

**TOWN OF TRENTON**  
Trenton, North Carolina

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2020**

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Trenton, North Carolina

**FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30, 2020**

Prepared By  
**BARROW, PARRIS & DAVENPORT, P.A.**  
Certified Public Accountants  
Kinston, North Carolina

**TOWN OF TRENTON  
TRENTON, NORTH CAROLINA**

**MAYOR**

**DARLENE SPIVEY**

**BOARD OF COMMISSIONERS**

**CHARLES JONES**

**ROBERT HORVATH**

**RICK GREEN**

**APPOINTED OFFICIALS**

**TOWN CLERK**

**GLENN SPIVEY**

**TOWN ATTORNEY**

**JAMES P. CAULEY, III**

**TAX COLLECTOR**

**RACHEL SHAVER**

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MEMBERS  
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 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 opinions.

***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9, 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, and 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 the 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.

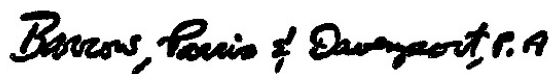
*Supplementary and Other Information*

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 Trenton, North Carolina. The individual fund statements, budgetary schedules and other schedules and the Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates 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 by us. In our opinion, based on our audit, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2021 on our consideration of the Town of Trenton, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Trenton, North Carolina's internal control over financial reporting and compliance.



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

January 31, 2021

## Management's Discussion and Analysis

As management of the Town of Trenton, we offer readers of the Town of Trenton's financial statements this narrative overview and analysis of the financial activities of the Town of Trenton 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

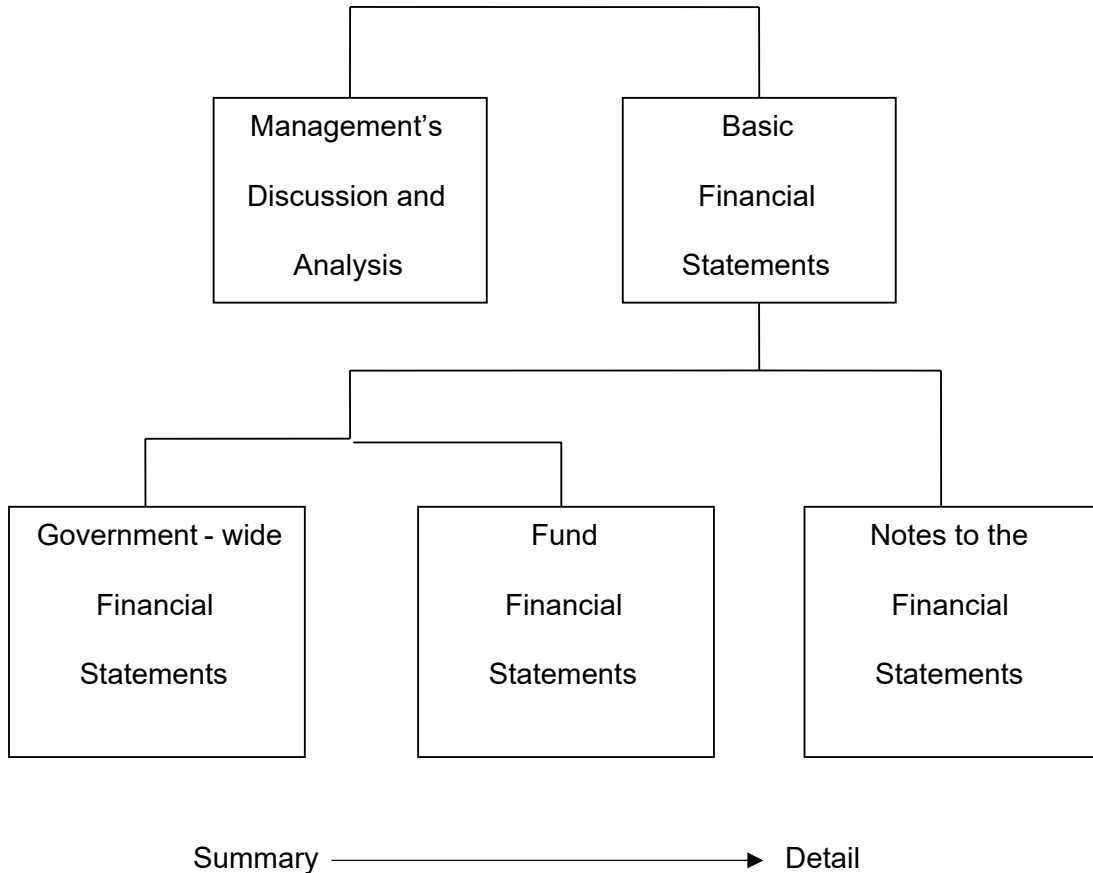
- The assets of the Town of Trenton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,991,950 (*net position*).
- The government's total net position decreased by \$99,155 due primarily to the disposal of the old wastewater treatment plant (special item), which resulted in a decrease in net assets of \$694,462. The old wastewater treatment plant was demolished after the new facility was placed in service.
- As of the close of the current fiscal year, the Town of Trenton's governmental fund reported an ending fund balance of \$700,807, an increase of \$69,938 in comparison with the prior year. Approximately 6.47 percent of this total amount, or \$45,332, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$495,923, or 146.52% of total general fund expenditures for the fiscal year.
- The Town completed a \$4.2 million capital project for wastewater improvements during the year. The Town placed its new wastewater treatment facility in service during the year.

### Overview of the Financial Statements

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



**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 9) 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; 3) the proprietary fund statements; and 4) 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 they have changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the wastewater services offered by the Town of Trenton.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## Fund Financial Statements

The fund financial statements (see Figure 2) 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 Trenton, 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 Trenton can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between 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 Trenton 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Town of Trenton has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Trenton uses enterprise funds to account for its wastewater activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Town of Trenton 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 20-29 of this report.

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

**Government-Wide Financial Analysis**  
**The Town of Trenton's Net Position**  
**Figure 2**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$973,201	\$965,320	\$497,743	\$1,692,799	\$1,470,944	\$2,658,119
Capital assets	130,633	40,259	5,663,492	6,045,772	5,794,125	6,086,031
<b>Total assets</b>	<b>\$1,103,834</b>	<b>\$1,005,579</b>	<b>\$6,161,235</b>	<b>\$7,738,571</b>	<b>\$7,265,069</b>	<b>\$8,744,150</b>
Current liabilities	\$5,403	\$4,047	\$12,639	\$1,328,998	\$18,042	\$1,333,045
Deferred inflows of resources	255,077	320,000			255,077	320,000
<b>Total liabilities and deferred inflows of resources</b>	<b>\$260,480</b>	<b>\$324,047</b>	<b>\$12,639</b>	<b>\$1,328,998</b>	<b>\$273,119</b>	<b>\$1,653,045</b>
Net position:						
Net investment in capital assets	\$130,633	\$40,259	\$5,663,492	\$6,045,772	\$5,794,125	\$6,086,031
Restricted	45,332	16,331			45,332	16,331
Unrestricted	667,389	624,942	485,104	363,801	1,152,493	988,743
<b>Total net position</b>	<b>\$843,354</b>	<b>\$681,532</b>	<b>\$6,148,596</b>	<b>\$6,409,573</b>	<b>\$6,991,950</b>	<b>\$7,091,105</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Trenton exceeded liabilities and deferred inflows by \$6,991,950 as of June 30, 2020. The Town's net position decreased by \$99,155 for the fiscal year ended June 30, 2020. However, the largest portion (82.87%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Trenton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Trenton's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Trenton's net position (0.65%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,152,493 is unrestricted.

Management Discussion and Analysis  
Town of Trenton

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

- The Town's tax collection rate was 96.06%, which is slightly lower than last year's percentage of 96.15%. The tax collection rate is comparable to State-wide averages.
- Operating grants increased significantly as State funds are being used to finance significant revitalization efforts.
- Expenses increased significantly, primarily related to the revitalization efforts as well as hurricane recovery.

**Town of Trenton Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services			\$145,496	\$130,659	\$145,496	\$130,659
Operating grants and contributions	\$177,767	\$9,663			177,767	9,663
Capital grants and contributions	110,000	105,000	395,824	3,191,162	505,824	3,296,162
General revenues:						
Property taxes	63,552	65,752			63,552	65,752
Grants and contributions not restricted to specific programs	47,652	48,227		43,207	47,652	91,434
Other	10,932	3,106	129,154	40,836	140,086	43,942
<b>Total revenues</b>	<b>\$409,903</b>	<b>\$231,748</b>	<b>\$670,474</b>	<b>\$3,405,864</b>	<b>\$1,080,377</b>	<b>\$3,637,612</b>
<b>Expenses:</b>						
General government	\$105,992	\$67,932			\$105,992	\$67,932
Revitalization	97,683				97,683	
Public safety	11,948	10,203			11,948	10,203
Transportation	29,019	14,763			29,019	14,763
Environmental protection	3,439	1,377			3,439	1,377
Wastewater			\$236,989	\$215,863	236,989	215,863
<b>Total expenses</b>	<b>\$248,081</b>	<b>\$94,275</b>	<b>\$236,989</b>	<b>\$215,863</b>	<b>\$485,070</b>	<b>\$310,138</b>
<b>Increase (decrease) in net position before special items</b>	<b>\$161,822</b>	<b>\$137,473</b>	<b>\$433,485</b>	<b>\$3,190,001</b>	<b>\$595,307</b>	<b>\$3,327,474</b>
Special item - Disposal of sewer plant			(694,462)		(694,462)	
Net position, July 1	681,532	544,059	6,409,573	3,219,572	7,091,105	3,763,631
<b>Net position, June 30</b>	<b>\$843,354</b>	<b>\$681,532</b>	<b>\$6,148,596</b>	<b>\$6,409,573</b>	<b>\$6,991,950</b>	<b>\$7,091,105</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$161,822. Key elements of this increase are as follows:

- Revenues increased by 76.87% from the prior year due primarily to the receipt of State and federal grants used for revitalization and hurricane recovery efforts. Expenses were 163.1% more than the prior year due to revitalization and hurricane recovery projects mentioned above.

**Business-type activities:** Business-type activities decreased the Town of Trenton's net position by \$260,977. Key elements of this increase are as follows:

- Capital contributions received from federal and State sources of \$395,824 related to a sewer capital project.
- The Town disposed on the old wastewater treatment plant during the year after the new treatment plant was placed in service. This disposal was reported as a special item and decreased net assets by \$694,462.

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

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

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

The general fund is the chief operating fund of the Town of Trenton. At the end of the current fiscal year, the Town of Trenton's fund balance available in the General Fund was \$667,368, while total fund balance reached \$700,807.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$700,807, with a net increase in fund balance of \$69,938.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made revisions to its budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues exceeded budgeted amounts primarily because the Town received more intergovernmental and tax revenues than anticipated.

**Proprietary Funds.** The Town of Trenton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position of the Wastewater Fund at the end of the fiscal year amounted to \$6,148,596. The total decrease in net position for the fund was \$260,977. The primary reason for the decrease was the disposal of the old wastewater treatment plant, resulting in a loss on disposal of \$694,462. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Trenton's business-type activities.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Trenton’s investment in capital assets for its governmental and business–type activities as of June 30, 2020, totals \$5,794,125 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and the sewer facility.

Construction within the sewer capital project accounted for the increase in depreciable capital assets.

**Town of Trenton’s Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$38,130	\$15,130	\$558,695	\$558,695	\$596,825	\$573,825
Construction in Progress				3,821,882		3,821,882
Buildings	47,611	11,326			47,611	11,326
Equipment	35,632	3,855	1,805	5,101	37,437	8,956
Infrastructure	9,260	9,948			9,260	9,948
Plant and Distribution Systems			5,102,992	1,660,095	5,102,992	1,660,095
<b>Total</b>	<b>\$130,633</b>	<b>\$40,259</b>	<b>\$5,663,492</b>	<b>\$6,045,773</b>	<b>\$5,794,125</b>	<b>\$6,086,032</b>

Additional information on the Town’s capital assets can be found in note II-A-4 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:

- Jones County’s unemployment rate is 5.8% for June 2020 compared to 4.2% at June 2019. The Statewide averages were 7.6% at June 2020 and 4.0% at June 2019.

### Budget Highlights for the Fiscal Year Ending June 30, 2021

**Governmental Activities:** Property taxes and other revenues are expected to remain consistent. The property tax rate will remain at 38 cents per \$100 valuation.

Budgeted expenditures in the General Fund are also expected to be consistent with the prior year. Significant revitalization projects are currently in progress.

**Business – type Activities:** The Town expects sewer revenues to be consistent with the prior year. General operating expenses are also expected to be consistent with the prior year. The sewer capital project has been completed.

### 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 Town Clerk, Town of Trenton, PO Box 399, Trenton, NC 28585. You can also call (252) 448-1784 for more information.

**BASIC FINANCIAL STATEMENTS**

**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2020

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$915,955	\$467,929	\$1,383,884
Taxes Receivables (Net)	8,851		8,851
Accrued Interest Receivable on Taxes	3,063		3,063
Accounts Receivable (Net)		15,926	15,926
Internal Balances	9,626	(9,626)	
Due From Other Governments	23,813	20,778	44,591
Restricted Cash and Cash Equivalents	11,893	2,736	14,629
<b>Total Current Assets</b>	<b>\$973,201</b>	<b>\$497,743</b>	<b>\$1,470,944</b>
<i>Capital Assets:</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$38,130	\$558,695	\$596,825
Other Capital Assets, Net of Depreciation	92,503	5,104,797	5,197,300
<b>Total Capital Assets</b>	<b>\$130,633</b>	<b>\$5,663,492</b>	<b>\$5,794,125</b>
<b>Total Assets</b>	<b>\$1,103,834</b>	<b>\$6,161,235</b>	<b>\$7,265,069</b>
<b><u>LIABILITIES</u></b>			
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	\$5,403	\$9,903	\$15,306
Payable from Restricted Assets		2,736	2,736
<b>Total Current Liabilities</b>	<b>\$5,403</b>	<b>\$12,639</b>	<b>\$18,042</b>
<b>Total Liabilities</b>	<b>\$5,403</b>	<b>\$12,639</b>	<b>\$18,042</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unearned Grants	\$255,077		\$255,077
<b>Total Deferred Inflows of Resources</b>	<b>\$255,077</b>	<b>\$0</b>	<b>\$255,077</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$130,633	\$5,663,492	\$5,794,125
Restricted for Stabilization by State Statute	33,439		33,439
Restricted for Streets	11,893		11,893
Unrestricted	667,389	485,104	1,152,493
<b>Total Net Position</b>	<b>\$843,354</b>	<b>\$6,148,596</b>	<b>\$6,991,950</b>

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



**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
 For The Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$105,992		\$123,304		\$17,312		\$17,312
Revitalization	97,683		44,923	\$110,000	57,240		57,240
Public Safety	11,948				(11,948)		(11,948)
Transportation	29,019		9,540		(19,479)		(19,479)
Environmental Protection	3,439				(3,439)		(3,439)
<b>Total Governmental Activities</b>	<b>\$248,081</b>	<b>\$0</b>	<b>\$177,767</b>	<b>\$110,000</b>	<b>\$39,686</b>		<b>\$39,686</b>
Business-type Activities:							
Wastewater	\$236,989	\$145,496		\$395,824		\$304,331	\$304,331
<b>Total Business-type Activities</b>	<b>\$236,989</b>	<b>\$145,496</b>		<b>\$395,824</b>		<b>\$304,331</b>	<b>\$304,331</b>
<b>Total Primary Government</b>	<b>\$485,070</b>	<b>\$145,496</b>	<b>\$177,767</b>	<b>\$505,824</b>	<b>\$39,686</b>	<b>\$304,331</b>	<b>\$344,017</b>
<i>General Revenues:</i>							
Taxes:							
Property Taxes, Levied for General Purpose					\$63,552		\$63,552
Grants and Contributions Not Restricted to Specific Programs					47,652		47,652
Investment Earnings, Unrestricted					1,019	\$35	1,054
Miscellaneous, Unrestricted					9,913	129,119	139,032
Special Item - Loss on Disposal of Fixed Assets						(694,462)	(694,462)
<b>Total General Revenues and Special Items</b>					<b>\$122,136</b>	<b>(\$565,308)</b>	<b>(\$443,172)</b>
Change in Net Position					161,822	(260,977)	(99,155)
<i>Net Position, Beginning</i>					681,532	6,409,573	7,091,105
<b>NET POSITION, ENDING</b>					<b>\$843,354</b>	<b>\$6,148,596</b>	<b>\$6,991,950</b>

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

**TOWN OF TRENTON, NORTH CAROLINA**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

	<b>Major Funds</b>
	<b>General</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$915,955
Restricted Cash and Cash Equivalents	11,893
Taxes Receivable, Net	8,851
Due From Other Funds	9,626
Due From Other Governments	23,813
<b>TOTAL ASSETS</b>	<b>\$970,138</b>
<b>LIABILITIES:</b>	
Accounts Payable and Accrued Liabilities	\$5,403
<b>TOTAL LIABILITIES</b>	<b>\$5,403</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property Taxes Receivable	\$8,851
Unearned Grants	255,077
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$263,928</b>
<b>FUND BALANCES:</b>	
Restricted:	
Stabilization by State Statute	\$33,439
Streets - Powell Bill	11,893
Committed:	
Sewer Improvements	96,451
Cemetery Improvements	63,101
Unassigned	495,923
<b>TOTAL FUND BALANCES</b>	<b>\$700,807</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$970,138</b>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balance, governmental funds	\$700,807
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Gross capital assets at historical cost	\$194,973
Accumulated depreciation	(64,340) 130,633
Other long-term assets (accrued interest receivable for taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	11,914
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$843,354</b>

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

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

	<b>Major Funds</b>
	<b>General Fund</b>
<b>REVENUES:</b>	
Ad Valorem Taxes	\$62,042
Unrestricted Intergovernmental	47,652
Restricted Intergovernmental	287,767
Investment Earnings	1,019
Miscellaneous	9,913
<b>TOTAL REVENUES</b>	<b>\$408,393</b>
<b>EXPENDITURES:</b>	
<i>Current:</i>	
General Government	\$134,079
Revitalization	162,606
Public Safety	10,000
Transportation	28,331
Environmental Protection	3,439
<b>TOTAL EXPENDITURES</b>	<b>\$338,455</b>
<b>Net Change in Fund Balance</b>	<b>\$69,938</b>
<i>Fund Balance, Beginning</i>	630,869
<b>FUND BALANCE, ENDING</b>	<b>\$700,807</b>

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

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

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

Net changes in fund balance - total governmental funds	\$69,938
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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	96,148
Depreciation expense for governmental assets	(5,774)

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	1,510
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<b>Total Changes in Net Position of Governmental Activities</b>	<b><u>\$161,822</u></b>
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**TOWN OF TRENTON, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**For The Year Ended June 30, 2020**

	<b>General Fund</b>			<b>Variance with Final Budget - Favorable (Unfavorable)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	
<b>Revenues:</b>				
Ad Valorem Taxes	\$54,502	\$54,502	\$62,042	\$7,540
Unrestricted Intergovernmental	43,300	43,300	47,652	4,352
Restricted Intergovernmental	29,239	29,239	287,767	258,528
Investment Earnings	6	6	1,019	1,013
Miscellaneous	2,450	2,450	9,913	7,463
<b>Total Revenues</b>	<b>\$129,497</b>	<b>\$129,497</b>	<b>\$408,393</b>	<b>\$278,896</b>
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	\$70,972	\$148,660	\$134,079	\$14,581
Revitalization	326,734	326,734	162,606	164,128
Public Safety	10,000	10,000	10,000	
Transportation	31,439	41,790	28,331	13,459
Environmental Protection	141,936	141,936	3,439	138,497
<b>Total Expenditures</b>	<b>\$581,081</b>	<b>\$669,120</b>	<b>\$338,455</b>	<b>\$330,665</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$451,584)</b>	<b>(\$539,623)</b>	<b>\$69,938</b>	<b>\$609,561</b>
Fund Balance Appropriated	\$451,584	\$539,623		(\$539,623)
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,938</b>	<b>\$69,938</b>
<i>Fund Balance, Beginning</i>			630,869	
<b>Fund Balances, Ending</b>			<b>\$700,807</b>	

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

**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2020

	<u>Major Enterprise Fund Wastewater Fund</u>
<b><u>Assets</u></b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$467,929
Due From Other Governments	20,778
Accounts Receivable (Net) - Billed	15,926
Restricted Cash and Cash Equivalents	2,736
<b>Total Current Assets</b>	<b>\$507,369</b>
<b>Noncurrent Assets:</b>	
<b>Capital Assets:</b>	
Land	\$558,695
Other Capital Assets, Net of Depreciation	5,104,797
<b>Total Capital Assets (Net)</b>	<b>\$5,663,492</b>
<b>Total Noncurrent Assets</b>	<b>\$5,663,492</b>
<b>Total Assets</b>	<b>\$6,170,861</b>
<b><u>Liabilities</u></b>	
<b>Current Liabilities:</b>	
Accounts Payable and Accrued Liabilities	\$9,903
Due to Other Funds	9,626
Liabilities Payable from Restricted Assets:	
Customer Deposits	2,736
<b>Total Current Liabilities</b>	<b>\$22,265</b>
<b>Total Liabilities</b>	<b>\$22,265</b>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	\$5,663,492
Unrestricted	485,104
<b>Total Net Position</b>	<b>\$6,148,596</b>

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

**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended June 30, 2020

	<b>Major Enterprise Fund Wastewater Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$145,496
Other Operating Revenues	6,250
<b>Total Operating Revenues</b>	<b>\$151,746</b>
<b>OPERATING EXPENSES:</b>	
Contract Labor	\$46,206
Plant and Line Maintenance and Repairs	25,858
Utilities	30,791
Other Expenses	10,393
Depreciation	123,741
<b>Total Operating Expenses</b>	<b>\$236,989</b>
<b>Operating Income (Loss)</b>	<b>(\$85,243)</b>
<b>NONOPERATING REVENUES:</b>	
Investment Earnings	\$35
Sales Tax Refund - Capital Projects Fund	122,869
<b>Total Nonoperating Revenues</b>	<b>\$122,904</b>
<b>Income (Loss) Before Contributions and Special Items</b>	<b>\$37,661</b>
Capital Contributions	395,824
Special Item - Loss on Disposal of Fixed Assets	(694,462)
<b>Change in Net Position</b>	<b>(\$260,977)</b>
<i>Total Net Position, Beginning</i>	6,409,573
<b>Total Net Position, Ending</b>	<b>\$6,148,596</b>

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

**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Fiscal Year Ended June 30, 2020

	<b>Major Enterprise Fund Wastewater Fund</b>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	
Cash Received From Customers	\$145,047
Cash Paid for Goods and Services	(108,638)
Customer Deposits Received	800
Customer Deposits Returned	(1,125)
Other Operating Revenues	6,250
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$42,334</b>
<b><i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i></b>	
Increase in Due to Other Funds	<b>\$9,626</b>
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i></b>	
Capital Contribution - State Grants	\$1,513,835
Acquisition and Construction of Capital Assets	(1,756,567)
Sales Tax Refund - Capital Projects Fund	122,869
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(\$119,863)</b>
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Interest Earnings	<b>\$35</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(\$67,868)</b>
Cash and Cash Equivalents, Beginning	538,533
<b>Cash and Cash Equivalents, Ending</b>	<b>\$470,665</b>
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	<b>(\$85,243)</b>
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$123,741
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable and Due From Other Govts.	(1,798)
Increase in Allowance for Doubtful Accounts	1,347
Increase (Decrease) in Accounts Payable and Accrued Liabilities	4,612
Increase (Decrease) in Customer Deposits	(325)
<b>Total Adjustments</b>	<b>\$127,577</b>
<b>Net Cash Provided by (Used by) Operating Activities</b>	<b>\$42,334</b>

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



**TOWN OF TRENTON, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
June 30, 2020

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<u>Assets</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	<u><u>\$723</u></u>
 <u>Liabilities and Net Position</u>  	
<i>Liabilities:</i>	
Intergovernmental Payable	<u>\$723</u>
<b>Total Liabilities</b>	<u><u>\$723</u></u>

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

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

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

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**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Trenton 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 Trenton 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 all the activities of the Town.

**B. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds, including the fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise fund:

**Wastewater Fund.** This fund is used to account for the Town's wastewater operations. A Sewer Capital Projects Fund has been consolidated into the Wastewater Fund for financial reporting purposes. The budgetary comparison for the Sewer Capital Projects Fund has been included in the supplemental information.

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

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The Town reports the following fund type:

**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. 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 Jones County Board of Education.

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Trenton because the tax is levied by Jones County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for the Sewer Capital Projects Fund. The enterprise fund capital project is consolidated with the respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the line-item level for all annually budgeted funds and at the object level for the multiyear funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. 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).

**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**

Customer deposits in the amount of \$2,736 held by the Town in the Wastewater Fund (Business-type Activities) before any services are supplied are restricted to the service for which the deposit is collected. Powell bill funds in the amount of \$11,893 held by the Town in the General Fund (Governmental Activities) are classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

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

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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<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 have not been capitalized as the Town has opted not to retroactively capitalize infrastructure costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets 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	25
Vehicles	6
Furniture and Equipment	10
Computer Equipment	3

7. 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 no items that meet these criteria. 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 unearned grants.

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

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8. Net Position/Fund Balances

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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.

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

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

*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 Trenton's 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 to remove or revise the limitation.

Committed for Sewer Improvements – portion of fund balance assigned by the governing body for sewer improvements.

Committed for Cemetery Improvements – portion of fund balance assigned by the governing body for cemetery improvements.

*Assigned Fund Balance* – This classification includes portion of fund balance that the Town of Trenton intends to use for specific purposes.

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

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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.

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

The Town of Trenton 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.

## **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 agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town 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 \$1,399,236 and a bank balance of \$1,400,542. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,150,542 was covered by collateral held under the pooling method.



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

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2. Accounts Receivable

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Accounts</u>	<u>Due From Other Governments</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General Fund		\$23,813	\$8,851	\$32,664
Business-Type Activities:				
Wastewater Fund	\$15,926	20,778		36,704
	<u>\$15,926</u>	<u>\$44,591</u>	<u>\$8,851</u>	<u>\$69,368</u>

Due from other governments consists of the following:

Governmental Activities:	
Local option sales tax	\$4,320
FEMA grant revenues	14,170
Franchise tax	4,095
Other	1,228
	<u>\$23,813</u>
Business-Type Activities:	
Sewer collections - Jones County	\$20,778
	<u>\$20,778</u>

3. Receivables - Allowances for Doubtful Accounts

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

<u>Fund</u>	<u>6/30/20</u>
Wastewater Fund - Accounts Receivable	\$21,893
Total	<u>\$21,893</u>

**TOWN OF TRENTON, 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:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$15,130	\$23,000		\$38,130
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$15,130</b>	<b>\$23,000</b>	<b>\$0</b>	<b>\$38,130</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$25,073	\$38,225		\$63,298
Equipment	27,165	34,923		62,088
Improvements	10,820			10,820
Infrastructure	20,636			20,636
<b>Total Capital Assets Being Depreciated</b>	<b>\$83,694</b>	<b>\$73,148</b>	<b>\$0</b>	<b>\$156,842</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$13,747	\$1,940		\$15,687
Equipment	23,310	3,146		26,456
Improvements	10,820			10,820
Infrastructure	10,688	688		11,376
<b>Total Accumulated Depreciation</b>	<b>\$58,565</b>	<b>\$5,774</b>	<b>\$0</b>	<b>\$64,339</b>
<i>Total Capital Assets Being Depreciated, Net</i>	\$25,129			\$92,503
<b>Governmental Activity Capital Assets, Net</b>	<b>\$40,259</b>			<b>\$130,633</b>

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

General Government	\$3,137
Public Safety	1,949
Transportation	688
<b>Total Depreciation Expense</b>	<b>\$5,774</b>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activity:</b>				
<b>Wastewater Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$558,695			\$558,695
Construction in Progress	3,821,882		\$3,821,882	
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$4,380,577</b>	<b>\$0</b>	<b>\$3,821,882</b>	<b>\$558,695</b>
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution Systems	\$2,853,564	\$4,257,804	\$1,794,149	\$5,317,219
Sewer Equipment	72,087		61,773	10,314
<b>Total Assets Being Depreciated</b>	<b>\$2,925,651</b>	<b>\$4,257,804</b>	<b>\$1,855,922</b>	<b>\$5,327,533</b>
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution Systems	\$1,193,469	\$122,677	\$1,101,919	\$214,227
Sewer Equipment	66,986	1,064	59,541	8,509
<b>Total Accumulated Depreciation</b>	<b>\$1,260,455</b>	<b>\$123,741</b>	<b>\$1,161,460</b>	<b>\$222,736</b>
<i>Total Capital Assets Being Depreciated, Net</i>	\$1,665,196			\$5,104,797
<b>Wastewater Fund Capital Assets, Net</b>	<b>\$6,045,773</b>			<b>\$5,663,492</b>

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

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<b>Vendors</b>	<b>Construction</b>	<b>Total</b>
Governmental Activities:			
General Fund	\$5,403		\$5,403
<b>Total</b>	<b>\$5,403</b>	<b>\$0</b>	<b>\$5,403</b>
Business-type Activities:			
Enterprise Fund	\$9,903		\$9,903
<b>Total</b>	<b>\$9,903</b>	<b>\$0</b>	<b>\$9,903</b>

2. Deferred Outflows/Inflows of Resources:

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

	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Taxes Receivable (General Fund), less penalties		\$8,851
Unearned grants	\$255,077	255,077
<b>Total</b>	<b>\$255,077</b>	<b>\$263,928</b>

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, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of 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.

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 carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town is also eligible to purchase and has purchased commercial flood insurance for \$200,000 to cover structures owned by the Town.

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.

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

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4. Claims, Judgments, and Contingent Liabilities

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

C. Interfund Balances and Activity

At June 30, 2020, the Wastewater Fund owed the General Fund a total of \$9,626, resulting from an inadvertent deposit of General Fund revenues into the Wastewater Fund bank account. The error was discovered after year end, and is expected to be repaid in the upcoming year.

D. Special Item

During the year, the Town completed construction of a new wastewater treatment facility. As a result, the Town demolished essentially all of the old wastewater treatment facility. The original cost of the old facility and related equipment was \$1,834,381 with accumulated depreciation of \$1,139,919, resulting in remaining book value of \$694,462 at the time of demolition. This loss is reported as a special item in the business-type activities on Exhibit 2 and the Wastewater Fund on Exhibit 7.

E. Fund Balance

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

<b><i>Total Fund Balance - General Fund</i></b>	<b><i>\$700,807</i></b>
Less:	
Restricted for Stabilization by State Statute	33,439
Restricted for Streets - Powell Bill	11,893
Committed for Sewer Improvements	96,451
Committed for Cemetery Improvements	63,101
Remaining Fund Balance	<b><i>495,923</i></b>

**III. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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 moneys.

**IV. Related Party Transactions**

The Town paid \$34,923 to a company owned by a Town commissioner for the purchase of a used vehicle from the General Fund. Under N.C. General Statute 14-234, certain payments made to related parties are allowed for municipalities with populations less than 15,000 such as the Town.

**INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

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

**TOWN OF TRENTON, 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	
<b>Revenues:</b>			
<i>Ad Valorem Taxes:</i>			
Current Year	\$54,152	\$60,172	\$6,020
Prior Years		1,468	1,468
Interest	350	402	52
	<b>\$54,502</b>	<b>\$62,042</b>	<b>\$7,540</b>
<i>Unrestricted Intergovernmental:</i>			
Local Option Sales Taxes	\$22,000	\$26,087	\$4,087
Utility Sales Tax	20,000	15,218	(4,782)
Piped Natural Gas Sales Tax		413	413
Telecommunications Sales Tax		3,436	3,436
Video Franchise Fee		938	938
Solid Waste Disposal Tax		235	235
Beer and Wine Tax	1,300	1,325	25
	<b>\$43,300</b>	<b>\$47,652</b>	<b>\$4,352</b>
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$9,650	\$9,540	(\$110)
NCORR Grant		44,923	44,923
FEMA Grant		123,304	123,304
Revitalization Grants	19,589	110,000	90,411
	<b>\$29,239</b>	<b>\$287,767</b>	<b>\$258,528</b>
<i>Investment Earnings</i>	<b>\$6</b>	<b>\$1,019</b>	<b>\$1,013</b>
<i>Miscellaneous:</i>			
Rent Income	\$50	\$8,000	\$7,950
Other Revenues	2,400	1,913	(487)
	<b>\$2,450</b>	<b>\$9,913</b>	<b>\$7,463</b>
<b>Total Revenues</b>	<b>\$129,497</b>	<b>\$408,393</b>	<b>\$278,896</b>

**TOWN OF TRENTON, 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	
<b>Expenditures:</b>			
<i>General Government:</i>			
Board Salaries	\$5,400	\$5,400	
Other Salaries	6,000	6,000	
Professional Services	24,000	19,817	\$4,183
Christmas Expenses	30,987	30,987	
Christmas Expenses - Other	2,316	4,994	(2,678)
Insurance	7,071	6,325	746
Elections	2,646	2,646	
Tax Collection Services	3,500	2,924	576
Office Supplies	4,000	3,493	507
Other	21,643	20,268	1,375
Capital Outlay	41,097	31,225	9,872
<b>Total General Government</b>	<b>\$148,660</b>	<b>\$134,079</b>	<b>\$14,581</b>
<i>Revitalization:</i>			
Awnings	\$27,499	\$27,499	
Sidewalk Repairs and Improvements	33,922	33,922	
Signage	22,027	22,027	
Capital Outlay - Real Estate	30,000	30,000	
Capital Outlay - Truck	34,923	34,923	
Other Expenses	178,363	14,235	\$164,128
<b>Total Revitalization</b>	<b>\$326,734</b>	<b>\$162,606</b>	<b>\$164,128</b>
<i>Public Safety:</i>			
Fire Department-Operations	\$10,000	\$10,000	
<b>Total Public Safety</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>
<i>Transportation:</i>			
<i>Streets &amp; Highways:</i>			
Street Labor	\$3,000	\$1,555	\$1,445
Maintenance and Repairs	14,851	14,436	415
Street Lighting	8,000	6,310	1,690
Powell Bill - Expenses	15,939	6,030	9,909
<b>Total Transportation</b>	<b>\$41,790</b>	<b>\$28,331</b>	<b>\$13,459</b>



**TOWN OF TRENTON, 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>Environmental Protection:</i>			
<i>Sanitation &amp; Health:</i>			
Labor	\$4,000	\$1,936	\$2,064
Supplies	1,500		1,500
Garbage	1,000	506	494
Cemetery	62,093	997	61,096
Capital Projects	73,343		73,343
<b>Total Environmental Protection</b>	<b>\$141,936</b>	<b>\$3,439</b>	<b>\$138,497</b>
<b>Total Expenditures</b>	<b>\$669,120</b>	<b>\$338,455</b>	<b>\$330,665</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$539,623)</b>	<b>\$69,938</b>	<b>\$609,561</b>
Fund Balance Appropriated	\$539,623		(\$539,623)
<b>Net Change in Fund Balance</b>	<b>\$0</b>	<b>\$69,938</b>	<b>\$69,938</b>
Fund Balances, Beginning		630,869	
<b>Fund Balances, Ending</b>		<b>\$700,807</b>	

## ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

**TOWN OF TRENTON, NORTH CAROLINA**  
**WASTEWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Charges for Services	\$135,000	\$145,496	\$10,496
Other Operating Revenues	5,453	6,250	797
<b>Total Operating Revenues</b>	<b>\$140,453</b>	<b>\$151,746</b>	<b>\$11,293</b>
<b>Non-Operating Revenues:</b>			
Interest on Investments	\$10	\$35	\$25
<b>Total Non-Operating Revenues</b>	<b>\$10</b>	<b>\$35</b>	<b>\$25</b>
<b>Total Revenues</b>	<b>\$140,463</b>	<b>\$151,781</b>	<b>\$11,318</b>
<b>Expenditures:</b>			
<i>Current:</i>			
Permits	\$1,000	\$860	\$140
Contracted Services	46,366	46,206	160
Utilities	38,000	30,791	7,209
Chemicals & Supplies	8,000	6,268	1,732
Professional Fees	6,000		6,000
Miscellaneous Labor & Repairs	18,844	975	17,869
Sampling Fees	20,000	18,613	1,387
Insurance	4,403		4,403
Billing and Collection Expenses	8,500	7,796	704
Office Expenses	3,000	1,739	1,261
Capital Outlay	342,955		342,955
<b>Total Expenditures</b>	<b>\$497,068</b>	<b>\$113,248</b>	<b>\$383,820</b>
<b>Fund Balance Appropriated</b>	<b>\$356,605</b>		<b>(\$356,605)</b>
<b>Revenues Over Expenditures and Other Uses</b>	<b>\$0</b>	<b>\$38,533</b>	<b>\$38,533</b>
<b>Reconciliation from modified accrual basis to full accrual basis:</b>			
Revenues and Other Financing Sources Over (Under) Expenditures		\$38,533	
Depreciation		(123,741)	
Capital Contributions		395,824	
Loss on Disposal on Fixed Assets		(694,462)	
Income from Wastewater Capital Projects Fund		122,869	
<b>Change in Net Position</b>		<b>(\$260,977)</b>	

**TOWN OF TRENTON, NORTH CAROLINA**  
**SEWER CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Favorable (Unfavorable)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
<b>Revenues :</b>					
<i>Restricted Intergovernmental:</i>					
Connect NC Bond Program	\$3,250,000	\$3,113,910	\$136,090	\$3,250,000	
Clean Water Management Trust Fund	764,567	\$504,833	259,734	764,567	
<b>Total</b>	<b>\$4,014,567</b>	<b>\$3,618,743</b>	<b>\$395,824</b>	<b>\$4,014,567</b>	<b>\$0</b>
<b>Expenditures :</b>					
Construction	\$3,382,865	\$2,998,881	\$383,984	\$3,382,865	
Engineering Design and Permitting	303,941	\$303,941		303,941	
Construction Admin/Observation	309,907	262,052	51,938	313,990	(4,083)
Surveying	98,640	98,640		98,640	
Engineering Report	25,000	25,000		25,000	
Closing Fee	48,750	45,000		45,000	3,750
<b>Total</b>	<b>\$4,169,103</b>	<b>\$3,733,514</b>	<b>\$435,922</b>	<b>\$4,169,436</b>	<b>(\$333)</b>
<b>Revenues Under Expenditures</b>	<b>(\$154,536)</b>	<b>(\$114,771)</b>	<b>(\$40,098)</b>	<b>(\$154,869)</b>	<b>(\$333)</b>
<b>Other Financing Sources (Uses) :</b>					
Sales Tax Refund			\$122,869	\$122,869	\$122,869
Transfers - Local Contribution	\$154,536	\$115,000		115,000	(39,536)
<b>Total</b>	<b>154,536</b>	<b>115,000</b>	<b>122,869</b>	<b>237,869</b>	<b>83,333</b>
<b>Revenues and Other Sources (Uses) Over Expenditures</b>	<b>\$0</b>	<b>\$229</b>	<b>\$82,771</b>	<b>\$83,000</b>	<b>\$83,000</b>

## **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 TRENTON, NORTH CAROLINA**  
FINES AND FORFEITURES AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2020

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Assets:</b>				
Cash and Cash Equivalents	<u>\$684</u>	<u>\$39</u>		<u>\$723</u>
<b>Liabilities:</b>				
Intergovernmental Payable	<u>\$684</u>	<u>\$39</u>		<u>\$723</u>

## **OTHER SCHEDULES**

**This section includes additional information on property taxes.**

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

**TOWN OF TRENTON, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 June 30, 2020

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2019</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2020</b>
2019-20		\$62,682	\$60,211	\$2,471
2018-19	\$2,505		1,189	1,316
2017-18	766			766
2016-17	914		221	693
2015-16	683		28	655
2014-15	534		1	533
2013-14	641			641
2012-13	558			558
2011-12	569		5	564
2010-11	678		24	654
2009-10	93		93	
	<b>\$7,941</b>	<b>\$62,682</b>	<b>\$61,772</b>	
Ad Valorem Taxes Receivable - Net				<b>\$8,851</b>
<b>Reconciliation With Revenues:</b>				
Ad Valorem Taxes - General Fund				\$62,042
Penalties collected on ad valorem taxes - Agency Fund				39
<i>Reconciling Items:</i>				
Interest Collected				(402)
Taxes Written Off				93
<b>Total Collections and Credits</b>				<b>\$61,772</b>



**TOWN OF TRENTON, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**  
For the Fiscal Year Ended June 30, 2020

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$16,551,783	0.38	\$62,897	\$48,150	\$14,747
Penalties			41	41	
<b>Discoveries:</b>					
Current and Prior Years	51,575		196	196	
Abatements	(118,807)		(452)	(452)	
<b>Total Property Valuation</b>	<b>\$16,484,551</b>				
<b>Net Levy</b>			<b>\$62,682</b>	<b>\$47,935</b>	<b>\$14,747</b>
Unpaid (By Taxpayer) Taxes at June 30, 2020			(2,471)	(2,471)	
<b>Current Year's Taxes Collected</b>			<b>\$60,211</b>	<b>\$45,464</b>	<b>\$14,747</b>
<b>Current Levy Collection Percentage</b>			<b>96.06%</b>	<b>94.85%</b>	<b>100.00%</b>

**COMPLIANCE SECTION**



**BARROW, PARRIS & DAVENPORT, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**662 SUSSEX STREET**  
**KINSTON, NORTH CAROLINA 28504-8319**

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MEMBERS  
NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS.**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, 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 of Trenton's basic financial statements, and have issued our report thereon dated January 31, 2021.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 20-1 and Finding 20-2 that we consider to be material weaknesses.

***Compliance and Other Matters***

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

**Town of Trenton's Response to Findings**

The Town of Trenton's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Barrow, Parris & Davenport, P.A.*

---

BARROW, PARRIS & DAVENPORT, P.A.  
Kinston, NC

January 31, 2021



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**BARROW, PARRIS & DAVENPORT, P.A.**  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT  
IMPLEMENTATION ACT**

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**Independent Auditor's Report**

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

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

We have audited the compliance of Town of Trenton, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2020. Town of Trenton's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on Town of Trenton's compliance with those requirements.

**Opinion on Each Major State Program**

In our opinion, the Town of Trenton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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

*Barrow, Parris & Davenport, P.A.*  
BARROW, PARRIS & DAVENPORT, P.A.  
Kinston, NC

January 31, 2021

**TOWN OF TRENTON**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

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**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

- |  | <u>YES</u>    | <u>NO</u>     |
|--|---------------|---------------|
| • Material weakness(es) identified   | <u>X</u>      | <u>      </u> |
| • Significant deficiency(s) identified that are not considered to be material weaknesses | <u>      </u> | <u>X</u>      |

Noncompliance material to financial statements noted	<u>      </u>	<u>X</u>
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**State Awards**

Internal control over major State programs:

- |  |               |          |
|--|---------------|----------|
| • Material weakness(es) identified   | <u>      </u> | <u>X</u> |
| • Significant deficiency(s) identified that are not considered to be material weaknesses | <u>      </u> | <u>X</u> |

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

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	<u>      </u>	<u>X</u>
--	---------------	----------

Identification of major State programs:

<b><u>Program Name</u></b>
NC Land & Water Fund

**TOWN OF TRENTON**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

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**II. FINANCIAL STATEMENT FINDINGS**

**Finding: 20-1**

**Material Weakness**

**Criteria:** In an organization such as Town of Trenton with a limited number of personnel for all accounting functions, there are inherent limitations on the effectiveness of certain controls due to a lack of segregation of duties.

**Condition:** The Town has one accounting personnel that performs all functions such as recording transactions, writing checks, making deposits, and preparing bank reconciliations.

**Effect:** Accounting duties cannot be properly segregated, minimizing the benefits of the internal control system and placing additional risks related to potential fraud and abuse.

**Cause:** The Town is very small and does not have a practical need for additional accounting personnel.

**Recommendation:** The Town's board of commissioners should continue to approve all cash disbursements and monitor financial records periodically to minimize the risks related to the lack of segregation of duties.

***Views of Responsible  
Officials and Planned  
Corrective Actions:***

We agree with this finding. The Town's board of commissioners will continue to approve all cash disbursements and monitor financial activities in the future.

**Finding 20-2**

**Material Weakness**

**Criteria:** Accounting personnel should have technical skills in adjusting year-end account balances to record accounts receivables, accounts payable, and other accruals that exist.

**Condition:** The accounting personnel is experienced in recording daily transactions of the Town but has no relevant experience in adjusting account balances for accrual items.

**Effect:** Financial statements could contain material misstatements related to the recording of accounts receivable, accounts payable and other accrual items.

**Cause:** The Town Clerk has not had training in certain accounting areas such as accrual adjustments.



**TOWN OF TRENTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2020

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**Recommendation:** The Town may choose to hire personnel experienced in these areas.

**Views of Responsible  
Officials and Planned  
Corrective Actions:**

We agree with this finding. At this time, the Town is not in a position to provide additional resources for accounting personnel. We will consider these issues in the future.

**IV. STATE AWARD FINDINGS AND QUESTIONED COSTS**

**None**

**TOWN OF TRENTON**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2020

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**FINDING: 19-1 Segregation of Duties**

STATUS: Not corrected. The Town has opted not to address due to inadequate staffing in the financial area. See current year finding 20-1.

**FINDING: 19-2 Financial Accounting and Reporting**

STATUS: Partially corrected. The Town has contracted with an experienced CPA to review and approve the financial statements and journal entries. However, the Town has not addressed the accounting issues related to the recording of accounts receivable, accounts payable, and other accrual items.

**T o w n o f T r e n t o n**  
**Post Office Box 399**  
**Trenton, N.C. 28585**

**SCHEDULE 3**

CORRECTIVE ACTION PLAN  
For The Fiscal Year Ended June 30, 2020

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**FINDING: 20-1**

**Segregation of Duties**

Name of Contact Person: Glenn Spivey, Town Clerk

Corrective Action: The Town has one employee to perform many accounting functions. However, we will continue to examine our internal control procedures and make improvements to the extent possible. A part-time employee has been hired to assist with grants administration and other functions. We hope to address this issue in the future.

Proposed Completion Date: As opportunities become available.

**FINDING: 20-2**

**Financial Accounting and Reporting**

Name of Contact Person: Glenn Spivey, Town Clerk

Corrective Action: The Town has one employee to perform the accounting functions with many years of experience in basic governmental accounting. However, he does not have experience or technical training in the recording of accounts receivable, accounts payable, and other accrual items that may exist. A part-time employee has been hired to assist with grants administration and other functions that may be able to assist in these areas in the future.

Proposed Completion Date: As opportunities become available.

**TOWN OF TRENTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For The Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal	State
			Direct and Pass-Through Expenditures	
<b><u>FEDERAL GRANTS:</u></b>				
<b>Cash Assistance:</b>				
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through the N.C. Department of Public Safety: Disaster Grants - Public Assistance	97.036	4393-DR-NC	\$92,478	\$30,826
<b><u>STATE GRANTS:</u></b>				
<b>Cash Assistance:</b>				
<b><u>NC Department of Commerce</u></b>				
<b><u>Rural Economic Development Division</u></b>				
Downtown Revitalization Grant	N/A			110,000
<b><u>NC Department of Environmental Quality</u></b>				
<b><u>Division of Water Infrastructure</u></b>				
Connect NC Bond "Tax Exempt" Program	N/A	SRP-W-18-0153		136,090
<b><u>NC Department of Natural and Cultural Resources</u></b>				
NC Land & Water Fund	N/A	2004A-511		259,734
<b><u>NC Department of Public Safety</u></b>				
<b><u>Office of Recovery and Resiliency</u></b>				
State Grants to Financially Distressed Local Governments	N/A	NCORR-FDLG-013		44,923
<b><u>North Carolina Department of Transportation</u></b>				
Powell Bill	N/A			5,870
<b>Total State Financial Assistance</b>			<b>\$92,478</b>	<b>\$587,443</b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS:**1. **Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Town of Trenton under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operation of Town of Trenton, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Trenton.

2. **Summary of Significant Accounting Policies**

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

3. **Indirect Cost Rate**

Town of Trenton has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.