500	10,608	3,108
Sale of Fixed Assets		750	750
Insurance Proceeds		5,000	5,000
Miscellaneous	17,660	18,256	596
	\$28,160	\$37,196	\$9,036
Total Revenues	\$1,738,910	\$1,856,364	\$117,454

TOWN OF TRENT WOODS, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures:			
General Government:			
<i>General Government:</i>			
Elected Officials Fees	\$17,449	\$17,445	\$4
Dues and Subscriptions	13,694	12,561	1,133
Other Operating Expenditures	10,910	10,114	796
Total Governing Body	\$42,053	\$40,120	\$1,933
<i>Administration:</i>			
Salaries and Benefits	\$69,771	\$68,587	\$1,184
Other Operating Expenditures	4,770	1,253	3,517
Total Administration	\$74,541	\$69,840	\$4,701
<i>Elections:</i>			
Contracted Services	\$4,007	\$3,048	\$959
Total Taxes	\$4,007	\$3,048	\$959
<i>Finance:</i>			
Salaries and Benefits	\$87,659	\$83,896	\$3,763
Other Operating Expenditures	8,392	6,272	2,120
Total Finance	\$96,051	\$90,168	\$5,883
<i>Tax Collection:</i>			
Contracted Tax Collection	\$14,000	\$12,577	\$1,423
Total Taxes	\$14,000	\$12,577	\$1,423
<i>Legal and Accounting:</i>			
Professional Services	\$46,500	\$45,752	\$748
Total Legal and Accounting	\$46,500	\$45,752	\$748
<i>Safety and Training:</i>			
Salaries and Benefits	\$40	\$34	\$6
Other Operating Expenditures	835	485	350
Total Safety and Training	\$875	\$519	\$356
<i>Public Buildings:</i>			
Salaries and Benefits	\$14,664	\$14,539	\$125
Repairs and Maintenance	20,575	15,763	4,812
Capital Outlay	30,000	29,436	564
Other Operating Expenditures	8,481	7,765	716
Total Public Buildings	\$73,720	\$67,503	\$6,217
Total General Government	\$351,747	\$329,527	\$22,220

TOWN OF TRENT WOODS, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
Public Safety:			
<i>Police:</i>			
Salaries and Benefits	\$474,624	\$463,153	\$11,471
Other Operating Expenditures	68,555	42,741	25,814
Total Police	\$543,179	\$505,894	\$37,285
<i>Inspections:</i>			
Salaries and Benefits	\$4,349	\$4,178	\$171
Other Operating Expenditures	10,280	4,442	5,838
Total Inspections	\$14,629	\$8,620	\$6,009
<i>Animal Control:</i>			
Salaries and Benefits	\$6,456	\$6,178	\$278
Other Operating Expenditures	4,450	321	4,129
Total Animal Control	\$10,906	\$6,499	\$4,407
Total Public Safety	\$568,714	\$521,013	\$47,701
<i>Transportation:</i>			
<i>Streets and Highways:</i>			
Salaries and Benefits	\$86,676	\$86,628	\$48
Street Lights	48,000	46,222	1,778
Other Operating Expenditures	5,980	2,599	3,381
Total	\$140,656	\$135,449	\$5,207
<i>Powell Bill:</i>			
Other Operating Expenditures	\$18,050	\$6,552	\$11,498
Total	\$18,050	\$6,552	\$11,498
Total Transportation	\$158,706	\$142,001	\$16,705
<i>Culture and Recreation:</i>			
Salaries and Benefits	\$44,918	\$44,140	\$778
Other Operating Expenditures	26,473	20,001	6,472
Pedestrian Plan	1,575,100	511,364	1,063,736
Total Culture and Recreation	\$1,646,491	\$575,505	\$1,070,986

TOWN OF TRENT WOODS, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
<i>Special Projects:</i>			
Drainage Improvements	\$340,000	\$332,806	\$7,194
Debris Removal	35,165	2,300	32,865
Other Operating Expenditures	12,630	4,565	8,065
Total Special Projects	\$387,795	\$339,671	\$48,124
<i>Nondepartmental:</i>			
Internet and Phone Service	\$11,000	\$10,864	\$136
Insurance	30,192	29,846	346
Other Operating Expenditures	45,460	35,708	9,752
Total Nondepartmental	\$86,652	\$76,418	\$10,234
Total Expenditures	\$3,200,105	\$1,984,135	\$1,215,970
Revenues Over (Under) Expenditures	(\$1,461,195)	(\$127,771)	\$1,333,424
Other Financing Sources (Uses):			
Transfers From Other Funds	\$1,045,000	\$504,469	(\$540,531)
Transfers to Other Funds	(524,515)	(524,515)	
Fund Balance Appropriated	940,710		(940,710)
Total Other Financing Sources (Uses)	\$1,461,195	(\$20,046)	(\$1,481,241)
Net Change in Fund Balance	\$0	(\$147,817)	(\$147,817)
Fund Balance:			
Beginning		2,588,617	
Ending		\$2,440,800	

TOWN OF TRENT WOODS, NORTH CAROLINA
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Investment Earnings	\$5,000	\$2,245	(\$2,755)
Total Revenues	\$5,000	\$2,245	(\$2,755)
Expenditures:			
Other Expenses	\$19,515		\$19,515
Total Expenditures	\$19,515	\$0	\$19,515
Revenues Over (Under) Expenditures	(\$14,515)	\$2,245	\$16,760
Other Financing Sources (Uses):			
Transfer To General Fund	(\$1,045,000)	(\$504,469)	\$540,531
Transfer From General Fund	524,515	524,515	
Fund Balance Appropriated	535,000		(535,000)
Total Other Financing Sources (Uses)	\$14,515	\$20,046	\$5,531
Net Change in Fund Balance	\$0	\$22,291	\$22,291
Fund Balances:			
Beginning		514,895	
Ending		\$537,186	

AGENCY FUND

Agency Funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others.

TOWN OF TRENT WOODS, NORTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FINES AND FORFEITURES AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and Cash Equivalents	<u>\$362</u>	<u>\$468</u>	<u>\$362</u>	<u>\$468</u>
Liabilities:				
Intergovernmental Payable	<u>\$362</u>	<u>\$468</u>	<u>\$362</u>	<u>\$468</u>

OTHER SCHEDULES

**This section contains additional information
required on property taxes.**

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**

TOWN OF TRENT WOODS, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-20		\$995,901	\$994,388	\$1,513
2018-19	\$401		\$76	325
2017-18	816		555	261
2016-17	305			305
2015-16	332			332
2014-15	121			121
2013-14	83			83
2012-13	79			79
2011-12	2,623			2,623
2010-11	73			73
2009-10	109		109	
	<u>\$4,541</u>	<u>\$995,901</u>	<u>\$995,128</u>	
Ad Valorem Taxes Receivable - Net				<u>\$5,715</u>
Reconciliation With Revenues:				
Ad Valorem Taxes - General Fund				\$995,617
Penalties Collected on Ad Valorem Taxes - Agency Fund				468
Reconciling Items:				
Taxes Written Off				109
Interest Collected				(1,066)
Total Collections and Credits				<u>\$995,128</u>

TOWN OF TRENT WOODS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
 For the Fiscal Year Ended June 30, 2020

	Town-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original Levy:					
Property Taxed at Current Year Rate	\$586,798,388	0.170	\$997,556	\$905,318	\$92,238
Discoveries - Current and Prior Years					
Releases	(1,279,576)	0.170	(2,175)	(2,175)	
Penalties			520	520	
	<u>\$585,518,812</u>				
Net Levy			\$995,901	\$903,663	\$92,238
Uncollected Taxes at June 30, 2020			(1,513)	(1,513)	
Current Year's Taxes Collected			\$994,388	\$902,150	\$92,238
Current Levy Collection Percentage			99.85%	99.83%	100.00%