

TOWN OF TROY, NORTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

Prepared by:

Finance Department

Cathy Maness
Finance Officer

TOWN OF TROY, NORTH CAROLINA
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MAYOR
SHERRI HARRIS ALLGOOD
MAYOR PRO-TEM
BRUCE HAMILTON
COMMISSIONERS
KAYREN BRANTLEY
ANGELA ELKINS
WALLACE JONES
DAMON PRINCE



TOWN MANAGER
GREG ZEPHIR
TOWN CLERK
CATHY MANESS
ATTORNEY
RUSSELL J. HOLLERS, III

Letter of Transmittal

The Mayor and Board of Commissioners
Town of Troy, North Carolina
December 23, 2020

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Troy for the fiscal year ended June 30, 2020. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of William R. Huneycutt, CPA, PLLC and their report is included in the Financial Section of this report. The report itself, however, is presented by the Town, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Description of the Town

The Town of Troy, established in 1852, is the county seat of Montgomery County, which is the geographical center of the state of North Carolina. The population of Troy is 3,351 with a land area of 4.2 square miles. The Town has the council/manager form of government. The mayor is elected at large and serves two-year terms. The five commissioners are elected at large and serve staggered four-year terms. The Town Board holds policy-making and legislative authority. They are also responsible for adopting the budget and appointing the Town Manager. The manager is responsible for implementing policies and managing daily operations.

The Town provides its citizens with a wide range of services that include public safety, sanitation, water and sewer, cultural and recreational activities, general administration, and others. This report includes all the Town's activities in maintaining these services. The Town also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Montgomery County Public Library, Montgomery County Rescue Squad, Piedmont Triad Council of Governments and the Montgomery County Economic Development Corporation.

Economic Conditions and Outlook

The Town of Troy, like most of the country in 2020 has felt the results of the global COVID-19 pandemic. For most of the 2nd quarter of 2020 many of the businesses were shut down or schedules severely impacted as the result of statewide ordered closings. However, even with these closings or modified operating hours, the businesses were still largely able to operate, yet there were some employment layoffs. While the overall county unemployment rate reached high numbers in the April and May months, by the end of the fiscal year more companies were again hiring or bringing back employees that had been furloughed. The county unemployment rate at the conclusion of the fiscal year was 7.7%, which mirrored the statewide average of 7.5% on June 30th.

The primary industries for the Town of Troy are educational and governmental services, wood products services, textile-related (hosiery and rugs), automotive related manufacturing, and food manufacturing and processing. The Town of Troy over the past year have made gains in employment, significantly reducing the number of jobs lost (nearly 100) due to restructuring at Wright Foods in 2014 and 2015. The company sold in March of 2016, and recently renamed itself the Ameriquel Group. The new company has, over the course of the last year, renovated and restarted their facilities, completed a nearly \$34 million dollar expansion and investment in new product lines, in addition to continuing to add to its workforce, which on June 30th exceeded 100 positions. As opposed to the previous company, Ameriquel has taken its time in their hiring process as far as numbers are concerned. They have worked and continue to work with Montgomery Community College on training programs for their staff to ensure a competent workforce as it relates to technology and maintenance of their operation. The facility, currently in use, has a focus on food processing, beverage processing, and research and design. During the last report to the Town, the Ameriquel Group indicated that they have signed long term production contracts, and the company is in full production mode. Also, it has been reported that the company is negotiating with the Town and county about a further expansion effort, which would commence during the 2nd quarter of 2021.

In addition to this positive news, the Town has continued to see expansion and growth within the lumber products industry that is located in the Town. Troy Lumber over the last year has continued to invest and expand its operations due to increase production. This type of expansion is expected to continue for the remainder of the 2020 calendar year and into the 1st quarter of 2021. The expansion efforts by Troy Lumber has allowed for additional jobs to be created in addition to expanding its tax value, which has by default increased the town's tax base. The millions of dollars in investment during the previous year and in this current year has once again put Troy Lumber at the top of the list as it pertains to largest taxpayers in the Town of Troy. By comparison, in 2010 Troy Lumber was the largest taxpayer by percentage of total taxable assessed value with a 9.14% share of total value. In 2020 Troy Lumber continues to lead in this category, now accounting for 14.61% of total tax value.

While industrial growth is fantastic news, economically speaking, for the Town of Troy, just as important are the number of small business start-ups and expansions that have taken place over the last year, specifically in the downtown area as well as the highway business area along North Carolina 24/27. While these new businesses and expansions will not lead to "large" new job creations, it is a sign that the Town of Troy appears to be turning the corner a little more each year with regards to the local economy. The types of businesses that are opening or expanding are retail and service related. These new openings and expansions, especially in the downtown area, are leading to renovations of several of the buildings and storefronts that, for a long while, were in a state of disrepair. These renovations increase the property values, which in turn will allow for a realized increase in tax value when the new county tax revaluations are complete. Even with the COVID-19 issues the Town was still able to see new businesses opening throughout the Town. From a pure analysis standpoint, an unintended consequence of the COVID-19 pandemic has been the re-emphasizing of shopping local and supporting small businesses.

A review of the occupancy rates and the general availability of commercial, industrial, and housing properties indicate that the outlook for the local economy has stabilized and, in some cases, has even improved. Occupancy rates in each of these areas are high, with few vacant structures. In any specific area of the town the vacancy rates are relatively small, however, if totaled together the percentage of vacant commercial buildings totals less than twenty 20 percent. There continues to be a steady level number in inquiries and discussions regarding business relocation to Troy in addition to business expansion by existing businesses. Since March of 2020 the Town has also received numerous inquiries about available tracts of land for housing development. Along with job creation, the

availability of new housing would entice more individuals to relocated to a small town such as Troy, especially due to the COVID-19 outbreak where more urban residents are looking for more rural living opportunities.

The Town of Troy has several industries that comprise a large share of the assessed property tax value and are the largest taxpayers. Troy Lumber is the largest taxpayer accounting for over 14.61% of the Town's total tax value. The remaining top 5 taxpayers are as follows: 2. Ameriquel Aseptia (formerly the Wright Foods Group) with 5.95% of the value; 3. First Health/Montgomery Memorial Hospital with 2.21% of the value; 4. First Bank at 2.18% of the value; 5. Capel, Inc. with 1.68% of the value. In addition to the previously mentioned companies, the Town is also fortunate to have other large businesses and industries that add to the Town's total tax base, including Sorinela, LLC/Food Lion accounting for 1.46% of total tax valuation, Auria Troy LLC with 1.45% of the total tax value, and Uwharrie Lumber that accounts for 1.29% of total tax valuation. The total sum of tax valuation for the Town of Troy as it pertains to the wood products industry stands at 15.90%. While Troy is certainly fortunate to have such excellent corporate citizens, efforts to diversify and broaden the tax base will continue. Over-reliance on a few large taxpayers or only a particular type of industry is often viewed as a financial weakness and could leave the Town's economy vulnerable to economic fluctuations. However, with that being stated, the Town will continue to work with this industry, along with the other industries and businesses in Town as it relates to expansion. The Town will continue to work to attract a diversified industry base, but will continue to support expansion, especially if it leads to increase investment and job opportunities for its citizens. As a note for the upcoming tax year staff is reporting that there will not be a change in positions as it pertains to the order of the top two (2) taxpayers. However, it is anticipated, due to the renovations and additions at Troy Lumber Company, that they will increase their share of the total value of assessed property values (which currently stands at \$35.6 million). Ameriquel Aseptia (formerly the Wright Foods Group) is anticipated to maintain its second position, with an assessed valuation of \$14.3 million, however, it is expected that the assessed valuation of Wright Foods is expected to grow due to the completing of their expansion projects. Also, a factor in this is the fact that the county just completed its revaluation process. This is the most recent revaluation over the last eight (8) years. Conservative estimates have the valuation of property increasing by approximately ten (10%).

Major Initiatives

During the past 2019-2020 fiscal year, the Town of Troy was involved in a number of major projects, some of which were completed and some that will not be completed until future years. Highlights of these projects are discussed in the following paragraphs.

The basic intent of the Town of Troy Board, management, and staff for this past year (as well as both prior and successive years) has been to work towards an improvement of service to our citizens and our community through a variety of means, without increasing costs to our taxpayers. To this end, the Town has sought to improve equipment, personnel, facilities and infrastructure, while at the same time not having to raise the tax rate in nearly forty (40) years (although the Town does allow for the natural increases due to revaluation). The Town has utilized a variety of means and methods to achieve these goals. Some of these means and methods include liquidating properties that the Town no longer needed, negotiating up-front payments on long term property leases, taking advantage of historically low interest rates in terms of financing, and leveraging Town funds with grant funding, all of which has allowed the Town to enhance the Town's facilities with new construction or renovation. Adding to this, the Town has been able to improve its ability to provide services with necessary equipment that has been obtained via lease-purchasing of equipment. These actions, along with the creation of partnerships, with Montgomery County, Montgomery County Partnership for Children, Montgomery Community College, Handy Sanitary District, local businesses and civic minded citizens (just to name a few), have allowed the Town to maintain its ability to serve its citizens and visitors without the burden of an increased tax rate.

The Town has consistently sought the best and "least-cost" methods of providing services, which in several cases have resulted in the use of privatization. The Town of Troy continues to contract out its solid waste services through Republic Services. Contracting out this service has allowed the Town to ensure that this service is provided without the unknown financial questions, such as capital cost for repairs or new equipment. In past years, the Town had contracted its sludge handling and land application program, as it pertains to the waste at the Town's wastewater treatment plant, with Synagro, Inc. After conducting a financial analysis, this arrangement was proving to be too costly to the Town. With the availability of land for land application being decreased the Town found

itself in a position of needing to look for other alternatives. Seven (7) years ago the Town procured a mobile centrifuge system via funding through the United States Department of Agriculture. This decision has enabled the Town to bring this service in house, creating a more cost efficient and effective way of treating the Town's sludge. While the move to a centrifuge system provided a better way of treating the Town's sludge it also provided a saving mechanism for the Town. By treating the sludge in house, the Town was able to save money by not having to appropriate funding for costly permits and land rental fees, which were costs associated with the previous way the Town treated its sludge. While this device has added treatment efficiency and cost effectiveness for the Town, it did add approximately \$300,000 of new debt to the Town's wastewater budget over 10 years. The Town still has four (4) years remaining on this debt service and continues to have annual costs with regards to materials needed to treat the sludge. However, compared to the annual cost exceeding \$45,000 per year to contract this service out and due to the fact that this piece of equipment has a twenty (20) year working lifespan the Town has and will continue to realize an actualized savings for many years.

In addition to the above changes in how the Town handles some of its costlier operations, the Town has continued with its long-term agreements with Handy Sanitary District to serve as the treatment facility for the district's sewer users. This agreement has brought in additional revenue in the Water and Sewer Fund. While the Handy agreement has certainly provided a much needed and consistent revenue stream, the Town has received increased revenue from one its industries, Ameriquel Aseptic (formerly Wright Foods). In past years issues surrounding then Wright Foods had created some stress on the Town's water and sewer revenue sources. Prior to those issues the company had been the Town's largest water and sewer user, accounting for nearly thirteen (13) percent of the Town's total water and sewer revenues. The company, a few years back, began having financial problems, and severely cut their consumption. Even during this period of uncertainty with Wright Foods the company continued to use large amounts of water and sewer, however, nowhere near to the degree that it has been at full capacity. While the past may have been a financial struggle for the company there is an optimistic side of this analysis. Since acquiring Wright Foods nearly three (3) years ago Ameriquel Aseptic has continued to increase its water and sewer use, making it the Town's largest utility user. The investments that Ameriquel Aseptic has and continues to make will only yield positive benefits to the Town from an overall standpoint.

As a result of these investments the end result of the expansion project will yield three (3) positive impacts on the Town of Troy. The first impact to the town is the creation of new jobs. The company, through an announcement from the governor's office, has committed to creating 76 new jobs. These new jobs will replace the bulk of the jobs lost when Wright Foods was forced to reduce operations approximately five (5) years ago. It is expected that once the training of these positions is complete, that the average wage should equal approximately \$20 an hour to nearly \$30 per hour based on the job.

The second impact to the Town of Troy, as a result of the Ameriquel expansion project, will be the anticipated increase in water and sewer revenues. These anticipated increases in the enterprise fund comes at a pivotal time for the Town of Troy in as much as one of the Town's largest water users, the state prison facility, has announced that it is converting from an all-female facility to an all-male facility. This conversion has shown a significant reduction in water and sewer revenues, however, has shown an increase in population. The increase water and sewer revenues due to the industrial expansion should more than offset the losses at the state facility. Staff will continue to monitor the revenues generated in the enterprise fund so as to be able to fully advise the governing board in any adjustments to the Town's enterprise fund rate structure need to be implemented.

Lastly, the third impact of the industrial expansion is affording the Town of Troy an opportunity to receive grant funding to replace and upsize the central force main and pump station on the western side of the Town. The Town has been awarded a grant of \$1.19 million dollars to complete these upgrade and replacement projects, which is expected to total \$1.4 million. The Town, for its part, will have to finance the remaining balance of the project (estimated to be approximately \$280,000), which is a small portion of the overall project cost. This grant funding was made available by the Industrial Development Fund and was granted in partnership with Ameriquel Aseptic for the commitment to job creation. The replacing and upsizing of these two critical pieces of infrastructure will allow for Ameriquel Aseptic to continue to expand their production capacities, but also allow the Town to be better prepared for new development on the western side of the Town. While the Town will have to add to their debt to cover the costs of the \$280,000 it is expected that the new revenue generated by Ameriquel Aseptic will not only take care of any lost revenue from the state facility, but also be sufficient enough to cover the debt service

payments. While this is great news for the Town's utility system, the Town's governing board and staff have learned from previous years not to be dependent on any one entity. In order to be more financially minded and stable, the Town analyzes costs and revenues and appropriately adjusts rates on an annual basis. At a minimum the Town increases its rates by the annual CPI. While staff may propose rate increases to keep up with increase costs on the operation of the enterprise fund, it is expected that these increases would not be needed to cover the debt service costs of this particular replacement and upsizing project, as it relates to Ameriquel Aseptic.

Traditionally, the Town has utilized its own cash reserves and low-interest loans to ensure that each department has the necessary tools and equipment to perform as many services as we can for the Town's citizens. The Town continues to use cash to renovate its facilities to ensure the structures are in the proper condition in order to be utilized. It is the Town's governing board's desire to not only maintain the amenities and offerings that the Town provides to its citizens, but when able to also expand those services. With that being said, the board has also given direction to staff that any improvement or additions in services must fit within the town's budget and, when possible, without any increases to the Town's citizens. Staff will continue to monitor this position so as to provide the governing body with the best possible proposals and best management practices.

The Town has utilized several types of grant funding, agency partnerships, and its own funding derived from tax revenue to effectively carry out its programs and provision of services on a wide basis. These quality of life services that the Town provides include the following. The Troy/Montgomery Senior Center, a state certified Center of Excellence, continually and successfully utilizes grant funding to continue its informational, educational, and health promotion activities. In addition to the outreach and health promotion activities for older adults through the Senior Center, the Town offers a wide variety of recreational opportunities for its citizens and visitors through multiple baseball and softball fields, basketball courts, tennis courts, pickleball courts, disc golf, several walking trails of varying difficulty, playgrounds, a Town run golf course, and a community pool that runs various programs such as swimming lessons and water aerobics. From a natural aspect The Denson Creek/Roy Maness Nature Preserve includes a series of trails through several miles of property purchased through the former Clean Water Management Trust Fund. Improvements have been made to the trail system, including preservation of approximately 17 linear miles of high-quality water streams, through grants from the Department of Natural and Environment Resources and the North Carolina Clean Water Management Trust Fund. The total acreage protected and available, thus far, for use as greenways is approximately 900 acres. The Town continues to maintain its commitment to insuring to its citizens and visitors as many opportunities and amenities that are financially viable, while at the same time protecting the area for future generations to use.

Recreational opportunities and the preservation of natural resources provide the quality of life benefit that encourages people to not only visit the Town, but want to be part of the community. Another factor that enhances quality of life is that of sustainable economic development. Over the last several years the Town has put a renewed focus on the stabilization of not only the downtown district, but the stabilization of all existing business in addition to the recruitment of new private industry and investment. Through efforts and funding provided by the Town's elected officials the Town has created its own economic development committee with its primary objectives being to provide support to existing business and assisting them with their endeavors to expand and create new job opportunities as well as recruiting new diverse industry, especially support industries that have a direct connection with existing industrial and commercial development. Private investors have begun to renovate older buildings and the Town, as a partner, has assisted with the provisions of façade grants and renovation and tax incentives to help spur on these renovations and expansions. The Town's efforts are largely seen as productive in that the Town continues to see reinvestment in older buildings and new businesses being created on a yearly basis. These businesses that have been created or expanded also bring the types of diversity, industrial, commercial, and service oriented businesses, that the Town has been trying to achieve.

In sum, the Town has not only successfully continued to stay the course especially in such a trying year due to the global pandemic, but in some cases have been able to increase its investments and offerings in an effort to improve each area of its operations and address its varying needs for the future.

Department (Town wide project) Focus

Each year in the transmittal letter to this report, the Town typically highlights a single Town department for that year. The latter half of the 2019-2020 fiscal year was chaos for everyone as a result of the COVID-19 pandemic. The Town of Troy, like any other municipality, felt its effects. This year, due to being fiscally conservative as a result of the unknowns pertaining to the pandemic, the Town focused on modest Town wide improvements that affected the overall Town in a positive way.

During the past year the Town has completed the final two (2) phases of a water and sewer replacement project via funding from the Department of Water Quality Resources. Through this funding the Town was able to replace and or rehabilitate nearly 1,700 linear feet of existing sewer lines and approximately 1,600 linear feet of existing water lines, along with the replacement of manholes and the repaving of several streets.

During these phases, water and sewer infrastructure, along with road infrastructure, were rehabilitated and or replaced with the same end results expected as described in the Phase 1 project that was completed the previous year. The project area for this particular project involved the community located near the Barnhill Street, Williams Street, and the South Russell Street areas. While this project has been 100% completed, final closeout between the Town of Troy and the state will take place in the next fiscal year. The costs for this phase of the town's water and sewer rehabilitation and replacement were nearly \$800,000.

A second project that the Town has continually been working on over the last couple of years deals with essential services has received approval from the state and should be authorized to construct in fiscal year 2020-2021 is a new sidewalk project. The Town was awarded federal transportation dollars to construct new and renovate and enhance existing sidewalks along the South Main street area all the way north to Okeewemee Road. This project is expected to cost more than \$1.1 million, of which the federal government is funding 80% of the project, with the North Carolina Department of Transportation funding the remaining portion. The benefit of this project is that it will allow the opportunity to connect the Town, south to north, via safe pedestrian sidewalks, thereby creating an enhance quality of life amenity for the Town's citizens who walk and bike. In conjunction with the sidewalk project, and at the request of the Town board, the Town has been working with Duke Progress Energy to expand its decorative light pole program along South Main Street. At the request of the board in early 2018, staff has been working with Duke Progress on designs and costs to expand the decorative light program down along South Main Street, which when coupled with the use of LED lighting, will provide enhanced lighting along this corridor and tie in with the existing lighting that is placed in the downtown section of Town. The Town board, continuing on its tradition and desire to increase and enhance quality of life and infrastructure for all of the Town's citizens when the opportunity presents itself, fully endorses this project.

The third area that the Town improved and invested in this past year pertained to aesthetics and beautification. The Town, in an effort to improve its appearance throughout the main thoroughfares and at the same time address a problem of storm drains being clogged purchased a brand-new street sweeper. This investment by the town totaled nearly \$150,000, however, the benefits far outweighed the price. The Town has a heavy concentration of timber related businesses. While this is great for the overall economy, the debris from these businesses, specifically transportation businesses, does create an aesthetics problem and storm drain problems. The new piece of equipment that the Town invested in allows for the public works crews to go around all the areas that are served with curb and guttering and remove the debris, thereby enhancing the Town's appearance as well as keeping the debris out of the storm drains.

In addition to the aforementioned equipment investment, the Town also invested in its holiday decorations for the entire Town. For nearly twenty years the Town has had holiday decorations that have been worn out and were inconsistent throughout the Town. The Town board, over the years, began planning for the replacement of these decorations by adequately putting funds aside in order to purchase new decorations. The Town, after selling the older pole decorations, took advantage of reduced pricing and purchased new decorations that are uniformed and placed throughout the Town. The new decorations were installed with LED lighting, meaning that the life span and energy efficiency of the decorations would serve the Town well for many years to come.

The highlighting of these three (3) projects mentioned, is not meant to show what the governing body has invested in over the past year, rather to emphasize its commitment to all aspects of the Town, specifically the providing sustainable infrastructure, an enjoyable downtown district that is a place for citizen congregation and commerce, and the availability of safe and accessible sidewalks, all of which assist in insuring the highest quality of life for its citizens with the least amount of financial burden placed on them. This analysis also highlights the board's ability to supplement funding for these projects through a variety of funding mechanisms, instead of overtaxing the Town's citizens. Another aspect of these highlights shows that even during unusual and unexpected times that 2020 represented, the Town board was still able to make positive improvements to the Town, while remaining financially conservative, which in turn illustrates the Town's understanding of its fiduciary responsibility to its citizens. The elected board's continued support and commitment to not only the successful implementation of projects such as the ones noted, but all of the Town's departments and the means to fund these services is evident by their previous and current actions.

Financial Information

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For the Town of Troy, annual budgets are adopted for the General Fund, Capital Project Fund (Capital Reserve) and Enterprise Fund (Water & Sewer). Appropriations in the General Fund, Capital Project Fund (Capital Reserve) and Enterprise Fund are made at the departmental level. However, budgetary control is maintained by object class (line item account) for internal accounting purposes.

In accordance with state law, the Town's budget is prepared on the modified accrual basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental fund types are reported on the modified accrual basis in the financial statements. The Town's Enterprise Fund (Water & Sewer Fund) is reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and the expenses are recorded when incurred.

Town management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the Town's audit (discussed in more detail in a later paragraph), the independent auditor performed a review of the Town's internal control structure.

The following paragraphs analyze the Town's major financial activities.

Property taxes provide one of the Town's primary sources of revenue. The tax rate has remained constant for the past twenty plus years. The current year's tax collection rate excluding registered motor vehicles rose to 97.46%. The current year's tax collection rate on the total levy is 97.66%, a slight decrease of 0.06% under last year's total collections. The Town is working to keep the collection percent as high as possible. The Town's current tax rate of \$.46 per \$100.00 is well below the state's legal limit of \$1.50.

Intergovernmental revenues remain a large revenue source totaling \$1,440,839. Town management will continue to look into expanding local revenue sources in future years to decrease reliance on intergovernmental revenues.

Enterprise Operations--Operating revenues for the Water & Sewer Fund totaled \$1,744,199 an increase over the prior year's revenue of \$1,647,418. We regularly monitor revenues and expenditures to ensure that the fund continues to operate as efficiently and soundly as possible. The Town of Troy does not subsidize the water and sewer operations through transfers from the General Fund.

Debt Administration--The Town of Troy's outstanding general obligation bonded debt amounted to \$98,000, all of which is serviced out of the Water & Sewer Fund. The Town entered into an installment loan with USDA in April, 2014 to finance the purchase of a Centrifuge for the Wastewater Treatment Plant. In January 2004, the Town entered into an installment loan agreement in amount of \$338,300 with the USDA for the construction of the Town Hall. In February 2007, the Town entered into two installments loan agreements totaling \$315,600 with USDA for the construction of the Public Works building. The new Police Department and renovation of a portion of the old Police Department for a conference room for the Fire Department was completed in January 2009 and the final phase of the Capital Facilities Project was completed. The Town entered into five installment loan agreements for the Police and Fire Departments in February, 2009 totaling \$317,700. In June, 2018 the Town entered a direct placement installment loan agreement with USDA for the purchase of water meters. The Town entered a direct borrowing installment loan agreement with Ford Motor Credit Company for the purchase of vehicles for the Police Department in January, 2019. In August, 2019 the Town entered into a direct borrowing installment loan agreement with First Bank for the purchase of a street sweeper. In October, 2019, the Town entered into a direct borrowing installment loan agreement with Ford Motor Credit Company for the purchase of a dump truck for the street department.

Financial Policies--Except for funds collected through the Debt Setoff Program, (which are deposited into the North Carolina Cash Management Trust), one hundred percent of the Town's investments was placed in insured or collateralized depository accounts in institutions located within Montgomery County. This is in accordance with the policy of the Town Board to keep its funds locally deposited. Total investment earnings for the year were \$2,340 equivalent to a return of .11% percent on the average amount of cash on deposit during the year. Interest rates have remained low again this year due to the economy and we are constantly monitoring this to make certain we are getting the best rates while maintaining safe investments for the Town. In an effort to keep a close watch on all expenditures, the Town's administrative policy requires purchase orders for all purchases in excess of \$1,000. This policy allows the Town manager and finance department to closely monitor expenses to ensure compliance with the budget.

Other Information

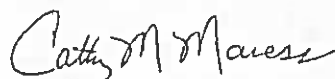
Troy is required by state law (G.S. 159.34) to have an annual independent financial audit. A compliance audit on federal and state financial assistance programs is also required under the OMB Circular A-133 and the State Single Audit Implementation Act if enough federal and State awards are received, used, or expended. The Town's auditor, William R. Huneycutt, CPA, PLLC was selected through a formal request for proposal process. The auditor's report on the Town's basic financial statements is included in the Financial Section of this report.

Preparation of this report would not have been possible without the dedicated efforts of our Finance Department and our auditor, Steve Hackett with William R. Huneycutt, CPA, PLLC. We would especially like to thank the members of the Troy Board of Commissioners for their continued support throughout the past year.

Respectively submitted,



Karl Gregory Zephir, Jr.
Town Manager



Cathy M. Maness
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Troy
North Carolina**

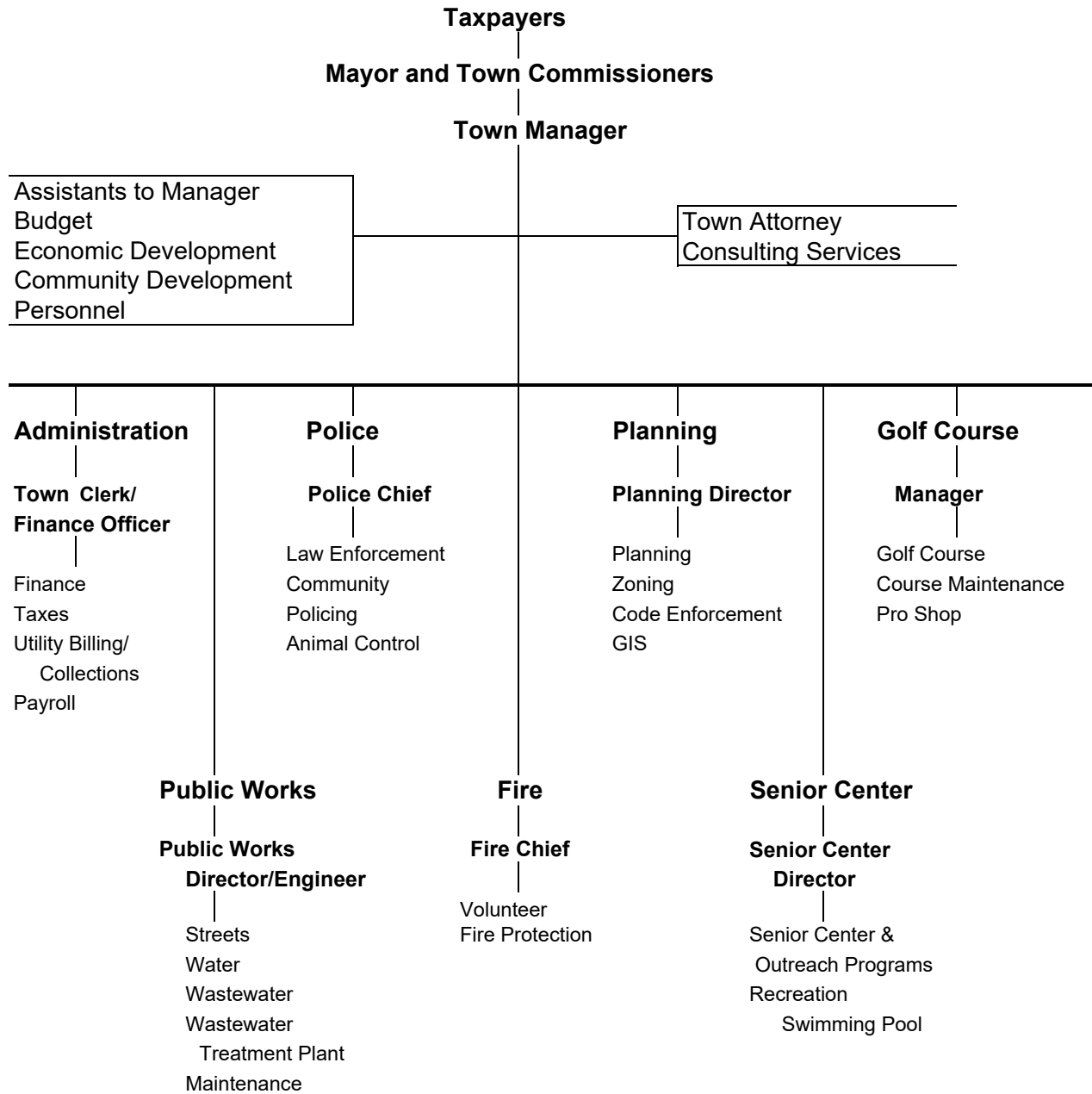
**For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended**

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**Town of Troy
Organizational Chart**



TOWN OF TROY
List of Principal Officials
June 30, 2020

Troy Town Board: Sherri Allgood, Mayor

Bruce Hamilton, Mayor Protem

Commissioners: Kayren Brantley

Angela A. Elkins

Wallace Jones

Damon Prince

Town Officials: Town Manager K. Gregory Zephir, Jr.

Town Clerk/
Finance Officer Cathy M. Maness

Town Planner/
Main Street Director Jennifer Bryant

Chief of Police James Atkins

Fire Chief Joe Huntley, Jr.

Public Works Director Benny Dennis

Senior Center Director Theresa Thomas

Town Attorney Russell J. Hollers, III
P.O. Box 567
Troy, N.C. 27371

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FINANCIAL SECTION



WILLIAM R. HUNEYCUTT

CERTIFIED PUBLIC ACCOUNTANT PLLC

216 West North Street
Albemarle, NC 28001
Phone: (704) 983-5012
Fax: (704) 983-5109

379 South Cox Street
Asheboro, NC 27203
Phone: (336) 626-9970
Fax: (336) 626-5981

INDEPENDENT AUDITOR'S REPORT

The Mayor and the Board
of Commissioners
Town of Troy
Troy, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Town of Troy, 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 Troy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Town of Troy, North Carolina's 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

The Mayor and the Board
of Commissioners
Town of Troy
Troy, North Carolina
Page Two

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Troy, North Carolina, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, 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 and the Law Enforcement Officers' Special Separation Allowance's Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-employee Payroll and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Troy, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

The Mayor and the Board
of Commissioners
Town of Troy
Troy, North Carolina
Page Three

In my opinion, based on my audit, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory information and the statistical tables have not been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, accordingly, I express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated December 23, 2020, on my consideration of the Town of Troy's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Troy's internal control over financial reporting and compliance.

December 23, 2020

A handwritten signature in black ink that reads "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

Management's Discussion and Analysis

As management of the Town of Troy, we offer readers of the Town of Troy's financial statements this narrative overview and analysis of the financial activities of the Town of Troy for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

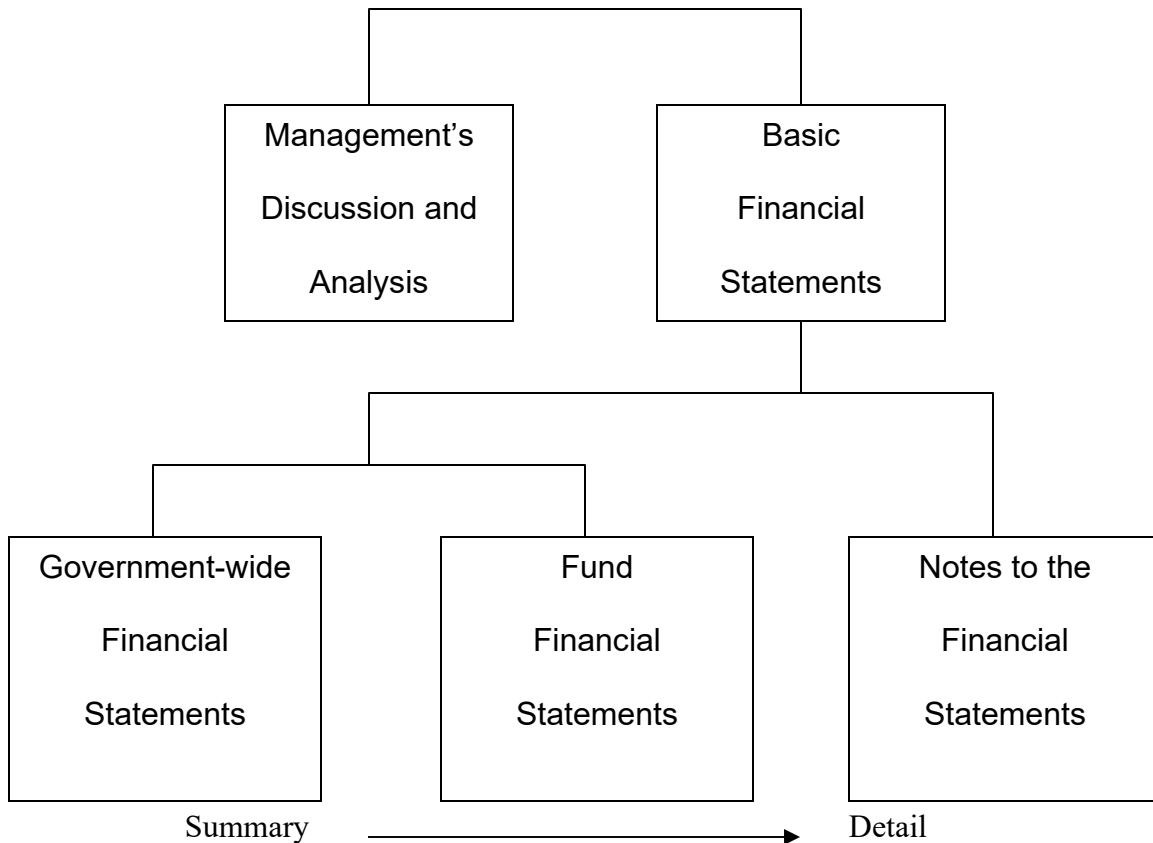
- The assets and deferred outflows of resources of the Town of Troy exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,442,491 (*net position*).
- The government's total net position increased by \$230,682.
- As of the close of the current fiscal year, the Town of Troy's governmental funds reported combined ending fund balances of \$2,235,838 with a net change of \$62,381 in fund balance. Approximately 61 percent of this total amount, or \$1,362,483, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$442,773 or 13.88 percent of total general fund expenditures and transfers out for the fiscal year.
- The Town of Troy's total debt increased by \$43,256 (2.59%) during the current fiscal year mainly due to the lease purchase of a street sweeper.

Overview of the Financial Statements

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

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 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer offered by the Town of Troy. The final category is the component unit. Although legally separate from the Town, the Troy Neighborhood Redevelopment Corporation Board is important to the Town. The Town exercises control over the Board by requiring one board member to be the Town manager.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Troy, 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 Troy 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.

Management Discussion and Analysis

Town of Troy

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

Proprietary Funds – Town of Troy 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 Troy uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Troy's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

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

**Government-Wide Financial Analysis
Town of Troy's Net Position**

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,565,950	\$ 2,604,020	\$ 1,458,572	\$ 1,692,080	\$ 4,024,522	\$ 4,296,100
Capital assets	6,096,272	6,013,138	7,584,052	7,102,552	13,680,324	13,115,690
Total assets	8,662,222	8,617,158	9,042,624	8,794,632	17,704,846	17,411,790
Deferred Outflows of Resources	321,541	355,297	85,790	100,866	407,331	456,163
Long-term liabilities outstanding	1,725,658	1,559,940	784,700	847,265	2,510,358	2,407,205
Other liabilities	281,447	354,954	840,542	856,618	1,121,989	1,211,572
Total liabilities	2,007,105	1,914,894	1,625,242	1,703,883	3,632,347	3,618,777
Deferred inflows of resources	23,144	25,144	14,195	12,223	37,339	37,367
Net position:						
Net investment in capital assets	5,087,241	5,125,197	6,882,155	6,322,819	11,969,396	11,448,016
Restricted	1,672,778	1,687,972	22,527	18,874	1,695,305	1,706,846
Unrestricted	193,495	219,248	584,295	837,699	777,790	1,056,947
Total net position	\$ 6,953,514	\$ 7,032,417	\$ 7,488,977	\$ 7,179,392	\$ 14,442,491	\$ 14,211,809

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Troy exceeded liabilities and deferred inflows by \$14,442,491 as of June 30, 2020. The Town's net position increased by \$230,682 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). The Town of Troy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Troy'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 Troy's net position, \$1,695,305, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$777,790 is unrestricted.

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

- Continued low cost of debt due to the Town's high bond rating.
- An increase in tax collection and an increase in intergovernmental revenue.

Town of Troy's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 266,779	\$ 254,168	\$ 1,744,199	\$ 1,647,418	\$ 2,010,978	\$ 1,901,586
Operating grants and contributions	288,716	376,708	-	-	288,716	376,708
Capital grants and contributions	-	425,876	630,411	1,089,192	630,411	1,515,068
General revenues:						
Property taxes	1,048,685	1,212,406	-	-	1,048,685	1,212,406
Other taxes	1,205,684	1,198,746	-	-	1,205,684	1,198,746
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	169,879	208,533	727	810	170,606	209,343
Total revenues	<u>2,979,743</u>	<u>3,676,437</u>	<u>2,375,337</u>	<u>2,737,420</u>	<u>5,355,080</u>	<u>6,413,857</u>
Expenses:						
General government	816,629	799,809	-	-	816,629	799,809
Public safety	1,024,005	1,001,326	-	-	1,024,005	1,001,326
Transportation	480,663	410,784	-	-	480,663	410,784
Environmental protection	-	-	-	-	-	-
Economic and physical development	105,495	82,093	-	-	105,495	82,093
Cultural and recreation	710,459	707,165	-	-	710,459	707,165
Interest on long-term debt	45,598	39,515	-	-	45,598	39,515
Water and sewer	-	-	1,941,549	1,796,607	1,941,549	1,796,607
Total expenses	<u>3,182,849</u>	<u>3,040,692</u>	<u>1,941,549</u>	<u>1,796,607</u>	<u>5,124,398</u>	<u>4,837,299</u>
Change in net position before transfers	(203,106)	635,745	433,788	940,813	230,682	1,576,558
Transfers	124,203	-	(124,203)	-	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Change in net position	<u>(78,903)</u>	<u>635,745</u>	<u>309,585</u>	<u>940,813</u>	<u>230,682</u>	<u>1,576,558</u>
Net position, July 1	7,032,417	6,396,672	7,179,392	6,238,579	14,211,809	12,635,251
Restatement	-	-	-	-	-	-
Net Position, July 1 restated	<u>7,032,417</u>	<u>6,396,672</u>	<u>7,179,392</u>	<u>6,238,579</u>	<u>14,211,809</u>	<u>12,635,251</u>
Net position, June 30	<u>\$ 6,953,514</u>	<u>\$ 7,032,417</u>	<u>\$ 7,488,977</u>	<u>\$ 7,179,392</u>	<u>\$ 14,442,491</u>	<u>\$ 14,211,809</u>

Governmental activities. Governmental activities decreased the Town's net position by \$78,903, thereby accounting for 0% of the increase in the net position of the Town of Troy over the previous year. Key elements of this decrease are as follows:

- The Town entered a lease purchase of a street sweeper for public works department.
- The Town began work on a land-use plan.

Business-type activities. Business-type activities increased the Town of Troy's net position by \$309,585. Key elements of this increase are as follows:

- The Town recognized an increase in net position of \$309,585 in the Proprietary Funds, primarily due to the increase in production (and subsequent increase in water use) of one of our industries. The Town also continues to work on cutting costs in the water and sewer funds.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Troy. At the end of the current fiscal year, Town of Troy's fund balance available in the General Fund was \$442,773 while total fund balance reached \$1,804,640. The Governing Body of the Town of Troy has determined that the Town should maintain an available fund balance of greater than the state requirement of 8% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 40.67% of General Fund expenditures, while total fund balance represents 56.59% of the same amount. As stated previously, there are several key points that have helped to maintain the fund balance, including increased tax collection, increase in sales tax collections due to a change in the State's distribution of sales tax and continued oversight of expenditures.

The CDBG Project Fund is a grant fund maintained by the Town. All funds in the CDBG Project Fund were restricted for the grant project. This grant project is ongoing, and the funds are to replace old water and sewer lines in several neighborhoods

The Capital Reserve Fund – Fund balance increased to \$321,728 on June 30, 2020, a slight increase over last year. This increase was due to an annual transfer of funds budgeted in the Fire Department to the Fire Truck Capital Reserve. The Capital Reserve Funds are set aside for specific needs to be addressed in future years.

The remainder of Governmental Funds includes non-major funds with fund balances totaling \$109,470.

At June 30, 2020, the governmental funds of Town of Troy reported a combined fund balance of \$2,235,838 with a net increase in fund balance of \$62,381. Included in this change in fund balance are changes in fund balance in both the General and Capital Projects Funds.

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

Revenues increased in Ad valorem taxes due to an increase in property values due to major equipment purchases for a local industry. The collection rate for 2020 taxes increased to 97.66% of billed 2019 Ad Valorem Taxes. Other revenues came in at or above budget. Expenditures were held in check to

Management Discussion and Analysis

Town of Troy

comply with its budgetary requirements with the exception of unexpected needs that were approved by the Board and the budget was amended to cover those.

General Fund Budget amendments were made as follows: \$10,000-Planning Dept. for a Main Street contribution for events; \$56,491-Senior Center for SC Grants; \$31,000-Essential Services for Lease Purchase of Equipment; \$35,000-Recreation for additional restroom facilities and park improvements; \$28,000-Fire Department for fire equipment; \$94,454-Governing Body for Land Use Plan and pass thru funds- ASU Tournament, Christmas Dinner; and \$54,000 Capital Expenditures for dump truck for Public Works and small equipment.

Proprietary Funds. The Town of Troy has one proprietary fund, the Water and Sewer Fund and provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$584,295, a decrease of \$253,404 from last fiscal year. The total change in net position for the Water and Sewer was \$309,585. The change in net position in the Water and Sewer Fund is a result of the installation of new, radio read meters – system-wide that were installed near the end of the previous year. The new meters are more accurate allowing for increased revenue.

Capital Asset and Debt Administration

Capital assets. The Town of Troy's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$17,704,846 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of new fire equipment for the Fire Department at a cost of \$28,000
- Park improvements – Restrooms, parking etc. \$35,000.00
- Purchase of equipment – Public Works-Dump Truck - \$60,000

Management Discussion and Analysis
Town of Troy

**Town of Troy's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,978,903	\$ 1,978,903	\$ 631,356	\$ 631,356	\$ 2,610,259	\$ 2,610,259
Buildings and system	1,980,352	2,030,983	4,084,901	4,269,266	6,065,253	6,300,249
Improvements other than buildings	1,389,693	1,435,766	-	-	1,389,693	1,435,766
Equipment and furniture	255,993	144,865	618,467	687,009	874,460	831,874
Infrastructure	78,237	83,825	-	-	78,237	83,825
Vehicles and motorized equipment	293,127	231,527	13,381	18,712	306,508	250,239
Computer equipment	16,315	14,993	-	-	16,315	14,993
Construction in progress	103,652	92,576	2,235,947	1,496,277	2,339,599	1,588,853
Total	\$ 6,096,272	\$ 6,013,438	\$ 7,584,052	\$ 7,102,620	\$ 13,680,324	\$ 13,116,058

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, the Town of Troy had total bonded debt outstanding of \$98,000. All of this debt is backed by the full faith and credit of the Town; however, it is paid for entirely in the Proprietary Fund.

**General Obligation and Revenue Bonds
Figure 5**

Town of Troy
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ -	\$ -	\$ 98,000	\$ 137,000	\$ 98,000	\$ 137,000
Total	\$ -	\$ -	\$ 98,000	\$ 137,000	\$ 98,000	\$ 137,000

Management Discussion and Analysis

Town of Troy

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Borrowings and Placements:						
Installment Purchases	\$ 1,009,028	\$ 885,497	\$ 603,965	\$ 642,800	\$ 1,611,993	\$ 1,530,737
General Obligation Bonds	--	--	98,000	137,000	98,000	137,000
Net Pension Liability (LGERS)	437,197	411,552	147,491	129,579	584,688	541,131
Total Pension Liability (LEO)	303,599	262,826	--	--	303,599	262,826
Compensated Absences	102,487	105,942	31,655	31,003	133,490	136,945
Total	\$ 1,852,311	\$ 1,668,257	\$ 881,111	\$ 940,382	\$ 2,731,770	\$ 2,608,639

Town of Troy's Outstanding Debt

The Town of Troy's total debt increased by \$42,256 (2.5%) during the past fiscal year due to new installment agreements for street department equipment.

As mentioned in the financial highlights section of this document, the Town of Troy maintained for the 17th consecutive year, its Aaa bond rating from Moody's Investor Service and AAA rating from Standard and Poor's Corporation and Fitch Ratings. This bond rating is a clear indication of the sound financial condition of Town of Troy. The Town of Troy is one of the few municipalities in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Troy is \$16,806,234. The Town has no bonds authorized but unissued at June 30, 2020.

Additional information regarding the Town of Troy's long-term debt can be found in Note III.B.7 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Unemployment. As of June 30, 2020, the Town of Troy unemployment rate of 7.7% is about the same as the State average of 7.5%. This rate is a result of the COVID 19 Pandemic. Since March of 2020 the majority of businesses have had closure mandates, which led to employees being furloughed in most cases. These mandated closures were by order of the governor. Thankfully, the Town/County/State has seen these rates improve considerably during the fall.
- Occupancy rates on office and retail space. The Town's occupancy rates are about 82% for the year, which is a slight increase over the previous year due to two (2) businesses opening or relocating.
- Through efforts of the Town's Economic Development Committee, the town's funding of façade grants, funding approved for economic development and marketing, and the Town's designation

as being a Main Street Community the town has helped to foster additional small businesses, creating employment and filling empty spaces, while also assisting existing businesses with expansion efforts. This will continue to be an ongoing effort for the foreseeable future.

- Expected investment and expansion of industries, namely Ameriquel Aseptia and Troy Lumber, within the town will continue to bolster, if not increase, the Town's total tax base.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property Tax collections have increased 1.45% over last year due to industry improvements and personal property including vehicles. Franchise Tax and Telecommunications Tax decreased 3.45%. Sales taxes increased 1.18%. The Town's revenue for the new budget increased 9.91% overall and we will watch the revenues to make sure there are no issues. While the Town maintained its tax rate of .46 cents per \$100 value, the County has just completed its revaluation of property, which saw the Town's property values increase on average 10%.

Budgeted expenditures in the General Fund are expected to increase approximately 9.91% to \$3,450,411. The largest, continuing, increments are in employee costs, including funding compensation and benefits adjustments. Capital expenditures have increased in the approved budget for 2020/2021 due to the approval of purchases, to be paid in cash, for two (2) new public works vehicles. The most significant increase in the 2020/2021 fiscal year budget is a result of a capital expenditure and funding of a large-scale repaving project, amounting to nearly \$350,000. As a result of these capital expenditures being approved, which are one (1) time expenditures, the overall budget increased, which in turn makes the available and unrestricted fund balance appear to have decreased. However, comparing the available and unrestricted fund balance to the overall operating expenditures for fiscal year 2020/2021 the fund balance for the town actually increased by a little more than 1%.

Business-type Activities: Water revenue increased by 5.88% overall in the current fiscal year. General operating expenses only increased by 8.37% overall due to funding employee compensation and benefits. The Town, for fiscal year 2020/2021 did increase water and sewer rates by the most current CPI, in order to keep up with inflation.

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 Director of Finance or the Town Manager, Town of Troy, 315 North Main Street, Troy, NC 27371. One can also call (910)-572-3661, or send an email to clerk@troy.nc.us for more information.

TOWN OF TROY, NORTH CAROLINA

Exhibit 1

STATEMENT OF NET POSITION

June 30, 2020

	<u>Primary Government</u>			<u>Troy Neighborhood Redevelopment Corporation</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 1,045,699	\$ 428,110	\$ 1,473,809	\$ 76,632
Receivables:				
Taxes Receivable - Net	162,486	-	162,486	-
Accounts Receivable	153,070	415,032	568,102	1,055
Due From Other Governments	361,088	32,275	393,363	-
Due From Other Funds	(23,692)	23,692	-	-
Inventories	12,512	49,109	61,621	-
Prepaid Items	-	3,560	3,560	1,233
Restricted Assets:				
Due From Other Governments	45,828	409,934	455,762	-
Cash and Cash Equivalents	808,959	96,860	905,819	-
Total Current Assets	<u>2,565,950</u>	<u>1,458,572</u>	<u>4,024,522</u>	<u>78,920</u>
Non-current Assets:				
Capital Assets (Note 4):				
Land, and Construction in Progress	2,082,555	2,867,371	4,949,926	204,462
Other Capital Assets, Net of Depreciation	<u>4,013,717</u>	<u>4,716,681</u>	<u>8,730,398</u>	<u>177,832</u>
Total Capital Assets	<u>6,096,272</u>	<u>7,584,052</u>	<u>13,680,324</u>	<u>382,294</u>
Total Assets	<u>8,662,222</u>	<u>9,042,624</u>	<u>17,704,846</u>	<u>461,214</u>
Deferred Outflows of Resources	<u>321,541</u>	<u>85,790</u>	<u>407,331</u>	<u>-</u>
Liabilities:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	135,241	194,449	329,690	2,400
Payable From Restricted Assets	1,160	473,852	475,012	-
Deposits	-	74,333	74,333	3,150
Unearned Revenues	2,107	-	2,107	-
Accrued Interest Payable	16,286	1,497	17,783	-
Current Portion of Long-Term Liabilities	<u>126,653</u>	<u>96,411</u>	<u>223,064</u>	<u>-</u>
Total Current Liabilities	<u>281,447</u>	<u>840,542</u>	<u>1,121,989</u>	<u>5,550</u>
Long-Term Liabilities:				
Net Pension Liability	437,197	147,491	584,688	-
Total Pension Liability	303,599	-	303,599	-
Due in More Than One Year	<u>984,862</u>	<u>637,209</u>	<u>1,622,071</u>	<u>-</u>
Total Long-Term Liabilities	<u>1,725,658</u>	<u>784,700</u>	<u>2,510,358</u>	<u>-</u>
Total Liabilities	<u>2,007,105</u>	<u>1,625,242</u>	<u>3,632,347</u>	<u>5,550</u>
Deferred Inflows of Resources	<u>23,144</u>	<u>14,195</u>	<u>37,339</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	5,087,241	6,882,155	11,969,396	382,294
Restricted For:				
Public Safety	479,309	-	479,309	-
Transportation	212,278	-	212,278	-
Stabilization by State Statute	541,012	-	541,012	-
Economic and Physical Development	8,197	-	8,197	-
Pursuant to Loan Requirements	51,603	22,527	74,130	-
Capital Projects	380,379	-	380,379	-
Unrestricted	<u>193,495</u>	<u>584,295</u>	<u>777,790</u>	<u>73,370</u>
Total Net Position	<u>\$ 6,953,514</u>	<u>\$ 7,488,977</u>	<u>\$ 14,442,491</u>	<u>\$ 455,664</u>

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Troy Neighborhood Redevelopment Corporation
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 816,629	\$ 9,925	\$ 54,221	\$ -	\$ (752,483)	\$ -	\$ (752,483)	\$ -
Public Safety	1,024,005	660	45,865	-	(977,480)	-	(977,480)	-
Transportation	480,663	25,000	89,866	-	(365,797)	-	(365,797)	-
Cultural and Recreational	710,459	231,194	97,991	-	(381,274)	-	(381,274)	-
Economic and Physical Development	105,495	-	773	-	(104,722)	-	(104,722)	-
Interest on Long-term Debt	45,598	-	-	-	(45,598)	-	(45,598)	-
Total Governmental Activities	3,182,849	266,779	288,716	-	(2,627,354)	-	(2,627,354)	-
Business-Type Activities:								
Water and Sewer	1,941,549	1,744,199	-	630,411	-	433,061	433,061	-
Total Business-Type Activities	1,941,549	1,744,199	-	630,411	-	433,061	433,061	-
Total Primary Government	\$ 5,124,398	\$ 2,010,978	\$ 288,716	\$ 630,411	(2,627,354)	433,061	(2,194,293)	-
Component Unit:								
Troy Neighborhood Redevelopment Corporation	\$ 64,196	\$ 10,330	\$ 3,973	\$ -	-	-	-	(49,893)
Total Component Unit	\$ 64,196	\$ 10,330	\$ 3,973	\$ -	-	-	-	(49,893)
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					1,048,685	-	1,048,685	-
Local option sales tax					890,641	-	890,641	-
Franchise taxes					284,863	-	284,863	-
Other taxes					30,180	-	30,180	-
Unrestricted investment earnings					1,613	727	2,340	129
Gain on Disposal of Assets					-	-	-	25,533
Miscellaneous revenues					168,266	-	168,266	3,800
Total General Revenues Not Including Transfers					2,424,248	727	2,424,975	29,462
Transfers					124,203	(124,203)	-	-
Total General Revenues and Transfers					2,548,451	(123,476)	2,424,975	29,462
Change in Net Position					(78,903)	309,585	230,682	(20,431)
Net Position Beginning of Year, Previously Reported					7,032,417	7,179,392	14,211,809	476,095
Net Position End of Year					\$ 6,953,514	\$ 7,488,977	\$ 14,442,491	\$ 455,664

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINA

Exhibit 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Governmental Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 722,892	\$ 322,807	\$ 1,045,699
Receivables:			
Taxes Receivable - Net	162,486	-	162,486
Accounts Receivable	153,014	56	153,070
Due From Other Governments	361,088	-	361,088
Due From Other Funds	-	-	-
Inventories	12,512	-	12,512
Restricted Assets:			
Due From Other Governments	-	45,828	45,828
Cash and Cash Equivalents	743,190	65,769	808,959
Total Assets	<u>\$ 2,155,182</u>	<u>\$ 434,460</u>	<u>\$ 2,589,642</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 135,241	\$ -	\$ 135,241
Due to Other Funds	21,590	2,102	23,692
Payable From Restricted Assets	-	1,160	1,160
Unearned Revenues	2,107	-	2,107
Total Liabilities	<u>158,938</u>	<u>3,262</u>	<u>162,200</u>
Deferred Inflows of Resources	<u>191,604</u>	<u>-</u>	<u>191,604</u>
Fund Balances:			
Nonspendable:			
Inventories	12,512	-	12,512
Restricted:			
Public Safety	479,309	-	479,309
Streets	212,278	-	212,278
Stabilization by State Statute	495,128	45,884	541,012
Pursuant to Loan Requirements	51,603	-	51,603
Capital Projects	-	58,707	58,707
Economic and Physical Development	-	7,062	7,062
Committed:			
Capital Projects	-	321,672	321,672
Economic and Physical Development	-	1,135	1,135
Assigned:			
Subsequent Year's Expenditures	111,037	-	111,037
Unassigned	442,773	(3,262)	439,511
Total Fund Balances	<u>1,804,640</u>	<u>431,198</u>	<u>2,235,838</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,155,182</u>	<u>\$ 434,460</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	9,406,494	
Accumulated depreciation	<u>(3,310,222)</u>	6,096,272

Deferred outflows of resources related to pensions.

253,192

Deferred outflows of resources related to LEOSA.

68,349

Net pension liability

(437,197)

Total pension liability

(303,599)

Deferred inflows of resources related to pensions.

(13,001)

Liabilities for earned revenues considered deferred inflows of resources in fund statements.

181,461

Some liabilities, including bonds payable, accrued interest, and compensated absences, are not payable in the current period and therefore are not reported in the funds.

(1,127,801)

Net Position of Governmental Activities

\$ 6,953,514

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINAExhibit 4

(Page 1 of 2)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Major Funds	Total Non-Major	Total
	General Fund	Funds	Governmental
			Funds
Revenues:			
Ad Valorem Taxes	\$ 1,053,316	\$ -	\$ 1,053,316
Intergovernmental Revenues:			
Unrestricted	1,203,874	-	1,203,874
Restricted	236,192	773	236,965
Permits and Fees	100,538	-	100,538
Sales and Services	264,644	-	264,644
Investment Earnings	1,355	258	1,613
Miscellaneous Revenue	122,325	-	122,325
Total Revenues	2,982,244	1,031	2,983,275
Expenditures:			
Current:			
General Government	760,491	-	760,491
Public Safety	961,095	-	961,095
Transportation	648,338	-	648,338
Economic and Physical Development	-	105,495	105,495
Cultural and Recreational	627,194	-	627,194
Debt Service	142,198	-	142,198
Capital Outlay	-	18,813	18,813
Total Expenditures	3,139,316	124,308	3,263,624
Deficiency of Revenues Over Expenditures	(157,072)	(123,277)	(280,349)
Other Financing Sources (Uses):			
Transfers to Other Funds	(49,929)	-	(49,929)
Transfer From Other Funds	-	174,132	174,132
Installment Purchase Obligations Issued	218,527	-	218,527
Total Other Financing Sources (Uses)	168,598	174,132	342,730
Net Change in Fund Balances	11,526	50,855	62,381
Fund Balances - Beginning of Year	1,793,114	380,343	2,173,457
Fund Balances - End of Year	\$ 1,804,640	\$ 431,198	\$ 2,235,838

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINA

Exhibit 4
(Page 2 of 2)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	62,381
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	\$	285,940
Depreciation expense for governmental assets		<u>(202,806)</u>
		83,134
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenues		(3,532)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		92,105
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities		
		9,062
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		(121,091)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		3,455
Pension expense		(203,581)
Accrued interest payable		<u>(836)</u>
Total changes in net position of governmental activities	\$	<u>(78,903)</u>

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINA

Exhibit 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2020

	General Fund			Variance With
	Original	Final	Actual	Final Budget -
				Positive
				(Negative)
Revenues:				
Ad Valorem Taxes	\$ 1,016,100	\$ 1,064,650	\$ 1,053,316	\$ (11,334)
Intergovernmental Revenues:				
Unrestricted	1,131,000	1,097,250	1,203,874	106,624
Restricted	92,000	266,636	236,192	(30,444)
Permits and Fees	95,000	97,000	100,538	3,538
Sales and Services	339,045	320,100	264,644	(55,456)
Investment Earnings	750	750	1,355	605
Miscellaneous Revenue	101,463	137,273	122,325	(14,948)
Total Revenues	2,775,358	2,983,659	2,982,244	(1,415)
Expenditures:				
Current:				
General Government	678,307	779,761	760,491	19,270
Public Safety	921,375	1,046,141	961,095	85,046
Transportation	338,722	658,459	648,338	10,121
Cultural and Recreational	591,143	682,634	627,194	55,440
Debt Service	465,882	151,379	142,198	9,181
Total Expenditures	2,995,429	3,318,374	3,139,316	179,058
Revenues Over (Under) Expenditures	(220,071)	(334,715)	(157,072)	177,643
Other Financing Sources (Uses):				
Transfers to Other Funds	(49,929)	(49,929)	(49,929)	-
Installment Purchase Obligations Issued	220,000	220,000	218,527	(1,473)
Total Other Financing Sources (Uses)	170,071	170,071	168,598	(1,473)
Appropriated Fund Balance	50,000	164,644	-	(164,644)
Net Change in Fund Balance	\$ -	\$ -	11,526	\$ 11,526
Fund Balance - Beginning of Year, July 1			1,793,114	
Fund Balance - End of Year, June 30			\$ 1,804,640	

The Notes to Financial Statements are an integral part of these Statements.

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 428,110
Accounts Receivable - Net	415,032
Due From Other Governments	32,275
Due From Other Funds	23,692
Inventories	49,109
Prepaid Expenses	3,560
Restricted Assets:	
Due From Other Governments	409,934
Cash and Cash Equivalents	96,860
Total Current Assets	<u>1,458,572</u>
Non-current Assets:	
Capital Assets:	
Land, Improvements and Construction in Progress	2,867,371
Other Capital Assets, Net of Depreciation	4,716,681
Total Capital Assets (Net)	<u>7,584,052</u>
Total Noncurrent Assets	<u>7,584,052</u>
Total Assets	<u><u>\$ 9,042,624</u></u>
Deferred Outflows of Resources:	
Pension Deferrals	<u>\$ 85,790</u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	194,449
Payable From Restricted Assets	473,852
Customer Deposits	74,333
Accrued Interest Payable	1,497
Compensated Absences - Current	17,278
General Obligation Bonds Payable - Current	39,000
Installment Purchase Agreements Payable - Current	40,133
Total Current Liabilities	<u>840,542</u>
Noncurrent Liabilities:	
Compensated Absences	14,377
Net Pension Liability	147,491
Installment Purchase Agreements Payable - Noncurrent	563,832
General Obligation Bonds Payable - Noncurrent	59,000
Total Noncurrent Liabilities	<u>784,700</u>
Total Liabilities	<u>1,625,242</u>
Deferred Inflows of Resources:	
Pension Deferrals	<u>14,195</u>
Net Position:	
Net Investment in Capital Assets	6,882,155
Restricted Pursuant to Loan Requirements	22,527
Unrestricted	584,295
Total Net Position	<u><u>\$ 7,488,977</u></u>

The Notes to Financial Statements are an integral part of these Statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONPROPRIETARY FUND

For the Year Ended June 30, 2020

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 776,454
Sewer Charges	740,925
Water and Sewer Taps	43,585
Late Fees	15,250
Wastewater Analysis Fees	68,012
Finished Water Sales and Septage Fees	90,767
Other Operating Revenues	<u>9,206</u>
Total Operating Revenues	<u>1,744,199</u>
Operating Expenses:	
Water Treatment and Distribution	1,007,943
Sewer Collection and Treatment	388,379
Wastewater Treatment Plant	265,419
Depreciation	<u>258,238</u>
Total Operating Expenses	<u>1,919,979</u>
Operating Loss	<u>(175,780)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	727
Interest and Other Charges	<u>(21,570)</u>
Total Nonoperating Revenues (Expenses)	<u>(20,843)</u>
Loss Before Contributions and Transfers:	<u>(196,623)</u>
Capital Contributions	630,411
Transfers to Other Funds:	
To FEMA Project Special Revenue Fund	(53,554)
To Asset Inventory and Assessment Fund	<u>(70,649)</u>
Total Transfers to Other Funds	<u>(124,203)</u>
Change in Net Position	309,585
Total Net Position Beginning of Year, Previously Reported	<u>7,179,392</u>
Total Net Position End of Year	<u><u>\$ 7,488,977</u></u>

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINAExhibit 8**STATEMENT OF CASH FLOWS****PROPRIETARY FUND**

For the Year Ended June 30, 2020

	<u>Water and Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 1,805,819
Cash Paid for Goods and Services	(1,084,130)
Cash Paid to Employees for Services	(591,029)
Customer Deposits Returned	(1,409)
Other Operating Revenues	9,206
Net Cash Provided by Operating Activities	<u>138,457</u>
Cash Flows From Noncapital Financing Activities:	
Decrease in Due From Other Funds	43,976
Transfers to Other Funds	(124,203)
Net Cash (Used) by Noncapital Financing Activities	<u>(80,227)</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Bonds and Installment Purchase Agreements	(77,835)
Interest Paid on Bonds and Installment Purchase Agreements	(21,570)
Acquisition of Capital Assets	(739,738)
Capital Contributions - Federal Grant	630,411
Net Cash (Used) by Capital and Related Financing Activities	<u>(208,732)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	727
Net Decrease in Cash and Cash Equivalents	(149,775)
Cash and Cash Equivalents at Beginning of Year	<u>674,745</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 524,970</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (175,780)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	258,238
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(68,331)
Decrease in Due From Other Governments	139,157
(Increase) in Inventory	(31,069)
Decrease in Deferred Outflows of Resources - Pension	15,076
Increase in Net Pension Liability	17,912
Increase in Deferred Inflows of Resources - Pension	1,972
(Decrease) in Accounts Payable and Accrued Liabilities	(17,559)
(Decrease) in Customer Deposits	(1,409)
Increase in Accrued Compensated Absences	652
(Decrease) in Accrued Interest Payable	(402)
Total Adjustments	<u>314,237</u>
Net Cash Provided by Operating Activities	<u><u>\$ 138,457</u></u>

The Notes to Financial Statements are an integral part of these Statements.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY.

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

TROY NEIGHBORHOOD REDEVELOPMENT CORPORATION.

The Troy Neighborhood Redevelopment Corporation (TNRC) is a tax-exempt charitable corporation under the Internal Revenue Service Code Section 501(c)(3). The Town of Troy is the only member of TNRC. The Troy Neighborhood Redevelopment Corporation, which has a December fiscal year, is presented as if it is a separate governmental fund of the Town (discrete presentation). The TNRC is governed by a five-member board, of which one member is required to be the Town manager and the other four being appointed by TNRC's board of directors. The Town is authorized to transfer various grant funds to TNRC in order to implement redevelopment of distressed areas within the Town. Complete financial statements for TNRC may be obtained from the entity's administrative offices at Troy Neighborhood Redevelopment Corporation, 315 North Main Street, Troy, N.C. 27371.

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, with the exception of internal services provided and other charges between the Town's water and sewer function and various other functions of the Town. 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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Concluded)

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those 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, sanitation services, parks and recreation, and general government services.

The Town reports the following non-major governmental funds:

Business Center Grant Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Economic Revolving Loan Special Revenue Fund. This fund is used to account for loans to local businesses for economic development and is funded by commitments by the Town council.

Redevelopment Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

FEMA Project Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Asset Inventory and Assessment Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Main Street Sidewalk Project Fund. This fund is used to account for construction and extension of sidewalks along Main Street of the Town and is funded by federal and state grants.

Capital Reserve Capital Project Fund. This fund is used to account for the future purchase of governmental assets funded by commitments by the Town council.

The Town reports the following major enterprise fund:

The Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise fund includes 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING. (Concluded)

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 because the tax is levied by Montgomery County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. BUDGETARY DATA.

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Project Funds, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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 and the TNRC are made in board-designated official depositories and are secured as required by State law [G.S.159-31]. The Town and the TNRC may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the TNRC may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S.159-30(c)] authorizes the Town and the TNRC 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).

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

1. Deposits and Investments (Concluded)

The Town's and the TNRC's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

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. The TNRC considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Restricted assets consist of an amount required to be reserved according to loan agreements between the Town and the office of Rural Development. An amount equal to 1/10 of the annual debt service is required to be recorded annually. Restricted assets also consist of amounts contributed to the Town to be used specifically for fire department operations. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Cash is restricted by the Federal Equitable Sharing agreement for specific eligible expenditures related to law enforcement. Cash is restricted for economic and physical development pursuant to a grants from various grantors. Cash is restricted for sidewalk construction pursuant to a grant from the N.C. Department of Transportation. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

<u>Town of Troy - Restricted Cash</u>	
<u>Governmental Activities:</u>	
General Fund:	
Debt Service	\$ 51,603
Transportation – Streets	212,278
Public Safety	479,309
Economic and Physical Development	7,062
Capital Outlay	58,707
Water and Sewer Fund:	
Debt Service	22,527
Customer Deposits	74,333
Total Restricted Cash	<u>\$ 905,819</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's general Fund, ad valorem tax revenues are reported net of such discounts.

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 collected in prior years.

6. Inventory and Prepaid Items

The inventories of the Town and TNRC are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as inventory when purchased and expended when consumed. The inventory of TNRC consists of costs related to the construction of residences for eligible low to moderate income residents of the Town.

The inventories of the Town's enterprise fund consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

The Town and TNRC report certain payments to vendors reflecting costs applicable to future accounting periods as prepaid items in the government-wide statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following types of assets: land, improvements, buildings, lines and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

7. Capital Assets (Concluded)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Infrastructure	20 years
Improvements	20 years
Computer Equipment	3-5 years
Furniture and Equipment	5-10 years
Vehicles	5-15 years

Buildings and furniture of the Troy Neighborhood Redevelopment Corporation are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Furniture	10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion – pension related deferrals for the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet this criterion – prepaid ad valorem taxes, sanitation fees receivable, property taxes receivable and pension related deferrals for the current fiscal year.

9. Long-Term Obligations

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

10. Compensated Absences

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

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

11. 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.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balances.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued).

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

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

Prepaid Assets - portion of fund balance not available for appropriation because it represents a deferred charge which is not an expendable, available resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. When expenses are incurred, there are both restricted and unrestricted net assets available to finance the expense. It is the Town's policy to first apply restricted resources to such expenses, followed by unrestricted resources.

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

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

Restricted for Public Safety – portion of fund balance that is restricted by the revenue source for specific eligible police expenditures.

Restricted for Debt Service - portion of fund balance that is restricted according to loan agreements between the Town and the office of Rural Development.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND FUND EQUITY. (Continued)

11. Net Position/Fund Balances (Concluded)

Fund Balances (Concluded).

Restricted Fund Balance (Concluded)

Restricted for Economic and Physical Development - portion of fund balance that is restricted by the revenue source for economic and physical development.

Restricted for Capital Outlay - portion of fund balance that is restricted by the revenue source for capital asset construction.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Troy’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body in the form of a resolution.

Committed for Capital Projects – portion of fund balance assigned by the Town Council for capital project expenditures.

Committed for Economic and Physical Development – portion of fund balance committed by the Town Council for economic and physical development.

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

Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

12. Defined Benefit Cost-Sharing Plans

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS
OF RESOURCES AND FUND EQUITY. (Concluded)**

12. Defined Benefit Cost-Sharing Plans (Concluded)

the contributions are due. The Town of Troy's employer contributions are recognized when due and the Town of Troy has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$4,717,676 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 9,406,494
Less Accumulated Depreciation	<u>(3,310,222)</u>
Net Capital Assets	6,096,272
 Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	92,105
Benefit payments and pension administrative costs for LEOSSA	9,062
Pension deferrals	161,087
Pension deferrals - LEOSSA	59,287
 Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide statements	181,461
 Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
Pension deferrals	(13,001)
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and Installment Financing Agreements	(1,009,028)
Accrued Interest Payable	(16,286)
Compensated Absences	(102,487)
Total Pension Liability	(303,599)
Net Pension Liability	<u>(437,197)</u>
 Total Adjustment	<u>\$ 4,717,676</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

F. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS (Concluded)

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of (\$141,284) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 285,940
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(202,806)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it effects only the government-wide statement of net position	(218,527)
Principal payments on debt owed are recorded as a use of funds on the fund statements but effect only the statement of net position in the government-wide statements	97,436
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	92,105
Benefit payments and administrative costs for LEOSA are deferred outflows of resources on the Statement of net Position	9,062
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(203,581)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(836)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	3,455
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows - taxes receivable at June 30, 2020	(4,631)
Decrease in deferred inflows - sanitation fees receivable at June 30, 2020	1,099
Total Adjustment	<u>(\$ 141,284)</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT IN FUND BALANCE OF INDIVIDUAL FUNDS.

For the fiscal year ended June 30, 2020, the Bilhen Street Pump Station Project Fund had a deficit fund balance of \$48,585 and the CDBG Infrastructure Grant Project Fund had a deficit fund balance of \$14,647. Both of these funds are funded primarily from grant proceeds which are expected to be received in the subsequent year.

III. DETAIL NOTES ON ALL FUNDS

A. ASSETS.

1. Deposits

All of the Town's and TNRC's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the TNRC's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the TNRC, these deposits are considered to be held by the Town's and the TNRC's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the TNRC, or with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the TNRC 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 and the TNRC have 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. TNRC has no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the Town's deposits had a carrying amount of \$2,337,320 and a bank balance of \$2,498,517. Of the bank balance, \$592,361 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2020, the Town's petty cash fund totaled \$430.

At December 31, 2019, the Troy Neighborhood Redevelopment Corporation's deposits had a carrying amount of \$76,632 and a bank balance of \$79,600. All of the bank balance was covered by federal depository insurance.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

2. Investments

At June 30, 2020, the Town of Troy had \$41,878 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit or interest rate risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

Fund	6/30/2020
General Fund:	
Taxes Receivable	\$ 10,000
Enterprise Fund:	
Customer Accounts Receivable	<u>58,500</u>
Total	<u><u>\$ 68,500</u></u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets. (Continued)

4. Capital Assets

Primary Government:

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,978,903	\$ -	\$ -	\$ 1,978,903
Construction in Progress	92,576	24,178	13,102	103,652
Total Capital Assets Not Being Depreciated	2,071,479	24,178	13,102	2,082,555
Capital Assets Being Depreciated:				
Buildings	2,948,253	13,102	-	2,961,355
Infrastructure	115,179	-	-	115,179
Computer Equipment	46,528	7,636	-	54,164
Equipment	1,021,989	157,845	-	1,179,834
Other Improvements	2,254,288	-	-	2,254,288
Vehicles and Motorized Equipment	748,083	96,281	85,246	759,118
Total Capital Assets Being Depreciated	7,134,320	274,864	85,246	7,323,938
Less Accumulated Depreciation For:				
Buildings	917,270	63,733	-	981,003
Infrastructure	31,654	5,288	-	36,942
Computer Equipment	31,535	6,314	-	37,849
Equipment	877,124	46,717	-	923,841
Other Improvements	818,522	46,073	-	864,595
Vehicles and Motorized Equipment	516,556	34,681	85,246	465,991
Total Accumulated Depreciation	3,192,661	\$ 202,806	\$ 85,246	3,310,221
Total Capital Assets Being Depreciated, Net	3,941,659			4,013,717
Governmental Activity Capital Assets, Net	\$ 6,013,138			\$ 6,096,272

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

General Government	\$ 33,836
Public Safety	50,227
Transportation	49,468
Cultural and Recreational	69,275
	<u>\$ 202,806</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets. (Concluded)

4. Capital Assets (Concluded)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 631,356	\$ -	\$ -	\$ 631,356
Construction in Progress	1,496,209	739,738	-	2,235,947
Total Capital Assets Not Being Depreciated	2,127,565	739,738	-	2,867,303
Capital Assets Being Depreciated:				
Buildings	2,935,237	-	-	2,935,237
Distribution Systems	11,131,576	-	-	11,131,576
Computer Equipment	32,603	-	-	32,603
Equipment	1,756,719	-	-	1,756,719
Vehicles	204,553	-	-	204,553
Total Capital Assets Being Depreciated	16,060,688	-	-	16,060,688
Less Accumulated Depreciation For:				
Buildings	2,074,682	62,744	-	2,137,426
Distribution Systems	7,722,865	121,621	-	7,844,486
Computer Equipment	32,603	-	-	32,603
Equipment	1,069,710	68,542	-	1,138,252
Vehicles	185,841	5,331	-	191,172
Total Accumulated Depreciation	11,085,701	\$ 258,238	\$ -	11,343,939
Total Capital Assets Being Depreciated, Net	4,974,987			4,716,749
Business-type Activities Capital Assets, Net	\$ 7,102,552			\$ 7,584,052

Discretely Presented Component Unit:

Activity for the Troy Neighborhood Redevelopment Corporation for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$ 106,430	\$ 101,521	\$ 3,489	\$ 204,462
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	106,430	101,521	3,489	204,462
Capital Assets Being Depreciated:				
Buildings	359,521	-	94,904	264,617
Furniture and Equipment	3,485	-	-	3,485
Total Capital Assets Being Depreciated	363,006	-	94,904	268,102
Less Accumulated Depreciation For:				
Buildings	108,795	7,820	28,337	88,278
Furniture and Equipment	1,722	270	-	1,992
Total Accumulated Depreciation	110,517	\$ 8,090	\$ 28,337	90,270
Total Capital Assets Being Depreciated, Net	252,489			177,832
TNRC Capital Assets, Net	\$ 358,919			\$ 382,294

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES.

1. Payables

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

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 45,957	\$ 89,284	\$ --	\$ 135,241
Other Governmental	1,160	--	--	1,160
Total Governmental Activities	<u>\$ 47,117</u>	<u>\$ 89,284</u>	<u>\$ --</u>	<u>\$ 136,401</u>
Business-type Activities:				
Water and Sewer	<u>\$ 590,059</u>	<u>\$ 78,242</u>	<u>\$ --</u>	<u>\$ 668,301</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System.

Plan Description. The Town of Troy is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of thirteen members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Benefits Provided (Concluded). are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan. LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Troy employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Troy's contractually required contribution rate for the year ended June 30, 2020 was 9.56% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. The Town of Troy's contributions to the pension plan for the year ended June 30, 2020 was \$129,314.

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

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

At June 30, 2020, the Town reported a liability of \$584,688 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 and June 30, 2019, the Town's proportion was .021% and .023%, respectively.

For the year ended June 30, 2020, the Town recognized pension expense of \$249,152. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 100,114	\$ - 0 -
Changes of assumptions	95,295	- 0 -
Net difference between expected and actual earnings on pension plan investments	14,261	- 0 -
Changes in proportion and differences between Town contributions and proportionate share of contributions	- 0 -	27,197
Town contributions subsequent to measurement date	129,314	- 0 -
Total	<u>\$ 338,984</u>	<u>\$ 27,197</u>

The \$129,314 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 95,214
2022	25,000
2023	50,327
2024	11,932
2025	- -
Thereafter	- -
	<u>\$ 182,473</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

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

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the forgoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued).

Actuarial Assumptions (Concluded).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Concluded).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of net pension liability (asset)	\$ 1,337,294	\$ 584,688	(\$ 40,876)

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

b. Law Enforcement Officers Special Separation Allowance.

(1) Plan Description

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

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

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	12
Total	<u>12</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance. (Continued)

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Investment rate of return	3.26 percent

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

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

(4) Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The Town paid \$ 7,668 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$303,599. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance. (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded).

December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$34,268.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 56,228	\$ 2,544
Changes of assumptions and other inputs	15,485	9,882
Benefit payments and administrative expenses subsequent to measurement date	9,062	- 0 -
Total	<u>\$ 80,775</u>	<u>\$ 12,426</u>

The \$9,062 reported as deferred outflows of resources related to pensions resulting from the benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2021	\$ 12,024
2022	12,024
2023	12,024
2024	12,457
2025	9,005
Thereafter	1,753
	<u>\$ 59,287</u>

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate:

	<u>1% Decrease (2.26%)</u>	<u>Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Total Pension Liability	\$ 329,615	\$ 303,599	\$ 279,931

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance. (Concluded)

Schedule of Changes in Total Pension Liability	
Law Enforcement Officers' Special Separation Allowance	
Beginning Balance	\$ 262,826
Service Costs	12,817
Interest on Pension Liability	9,427
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the	
Measurement of Total Pension Liability	16,935
Changes of Assumptions and Other Inputs	9,262
Benefit Payments	(7,668)
Other Changes	- 0 -
Ending Balance Total Pension Liability	<u>\$ 303,599</u>

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

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Continued)

**c. Total Expense, Liabilities, and Deferred Outflows
and Inflows of Resources related to Pensions**

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 249,152	\$ 34,268	\$ 283,420
Pension Liability	\$ 584,688	\$ 303,599	\$ 888,287
Proportionate Share of Net Pension Liability	.021%	N/A	

Deferred Outflows of Resources:

Differences Between Expected & Actual

Experience	\$ 100,114	\$ 56,228	\$ 156,342
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Changes of Assumptions	\$ 95,295	\$ 15,485	\$ 110,780
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ 14,261	\$ - 0 -	\$ 14,261
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Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ - 0 -	\$ - 0 -	\$ - 0 -
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Benefit Payments & Administrative Costs Paid

Subsequent to the Measurement Date	\$ 129,314	\$ 9,062	\$ 138,376
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Deferred Inflows of Resources:

Differences Between Expected & Actual

Experience	\$ - 0 -	\$ 2,544	\$ 2,544
------------	----------	----------	----------

Changes of Assumptions	\$ - 0 -	\$ 9,882	\$ 9,882
------------------------	----------	----------	----------

Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ - 0 -	\$ - 0 -	\$ - 0 -
------------------------------	----------	----------	----------

Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 27,197	\$ - 0 -	\$ 27,197
------------------------------------------------------	-----------	----------	-----------

d. Supplemental Retirement Income Plan.

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees and law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

2. Pension Plan Obligations (Concluded)

d. Supplemental Retirement Income Plan (Concluded).

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary and two percent of each general employee's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020, were \$69,413, which consisted of \$41,117 from the Town, \$7,456 from the law enforcement officers, and \$20,840 from the general employees.

3. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$586. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.14% of covered payroll, respectively.

4. Deferred Outflows/Inflows of Resources

Deferred outflows of resources at June 30, 2020 is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 129,314
Benefit payments and administrative expenses for LEOSA	9,062
Differences between expected and actual experience	153,798
Change in assumptions	100,896
Net difference between expected and actual earnings on pension plan investments	14,261
Changes in proportion and differences between employer contributions and proportionate share of contributions	- 0 -
Total	<u>\$ 407,331</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

4. Deferred Outflows/Inflows of Resources (Concluded).

Deferred inflows of resources at June 30, 2020 is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Sanitation Fees Receivable, (General)	\$ 18,975	\$ - -
Taxes Receivable, Net (General)	162,486	- -
Prepaid Taxes, (General)	- -	10,143
Difference between expected and actual experience	- -	- -
Changes of assumptions and other inputs	- -	- -
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,197	- -

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees. 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 the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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 is not located in a flood plain, therefore, they do not carry any flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and Town manager are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2020, there was no material pending or threatened litigation, claims or assessments involving the Town of Troy.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations

a. Installment Loan.

In January, 2004, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Town Hall Renovations. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$338,300, to be repaid with annual payments of \$18,387 including interest of 4.5% for 40 years.

In February, 2007, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$190,000, to be repaid with annual payments of \$9,780 including interest of 4.125% for 40 years.

In February, 2007, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$125,600, to be repaid with annual payments of \$6,564 including interest of 4.125% for 40 years.

In February, 2009, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$36,400, to be repaid with annual payments of \$2,049 including interest of 4.75% for 40 years.

In February, 2009, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$125,000, to be repaid with annual payments of \$6,434 including interest of 4.125% for 40 years.

In February, 2009, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$96,600, to be repaid with annual payments of \$5,344 including interest of 4.625% for 40 years.

In February, 2009, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$45,000, to be repaid with annual payments of \$2,316 including interest of 4.125% for 40 years.

In February, 2009, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the completion of the Facilities Capital Project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$14,700, to be repaid with annual payments of \$828 including interest of 4.75% for 40 years.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Loan (Continued).

In April, 2014, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the purchase of Wastewater equipment. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$300,000, to be repaid with annual payments of \$36,531, including interest at 3.75%, for ten years.

In June, 2018, the Town entered into a direct placement installment loan agreement with the United States Department of Agriculture for the purchase of water meters for the water department. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$487,337, to be repaid with annual payments of \$17,427, including interest at 1.85% for forty years.

In January, 2019, the Town entered into a direct borrowing installment loan agreement with Ford Motor Credit Company for the purchase of vehicles for the police department. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$74,591, to be repaid with annual payments of \$26,265, including interest at 5.75% for three years.

In August, 2019, the Town entered into a direct borrowing installment loan agreement with First Bank for the purchase of a street sweeper for the street department. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$154,075, to be repaid with monthly payments of \$2,837, including interest at 3.95% for five years.

In October, 2019, the Town entered into a direct borrowing installment loan agreement with Ford Motor Credit Company for the purchase of a dump truck for the street department. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$64,452, to be repaid with annual payments of \$14,358, including interest at 5.70% for five years.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Continued)

7. Long-Term Obligations (Continued)

a. Installment Loan (Concluded).

The future minimum payments of the installment loans as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 82,418	\$ 43,864	\$ 40,133	\$ 13,825
2022	60,192	39,824	41,477	12,481
2023	62,890	37,125	42,868	11,090
2024	65,743	34,273	44,277	9,650
2025	25,466	31,812	9,267	8,160
2026 – 2030	112,944	145,071	49,006	38,129
2031 – 2035	139,700	118,315	53,776	33,359
2036 – 2040	172,830	85,185	59,010	28,125
2041 – 2045	195,370	44,230	64,754	22,380
2046 – 2050	91,475	8,715	71,057	16,078
2051 – 2055	--	--	77,973	9,162
2056 - 2060	--	--	50,367	1,900
Totals	\$ 1,009,028	\$ 588,414	\$ 603,965	\$ 204,339

b. General Obligation Indebtedness.

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2020, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	<u>Amount</u>
\$800,000 1985 Sanitary Sewer serial bonds due in annual installments ranging from \$22,000 to \$36,000 through June 1, 2023, plus interest at 5.00% per annum.	\$ 86,000
\$93,000 1986 Sanitary Sewer serial bonds due in annual installments of \$3,000 through June 1, 2024, plus interest at 5.00% per annum.	12,000
Total	<u>\$ 98,000</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. LIABILITIES. (Concluded)

7. Long-Term Obligations (Concluded)

b. General Obligation Indebtedness (Concluded).

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 39,000	\$ 4,900
2022	39,000	2,950
2023	17,000	1,000
2024	3,000	150
Total	\$ 98,000	\$ 9,000

At June 30, 2020, the Town had no authorized but unissued bonds. The Town's legal debt margin is \$16,806,234.

c. Changes in Long-Term Liabilities.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental Activities:					
Direct Borrowings and Direct Placements:					
Installment Purchases	\$ 887,937	\$ 218,527	\$ 97,436	\$ 1,009,028	\$ 82,418
Compensated Absences	105,942	40,780	44,235	102,487	44,235
Net Pension Liability (LGERS)	411,552	25,645	--	437,197	--
Total Pension Liability (LEO)	262,826	40,773	--	303,599	--
Governmental Activity Long-term Liabilities	<u>\$ 1,668,257</u>	<u>\$ 325,725</u>	<u>\$ 141,671</u>	<u>\$ 1,852,311</u>	<u>\$ 126,653</u>
Business-type Activities:					
General Obligation					
Bonds	\$ 137,000	\$ --	\$ 39,000	\$ 98,000	\$ 39,000
Direct Placements:					
Installment Purchases	642,800	--	38,835	603,965	40,133
Net Pension Liability (LGERS)	129,579	17,912	--	147,491	--
Compensated Absences	31,003	17,930	17,278	31,655	17,278
Business-type Activity Long-term Liabilities	<u>\$ 940,382</u>	<u>\$ 35,842</u>	<u>\$ 95,113</u>	<u>\$ 881,111</u>	<u>\$ 96,411</u>

Compensated absences and net pension liability for governmental activities typically have been liquidated in the general fund.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. INTERFUND BALANCES AND ACTIVITY.

1. Transfers To / From Other Funds

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

From the General Fund to the Capital Reserve Fund – for future capital needs.	\$ 10,000
From the General Fund to the FEMA Project Special Revenue Fund – to fund expenditures to be reimbursed from grant receipts.	10,594
From the General Fund to the Asset Inventory Assessment Fund – to fund expenditures to be reimbursed from grant receipts.	29,335
From the Water and Sewer Fund to the Bilhen Street Pump Station Capital Project Fund – to fund expenditures to be reimbursed from grant receipts.	42,645
From the Water and Sewer Fund to the FEMA Project Special Revenue Fund – to fund expenditures to be reimbursed from grant receipts.	53,554
From the Water and Sewer Fund to the Asset Inventory Assessment Fund – to fund expenditures to be reimbursed from grant receipts.	70,649
	<u>\$ 216,777</u>

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020, are as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	General Fund - to repay Water and Sewer Fund for current period costs.	\$ 21,590
	Special Revenue Funds:	
	FEMA Project Fund - to fund grant project.	2,102
		<u>\$ 23,692</u>

D. FUND BALANCE.

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

Total Fund Balance – General Fund	\$ 1,804,640
Less:	
Inventories	12,512
Prepaid Assets	- 0 -
Public Safety	479,309
Streets – Powell Bill	212,278
Stabilization by State Statute	495,128
Debt Service	51,603
Appropriated Fund Balance 2020-2021 Budget	111,037
Remaining Fund balance	<u>\$ 442,773</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

III. DETAIL NOTES ON ALL FUNDS (Concluded)

D. FUND BALANCE (Concluded).

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	
General Fund	Non-major Funds
\$ - 0 -	\$ - 0 -

E. NET INVESTMENT IN CAPITAL ASSETS.

	Governmental-type	Business-type
Capital Assets	\$ 6,096,272	\$ 7,584,052
Less: Long-term Debt	1,009,031	701,897
Net Investment in Capital Assets	\$ 5,087,241	\$ 6,882,155

IV. JOINT VENTURE

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2020, the Town reported no payments through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no entity has been reflected in the financial statements at June 30, 2020. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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**TOWN OF TROY,
NORTH CAROLINA**

Required Supplemental Financial Data

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

- Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
- Schedule of Contributions to Local Government Employees' Retirement System.

TOWN OF TROY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 262,826	\$ 193,955	\$ 168,508	\$ 157,342
Service Costs	12,817	13,663	9,894	10,739
Interest on Total Pension Liability	9,427	6,129	6,504	5,617
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience in the				
Measurement of Total Pension Liability	16,935	59,883	(4,494)	-
Changes of Assumptions or Other Inputs	9,262	(10,804)	13,543	(5,190)
Benefit Payments	(7,668)	-	-	-
Other Changes	-	-	-	-
Ending Balance Total Pension Liability	<u>\$ 303,599</u>	<u>\$ 262,826</u>	<u>\$ 193,955</u>	<u>\$ 168,508</u>

Notes to the schedule:

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

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

TOWN OF TROY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 303,599	\$ 262,826	\$ 193,955	\$ 168,508
Covered-employee Payroll	\$ 467,027	\$ 409,290	\$ 375,594	\$ 405,110
Total Pension Liability as a Percentage of Covered-employee Payroll	65.01%	64.22%	51.64%	41.60%

Notes to the schedule:

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

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

TOWN OF TROY

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)

Local Government Employees' Retirement System
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.02%
Town's proportionate share of the net pension liability (asset)	\$ 584,688	\$ 541,131	\$ 356,723	\$ 485,377	\$ 106,455	\$ (145,903)	\$ 282,060
Town's covered payroll	\$ 1,348,789	\$ 1,382,823	\$ 1,327,398	\$ 1,312,819	\$ 1,305,359	\$ 1,315,737	\$ 1,183,559
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.35%	39.13%	26.87%	36.97%	8.16%	(11.18%)	23.83%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

Notes to the schedule:

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

TOWN OF TROY

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

Local Government Employees' Retirement System

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 129,314	\$ 107,094	\$ 106,091	\$ 98,547	\$ 88,885	\$ 93,543	\$ 93,801
Contributions in relation to the contractually required contribution	129,314	107,094	106,091	98,547	88,885	93,543	93,801
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 1,416,295	\$ 1,348,789	\$ 1,382,823	\$ 1,327,398	\$ 1,312,819	\$ 1,305,359	\$ 1,315,737
Contributions as a percentage of covered payroll	9.13%	7.94%	7.67%	7.42%	6.77%	7.17%	7.13%

Notes to the schedule:

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

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**TOWN OF TROY,
NORTH CAROLINA**

General Fund

The General Fund accounts for all non-enterprise governmental services for which an annual budget is adopted. By definition, the General Fund accounts for all resources and activities except those which are more appropriately recorded in another fund. Functions provided by the Town which are accounted for by the General Fund include general government activities, public safety, transportation, and cultural and recreational.

TOWN OF TROY, NORTH CAROLINASchedule 1
(Page 1 of 3)**GENERAL FUND**
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$	\$ 1,030,920	\$
Prior Years		17,010	
Penalties and Interest		5,386	
Total	1,064,650	1,053,316	(11,334)
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax		890,641	
Payment in Lieu of Taxes		7,470	
Franchise Tax and Telecommunications Sales Tax		284,863	
Video Franchise Fee		6,309	
Beer and Wine Taxes		13,931	
Court Fees		660	
Total	1,097,250	1,203,874	106,624
Restricted:			
State Street Aid Allocation		89,866	
County Fire Protection Contribution		35,000	
Solid Waste Disposal Tax		2,470	
ABC Revenue for Law Enforcement		10,865	
Piedmont Triad Regional Council - Senior Center Grant		36,319	
N.C. Department of Insurance - Senior Center Grant		3,859	
USDA Grant		8,730	
County Senior Center Contribution		47,752	
Other Senior Center		1,331	
Total	266,636	236,192	(30,444)
Permits and Fees:			
Zoning Permits		1,475	
Sanitation Fees		99,063	
Total	97,000	100,538	3,538
Sales and Services:			
Rents		14,090	
Contracted Maintenance		25,000	
Recreation Service Revenues		217,104	
Cemetery Lot Sales		8,450	
Total	320,100	264,644	(55,456)
Investment Earnings	750	1,355	605
Miscellaneous:			
Donations		54,221	
Other		68,104	
Total	137,273	122,325	(14,948)
Total Revenues	\$ 2,983,659	\$ 2,982,244	\$ (1,415)

TOWN OF TROY, NORTH CAROLINASchedule 1
(Page 2 of 3)**GENERAL FUND**
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits	\$	\$ 16,363	\$
Legal and Audit		24,063	
Insurance and Bonds		102,108	
Contributions to Other Agencies		7,281	
Other Operating Expenditures		124,334	
Total	282,099	274,149	7,950
Administration:			
Salaries and Employee Benefits		400,918	
Contracted Services		4,292	
Other Operating Expenditures		81,132	
Total	497,662	486,342	11,320
Total General Government	779,761	760,491	19,270
Public Safety:			
Police:			
Salaries and Employee Benefits		644,235	
Contracted Services		8,033	
Capital Outlay		39,465	
Other Operating Expenditures		76,393	
Total	853,105	768,126	84,979
Fire:			
Capital Outlay		3,770	
Other Operating Expenditures		94,813	
Total	98,400	98,583	(183)
Inspections:			
Salaries and Employee Benefits		29,816	
Contracted Services		8,400	
Other Operating Expenditures		56,170	
Total	94,636	94,386	250
Total Public Safety	1,046,141	961,095	85,046
Transportation:			
Streets:			
Salaries and Employee Benefits		37,356	
Maintenance and Repairs		80,524	
Contracted Services		178,817	
Capital Outlay		218,527	
Other Operating Expenditures		133,114	
Total Transportation	658,459	648,338	10,121
Cultural and Recreational:			
Senior Center:			
Salaries and Employee Benefits		122,752	
Other Operating Expenditures		53,406	
Total	182,047	176,158	5,889
Recreation:			
Salaries and Employee Benefits		224,940	
Maintenance and Repairs		58,348	
Other Operating Expenditures		167,748	
Total	500,587	451,036	49,551
Total Cultural and Recreational	\$ 682,634	\$ 627,194	\$ 55,440

TOWN OF TROY, NORTH CAROLINASchedule 1
(Page 3 of 3)GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (Concluded):			
Debt Service:			
Principal Retirement	\$	97,436	\$
Interest and Fees		44,762	
Total Debt Service	151,379	142,198	9,181
Total Expenditures	3,318,374	3,139,316	179,058
Revenues Over (Under) Expenditures	(334,715)	(157,072)	177,643
Other Financing Sources (Uses):			
Transfers to Other Funds:			
To Capital Reserve Fund	(10,000)	(10,000)	-
To FEMA Project Special Revenue Fund	(10,594)	(10,594)	-
To Asset Inventory and Assessment Fund	(29,335)	(29,335)	-
Installment Purchase Obligations Issued	220,000	218,527	(1,473)
Total Other Financing Sources (Uses)	170,071	168,598	(1,473)
Fund Balance Appropriated	164,644	-	(164,644)
Net Change in Fund Balance	\$ -	11,526	\$ 11,526
Fund Balance:			
Beginning of Year, July 1,		1,793,114	
End of Year, June 30		\$ 1,804,640	

**TOWN OF TROY,
NORTH CAROLINA**

Combining Statements for Nonmajor Funds

Special Revenue Funds:

Business Center Grant Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Economic Revolving Loan Special Revenue Fund. This fund is used to account for loans to local businesses for economic development and is funded by commitments by the Town council.

Redevelopment Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

FEMA Project Special Revenue Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Asset Inventory and Assessment Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Capital Project Funds:

Main Street Sidewalk Project Fund. This fund is used to account for construction and extension of sidewalks along Main Street of the Town and is funded by federal and state grants.

Capital Reserve Capital Project Fund. This fund is used to account for the future purchase of governmental assets.

TOWN OF TROY, NORTH CAROLINA

Schedule 2

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	Special Revenue Funds						Capital Project Funds			
	Business Center Grant Fund	Economic Revolving Loan Fund	Redevelopment Fund	FEMA Project Fund	Asset Inventory and Assessment Fund	Total Nonmajor Special Revenue Funds	Main Street Sidewalk Project Fund	Capital Reserve Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:										
Current Assets:										
Cash and Cash Equivalents	\$ -	\$ 1,135	\$ -	\$ -	\$ -	\$ 1,135	\$ -	\$ 321,672	\$ 321,672	\$ 322,807
Restricted Cash	7,062	-	-	-	-	7,062	58,707	-	58,707	65,769
Accounts Receivable	-	-	-	-	-	-	-	56	56	56
Due From Other Governments	-	-	-	45,828	-	45,828	-	-	-	45,828
Total Assets	<u>\$ 7,062</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 45,828</u>	<u>\$ -</u>	<u>\$ 54,025</u>	<u>\$ 58,707</u>	<u>\$ 321,728</u>	<u>\$ 380,435</u>	<u>\$ 434,460</u>
Liabilities and Fund Balances:										
Liabilities:										
Due to Other Funds	\$ -	\$ -	\$ -	\$ 2,102	\$ -	\$ 2,102	\$ -	\$ -	\$ -	\$ 2,102
Payable From Restricted Assets	-	-	-	1,160	-	1,160	-	-	-	1,160
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,262</u>	<u>-</u>	<u>3,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,262</u>
Fund Balances:										
Restricted:										
Stabilization by State Statute	-	-	-	45,828	-	45,828	-	56	56	45,884
Capital Projects	-	-	-	-	-	-	58,707	-	58,707	58,707
Economic and Physical Development	7,062	-	-	-	-	7,062	-	-	-	7,062
Committed:										
Capital Projects	-	-	-	-	-	-	-	321,672	321,672	321,672
Economic and Physical Development	-	1,135	-	-	-	1,135	-	-	-	1,135
Unassigned	-	-	-	(3,262)	-	(3,262)	-	-	-	(3,262)
Total Fund Balances	<u>7,062</u>	<u>1,135</u>	<u>-</u>	<u>42,566</u>	<u>-</u>	<u>50,763</u>	<u>58,707</u>	<u>321,728</u>	<u>380,435</u>	<u>431,198</u>
Total Liabilities and Fund Balances	<u>\$ 7,062</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 45,828</u>	<u>\$ -</u>	<u>\$ 54,025</u>	<u>\$ 58,707</u>	<u>\$ 321,728</u>	<u>\$ 380,435</u>	<u>\$ 434,460</u>

TOWN OF TROY, NORTH CAROLINA

Schedule 3

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Special Revenue Funds						Capital Project Funds			
	Business Center Grant Fund	Economic Revolving Loan Fund	Redevelopment Fund	FEMA Project Fund	Asset Inventory and Assessment Fund	Total Nonmajor Special Revenue Funds	Main Street Sidewalk Project Fund	Capital Reserve Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:										
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ 773	\$ -	\$ 773	\$ -	\$ -	\$ -	\$ 773
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Investment Earnings	1	-	-	-	-	1	-	257	257	258
Total Revenues	1	-	-	773	-	774	-	257	257	1,031
Expenditures:										
Capital Outlay	-	-	-	-	-	-	18,813	-	18,813	18,813
Economic and Physical Development	-	-	-	23,511	81,984	105,495	-	-	-	105,495
Total Expenditures	-	-	-	23,511	81,984	105,495	18,813	-	18,813	124,308
Revenues Over (Under) Expenditures	1	-	-	(22,738)	(81,984)	(104,721)	(18,813)	257	(18,556)	(123,277)
Other Financing Sources:										
Transfers From Other Funds:										
General Fund	-	-	-	10,594	29,335	39,929	-	10,000	10,000	49,929
Water and Sewer Fund	-	-	-	53,554	70,649	124,203	-	-	-	124,203
Transfers to Other Funds:										
General Fund	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	64,148	99,984	164,132	-	10,000	10,000	174,132
Net Change in Fund Balance	1	-	-	41,410	18,000	59,411	(18,813)	10,257	(8,556)	50,855
Fund Balances:										
Beginning of Year, July 1	7,061	1,135	-	1,156	(18,000)	(8,648)	77,520	311,471	388,991	380,343
End of Year, June 30	<u>\$ 7,062</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 42,566</u>	<u>\$ -</u>	<u>\$ 50,763</u>	<u>\$ 58,707</u>	<u>\$ 321,728</u>	<u>\$ 380,435</u>	<u>\$ 431,198</u>

TOWN OF TROY, NORTH CAROLINASchedule 4**SPECIAL REVENUE FUND - BUSINESS CENTER GRANT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Rural Economic Development Center Grant	\$ 790,000	\$ 760,455	\$ -	\$ 760,455	\$ (29,545)
N.C. Department of Commerce Grant	1,235,000	1,040,526	-	1,040,526	(194,474)
Golden Leaf Foundation Grant	620,000	500,000	-	500,000	(120,000)
Miscellaneous Income	-	13,000	-	13,000	13,000
Investment Earnings	-	-	1	1	1
Total Revenues	2,645,000	2,313,981	1	2,313,982	(331,018)
Expenditures:					
Economic and Physical Development:					
Administartion/Engineering	120,000	257	-	257	119,743
Equipment	2,665,000	2,306,894	-	2,306,894	358,106
Total Expenditures	2,785,000	2,307,151	-	2,307,151	477,849
Revenues Over (Under) Expenditures	(140,000)	6,830	1	6,831	146,831
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	65,000	-	-	-	(65,000)
Water and Sewer Fund	75,000	231	-	231	(74,769)
Total Other Financing Sources	140,000	231	-	231	(139,769)
Net Change in Fund Balance	\$ -	\$ 7,061	1	\$ 7,062	\$ 7,062
Fund Balance:					
Beginning of Year, July 1			7,061		
End of Year, June 30			<u>\$ 7,062</u>		

TOWN OF TROY, NORTH CAROLINA

Schedule 5

SPECIAL REVENUE FUND - ECONOMIC REVOLVING LOAN FUND

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

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Investment Earnings	\$ -	\$ 1,135	\$ -	\$ 1,135	\$ 1,135
Loan Repayments	51,900	51,900	-	51,900	-
Total Revenues	51,900	53,035	-	53,035	1,135
Expenditures:					
Economic and Physical Development:					
Loan Payments	51,900	51,900	-	51,900	-
Total Expenditures	51,900	51,900	-	51,900	-
Revenues Over Expenditures	-	1,135	-	1,135	1,135
Net Change in Fund Balance	\$ -	\$ 1,135	-	\$ 1,135	\$ 1,135
Fund Balance:					
Beginning of Year, July 1			1,135		
End of Year, June 30			\$ 1,135		

TOWN OF TROY, NORTH CAROLINA

Schedule 6

SPECIAL REVENUE FUND - REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Housing and Urban Development Grant #1	\$ 257,432	\$ 257,432	\$ -	\$ 257,432	\$ -
Housing and Urban Development Grant #2	220,000	198,774	-	198,774	(21,226)
Housing and Urban Development Grant #3	273,378	292,241	-	292,241	18,863
Housing and Urban Development Grant #4	326,349	326,349	-	326,349	-
Housing and Urban Development Grant #5	-	206,150	-	206,150	206,150
Community Development Block Grant	600,000	600,000	-	600,000	-
USDA - Rural Development Grant	50,000	52,081	-	52,081	2,081
Miscellaneous:					
Other	-	321	-	321	321
Total Revenues	1,727,159	1,933,348	-	1,933,348	206,189
Expenditures:					
Economic and Physical Development:					
Smitherman Village Redevelopment Project:					
HUD:					
Construction, Rehabilitation, and Preservation Activities	548,878	539,246	-	539,246	9,632
Administration	67,432	154,898	-	154,898	(87,466)
Acquisition/Demolition	50,000	54,942	-	54,942	(4,942)
Other Activities	20,000	70,030	-	70,030	(50,030)
Troy Neighborhood Redevelopment Commission Donation	390,849	468,082	-	468,082	(77,233)
Community Development Block Grant:					-
Acquisition	375,450	420,004	-	420,004	(44,554)
Disposition	8,100	4,495	-	4,495	3,605
Parks, Playgrounds and Recreation Facilities	8,150	6,000	-	6,000	2,150
Clearance Activities	37,300	45,271	-	45,271	(7,971)
Relocation Assistance	135,000	88,230	-	88,230	46,770
Administration	36,000	36,000	-	36,000	-
USDA Rural Development Administration	50,000	11,689	-	11,689	38,311
Total Expenditures	1,727,159	1,898,887	-	1,898,887	(171,728)
Revenues Over Expenditures	-	34,461	-	34,461	34,461
Other Financing Sources (Uses):					
Transfers From Other Funds:					
General Fund	-	3,850	-	3,850	3,850
Transfers to Other Funds:					
General Fund	-	(38,311)	-	(38,311)	(38,311)
Total Other Financing Sources (Uses)	-	(34,461)	-	(34,461)	(34,461)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ -		

TOWN OF TROY, NORTH CAROLINASchedule 7**SPECIAL REVENUE FUND - FEMA PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grant	\$ 580,115	\$ 34,370	\$ -	\$ 34,370	\$ (545,745)
State Grant	193,372	11,458	773	12,231	(181,141)
Total Revenues	<u>773,487</u>	<u>45,828</u>	<u>773</u>	<u>46,601</u>	<u>(726,886)</u>
Expenditures:					
Economic and Physical Development:					
Debris Clean Up	28,787	28,787	-	28,787	-
Administration - Parks and Trails	5,000	-	18,741	18,741	(13,741)
Parks and Trails	140,000	-	-	-	140,000
Utlities	8,000	-	985	985	
Administration - Wastewater Treatment Plant	30,000	15,885	435	16,320	
Wastewater Treatment Plant	561,700	-	3,350	3,350	558,350
Total Expenditures	<u>773,487</u>	<u>44,672</u>	<u>23,511</u>	<u>68,183</u>	<u>684,609</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>1,156</u>	<u>(22,738)</u>	<u>(21,582)</u>	<u>(21,582)</u>
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	-	-	10,594	10,594	10,594
Water and Sewer Fund	-	-	53,554	53,554	53,554
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>64,148</u>	<u>64,148</u>	<u>64,148</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,156</u>	<u>41,410</u>	<u>\$ 42,566</u>	<u>\$ 42,566</u>
Fund Balance:					
Beginning of Year, July 1			<u>1,156</u>		
End of Year, June 30			<u>\$ 42,566</u>		

TOWN OF TROY, NORTH CAROLINA

Schedule 8

SPECIAL REVENUE FUND - ASSET INVENTORY AND ASSESSMENT FUND

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

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
NC Department of Environmental Quality	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Total Revenues	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Expenditures:					
Economic and Physical Development:					
Administration	100,000	18,000	81,984	99,984	16
Miscellaneous	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Total Expenditures	<u>106,500</u>	<u>18,000</u>	<u>81,984</u>	<u>99,984</u>	<u>6,516</u>
Revenues Under Expenditures	<u>(6,500)</u>	<u>(18,000)</u>	<u>(81,984)</u>	<u>(99,984)</u>	<u>(93,484)</u>
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	6,500	-	29,335	29,335	22,835
Water and Sewer Fund	<u>-</u>	<u>-</u>	<u>70,649</u>	<u>70,649</u>	<u>70,649</u>
Total Other Financing Sources	<u>6,500</u>	<u>-</u>	<u>99,984</u>	<u>99,984</u>	<u>93,484</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (18,000)</u>	18,000	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			<u>(18,000)</u>		
End of Year, June 30			<u>\$ -</u>		

TOWN OF TROY, NORTH CAROLINASchedule 9**CAPITAL PROJECT FUND - MAIN STREET SIDEWALK PROJECT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Federal Grant	\$ 572,000	\$ -	\$ -	\$ -	\$ (572,000)
NC Department of Transportation Grant	615,000	-	-	-	(615,000)
State Grant	143,000	103,996	-	103,996	(39,004)
Total Revenues	1,330,000	103,996	-	103,996	(1,226,004)
Expenditures:					
Capital Outlay;					
Sidewalk Construction	1,128,788	-	-	-	1,128,788
Professional Services	176,212	84,409	18,813	103,222	72,990
Easement Expense	-	234	-	234	(234)
Miscellaneous	35,000	196	-	196	34,804
Total Expenditures	1,340,000	84,839	18,813	103,652	1,236,348
Revenues Over (Under) Expenditures	(10,000)	19,157	(18,813)	344	10,344
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	10,000	58,363	-	58,363	48,363
Total Other Financing Sources	10,000	58,363	-	58,363	48,363
Net Change in Fund Balance	\$ -	\$ 77,520	(18,813)	\$ 58,707	\$ 58,707
Fund Balance:					
Beginning of Year, July 1			77,520		
End of Year, June 30			<u>\$ 58,707</u>		

TOWN OF TROY, NORTH CAROLINASchedule 10**CAPITAL PROJECT FUND - CAPITAL RESERVE FUND**
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	<u>\$ 250</u>	<u>\$ 257</u>	<u>\$ 7</u>
Total Revenues	<u>250</u>	<u>257</u>	<u>7</u>
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	10,000	10,000	-
Transfers to Other Funds:			
General Fund	<u>(283,951)</u>	<u>-</u>	<u>283,951</u>
Total Other Financing Sources (Uses)	<u>(273,951)</u>	<u>10,000</u>	<u>283,951</u>
Fund Balance Appropriated	<u>273,701</u>	<u>-</u>	<u>(273,701)</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u>10,257</u>	<u><u>\$ 10,257</u></u>
Fund Balance:			
Beginning of Year, July 1		<u>311,471</u>	
End of Year, June 30		<u><u>\$ 321,728</u></u>	

**TOWN OF TROY,
NORTH CAROLINA**

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. An enterprise fund charges fees sufficient to fund on-going operations, service its debt and provide for replacement and expansion of its capital facilities.

The Town of Troy has a single enterprise fund, the Water and Sewer Fund, and four Water and Sewer Capital Projects Funds; the Water and Sewer Capital Reserve Fund, the Water and Sewer Clean Water Capital Management Trust Project Fund, the Water and Sewer Bilhen Street Pump Station Project Fund and the Water and Sewer CDBG Infrastructure Grant Project Fund.

TOWN OF TROY, NORTH CAROLINA

Schedule 11

(Page 1 of 2)

ENTERPRISE FUND - WATER AND SEWER FUND**SCHEDULE OF REVENUES AND EXPENDITURES****BUDGET AND ACTUAL (NON-GAAP)**

For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Water Sales	\$	\$ 776,454	\$
Sewer Charges		740,925	
Water and Sewer Taps		43,585	
Late Fees		15,250	
Wastewater Analysis Fees		68,012	
Finished Water Sales and Septage Fees		90,767	
Other Operating Revenues		9,206	
Total Operating Revenues	1,767,430	1,744,199	(23,231)
Nonoperating Revenues:			
Interest Earned on Investments	700	281	(419)
Total Revenues	1,768,130	1,744,480	(23,650)
Expenditures:			
Water Treatment and Distribution:			
Salaries and Employee Benefits		264,967	
Contracted Services		30,457	
Purchases for Resale		476,806	
Maintenance		94,560	
Other Operating Expenditures		123,432	
Total	997,963	990,222	7,741
Sewer Collection and Treatment:			
Salaries and Employee Benefits		229,515	
Maintenance		96,986	
Other Operating Expenditures		49,884	
Total	375,949	376,385	(436)
Wastewater Treatment Plant:			
Salaries and Employee Benefits		96,547	
Contracted Services		28,359	
Other Operating Expenditures		134,616	
Total	317,439	259,522	57,917
Debt Service:			
Principal Retirement		77,835	
Interest and Fees		21,972	
Total	122,629	99,807	22,822
Total Expenditures	1,813,980	1,725,936	88,044
Revenues Over (Under) Expenditures (Forward)	\$ (45,850)	\$ 18,544	\$ 64,394

TOWN OF TROY, NORTH CAROLINASchedule 11
(Page 2 of 2)**ENTERPRISE FUND - WATER AND SEWER FUND**
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues Over (Under) Expenditures (Brought Forward)	<u>\$ (45,850)</u>	<u>\$ 18,544</u>	<u>\$ 64,394</u>
Other Financing Uses:			
Transfers to Other Funds:			
To Bilhen Street Pump Station Capital Project Fund	(42,645)	(42,645)	-
To FEMA Project Special Revenue Fund	(53,554)	(53,554)	-
To Asset Inventory and Assessment Fund	<u>(70,650)</u>	<u>(70,649)</u>	<u>1</u>
Total Other Financing Uses	<u>(166,849)</u>	<u>(166,848)</u>	<u>1</u>
Fund Balance Appropriated	<u>212,699</u>	<u>-</u>	<u>(212,699)</u>
Revenues Under Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (148,304)</u>	<u>\$ (148,304)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		<u>\$ (148,304)</u>	
Reconciling Items:			
Payment of Bond Principal		39,000	
Payments on Installment Purchase Principal		38,835	
Decrease in Accrued Interest Payable		402	
Depreciation		(258,238)	
Decrease in Deferred Outflows of Resources - Pension		(15,076)	
Increase in Net Pension Liability		(17,912)	
Increase in Deferred Inflows of Resources - Pension		(1,972)	
Capital Contributions		630,411	
Increase in Accrued Vacation		(652)	
Transfer to Water and Sewer Capital Project Fund		42,645	
Interest Income from Water and Sewer Project Funds		10	
Interest Income from Water and Sewer Capital Reserve Funds		<u>436</u>	
Total Reconciling Items		<u>457,889</u>	
Change in Net Position		<u>\$ 309,585</u>	

TOWN OF TROY, NORTH CAROLINA

Schedule 12

WATER AND SEWER CAPITAL PROJECT FUND
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ 505	\$ 436	\$ (69)
Total Revenues	<u>505</u>	<u>436</u>	<u>(69)</u>
Expenditures:			
Capital Outlay	313,245	-	313,245
Total Expenditures	<u>313,245</u>	<u>-</u>	<u>313,245</u>
Revenues Over (Under) Expenditures	<u>(312,740)</u>	<u>436</u>	<u>313,176</u>
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	-	-	-
Transfers to Other Funds:			
Water and Sewer Fund	<u>(7,025)</u>	<u>-</u>	<u>(7,025)</u>
Total Other Financing Sources (Uses)	<u>(7,025)</u>	<u>-</u>	<u>(7,025)</u>
Fund Balance Appropriated	<u>319,765</u>	<u>-</u>	<u>(319,765)</u>
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>436</u>	<u>\$ (13,614)</u>
Fund Balance:			
Beginning of Year, July 1		<u>320,964</u>	
End of Year, June 30		<u>\$ 321,400</u>	

TOWN OF TROY, NORTH CAROLINA

Schedule 13

WATER AND SEWER CAPITAL PROJECT FUND
CLEAN WATER MANAGEMENT TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Clean Water Management Trust Fund Grants:					
Phase II - U.V. Construction	\$ 260,500	\$ 287,788	\$ -	\$ 287,788	\$ 27,288
Phase III - Denson Creek/ Little River Project	2,384,118	2,321,117	-	2,321,117	(63,001)
Investment Earnings	-	4,989	10	4,999	4,999
Total Revenues	2,644,618	2,613,894	10	2,613,904	(30,714)
Expenditures:					
Capital Outlay:					
Phase II:					
U.V. Construction	260,500	325,184	-	325,184	(64,684)
Phase III:					
Land Acquisitions	2,137,118	1,916,957	-	1,916,957	220,161
Land Surveying, Legal Fees, Appraisals and Administration	341,200	181,473	-	181,473	159,727
Costs of Remaining Tracts	32,000	-	-	-	32,000
Total Expenditures	2,770,818	2,423,614	-	2,423,614	347,204
Revenues Over (Under) Expenditures	(126,200)	190,280	10	190,290	316,490
Other Financing Sources (Uses):					
Transfers From Other Funds:					
From Water and Sewer Capital Reserve Fund	262,283	-	-	-	(262,283)
From Water and Sewer Fund	-	37,344	-	37,344	37,344
From Capital Project Fund Capital Reserve Fund	45,000	45,000	-	45,000	-
Transfers to Other Funds:					
To General fund	(30,729)	(88,229)	-	(88,229)	(57,500)
To Water and Sewer Fund	-	(150)	-	(150)	(150)
To Capital Reserve Fund	(150,354)	(150,354)	-	(150,354)	-
Total Other Financing Sources (Uses)	126,200	(156,389)	-	(156,389)	(282,589)
Net Change in Fund Balance	\$ -	\$ 33,891	10	\$ 33,901	\$ 33,901
Fund Balance:					
Beginning of Year, July 1			33,891		
End of Year, June 30			\$ 33,901		

TOWN OF TROY, NORTH CAROLINA

Schedule 14

WATER AND SEWER CAPITAL PROJECT FUND
BILHEN STREET PUMP STATION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
N.C. Department of Commerce Grant	\$ 480,000	\$ -	\$ -	\$ -	\$ (480,000)
Total Revenues	<u>480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(480,000)</u>
Expenditures:					
Capital Outlay:					
Administration	80,000	-	91,230	91,230	(11,230)
Pump Station Upgrades	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Total Expenditures	<u>480,000</u>	<u>-</u>	<u>91,230</u>	<u>91,230</u>	<u>388,770</u>
Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>(91,230)</u>	<u>(91,230)</u>	<u>(91,230)</u>
Other Financing Sources:					
Water and Sewer Fund	<u>-</u>	<u>-</u>	<u>42,645</u>	<u>42,645</u>	<u>42,645</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(48,585)</u>	<u>\$ (48,585)</u>	<u>\$ (48,585)</u>
Fund Balance:					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>\$ (48,585)</u>		

TOWN OF TROY, NORTH CAROLINA

Schedule 15

WATER AND SEWER CAPITAL PROJECT FUND
CDBG INFRASTRUCTURE GRANT PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
N.C. Department of Environmental Quality	\$ 1,304,383	\$ 1,418,764	\$ 527,062	\$ 1,945,826	\$ 641,443
N.C. Department of Environmental Quality	106,661	-	103,350	103,350	(3,311)
Miscellaneous	-	190	-	190	190
Total Revenues	<u>1,411,044</u>	<u>1,418,954</u>	<u>630,412</u>	<u>2,049,366</u>	<u>638,322</u>
Expenditures:					
Capital Outlay:					
Administration	130,000	342,942	19,580	362,522	(232,522)
Engineering - Water	99,643	48,630	3,449	52,079	47,564
Construction - Water	378,801	981,959	-	981,959	(603,158)
Engineering - Sewer	144,940	-	39,583	39,583	105,357
Construction - Sewer	106,661	-	106,000	106,000	661
Construction - Sewer	550,999	41,974	479,896	521,870	29,129
Total Expenditures	<u>1,411,044</u>	<u>1,415,505</u>	<u>648,508</u>	<u>2,064,013</u>	<u>(652,969)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 3,449</u>	<u>(18,096)</u>	<u>\$ (14,647)</u>	<u>\$ (14,647)</u>
Fund Balance:					
Beginning of Year, July 1			<u>3,449</u>		
End of Year, June 30			<u>\$ (14,647)</u>		

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**TOWN OF TROY,
NORTH CAROLINA**

Other Supplemental Information

The following supplemental schedules are provided to enhance the financial statement user's understanding of municipal finance by providing additional detail of ad valorem taxes levied, collected and receivable at year end.

TOWN OF TROY, NORTH CAROLINASchedule 16**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance, June 30, 2020</u>
2019-2020	\$ -	\$ 1,059,106	\$ 1,034,327	\$ 24,779
2018-2019	23,956	-	7,217	16,739
2017-2018	17,914	-	3,775	14,139
2016-2017	13,881	-	3,158	10,723
2015-2016	19,672	1,500	-	21,172
2014-2015	16,162	-	1,931	14,231
2013-2014	17,883	-	907	16,976
2012-2013	29,178	437	-	29,615
2011-2012	13,451	-	443	13,008
2010-2011	11,315	-	211	11,104
2009-2010	13,705	-	13,705	0
	<u>\$ 177,117</u>	<u>\$ 1,061,043</u>	<u>\$ 1,065,674</u>	<u>\$ 172,486</u>
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(10,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 162,486</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 1,053,316	
Releases and Adjustments			5,372	
Taxes Written Off			12,372	
Interest Collected			<u>(5,386)</u>	
Total Collections and Credits			<u>\$ 1,065,674</u>	

TOWN OF TROY, NORTH CAROLINA

Schedule 17

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
Original Levy:					
Property Taxed at Current Year's Rate	\$ 225,485,443	.46	\$ 1,037,233	\$ 935,753	\$ 101,480
Registered Motor Vehicles Taxed at Prior Year's Rate	-	.46	-	-	-
Total Original Levy	<u>225,485,443</u>		<u>1,037,233</u>	<u>935,753</u>	<u>101,480</u>
Discoveries:					
Current Year Taxes	<u>4,754,889</u>	.46	<u>21,872</u>	<u>21,872</u>	<u>-</u>
Total Discoveries	<u>4,754,889</u>		<u>21,872</u>	<u>21,872</u>	<u>-</u>
Abatements	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total Property Valuation	<u>\$ 230,240,332</u>				
Net Levy			1,059,106	957,625	101,480
Uncollected Taxes at June 30, 2020			<u>(24,779)</u>	<u>(24,304)</u>	<u>(475)</u>
Current Year's Taxes Collected			<u>\$ 1,034,327</u>	<u>\$ 933,321</u>	<u>\$ 101,006</u>
Current Levy Collection Percentage			<u>97.66%</u>	<u>97.46%</u>	<u>99.53%</u>

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**TOWN OF TROY,
NORTH CAROLINA**

STATISTICAL SECTION

This part of the Town of Troy’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town of Troy’s financial health.

Contents	Page
Financial Trends	95
These tables contain trend information to help the reader understand how the Town’s Financial performance and well-being have changed over time.	
Revenue Capacity	102
These tables contain information to help the reader assess the Town’s most significant local revenue source, the property tax.	
Debt Capacity	106
These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	
Demographic and Economic Information	110
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.	
Operating Information	112
These tables contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the services the Town provides and the activities it performs.	

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TOWN OF TROY, NORTH CAROLINA

Table 1

Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 5,310,697	\$ 5,194,480	\$ 5,095,520	\$ 4,953,431	\$ 4,936,315	\$ 4,957,355	\$ 4,694,635	\$ 4,612,066	\$ 5,125,197	\$ 5,087,241
Restricted	787,450	909,695	969,044	1,191,794	1,241,656	1,456,469	1,449,703	1,155,764	1,687,972	1,672,778
Unrestricted	981,867	783,964	875,470	704,334	286,807	379,486	762,332	628,842	219,248	193,495
Total Governmental activities net position	<u>\$ 7,080,014</u>	<u>\$ 6,888,139</u>	<u>\$ 6,940,034</u>	<u>\$ 6,849,559</u>	<u>\$ 6,464,778</u>	<u>\$ 6,793,310</u>	<u>\$ 6,906,670</u>	<u>\$ 6,396,672</u>	<u>\$ 7,032,417</u>	<u>\$ 6,953,514</u>
Business-type activities										
Net investment in capital assets	\$ 5,135,599	\$ 5,842,200	\$ 5,816,976	\$ 5,572,715	\$ 5,488,453	\$ 5,361,141	\$ 5,346,130	\$ 5,405,287	\$ 6,322,819	\$ 6,882,155
Restricted	-	-	-	-	-	7,915	11,568	15,221	18,874	22,527
Unrestricted	1,330,092	1,149,256	1,048,132	1,100,679	770,418	640,389	629,535	818,071	837,699	584,295
Total business-type activities net position	<u>\$ 6,465,691</u>	<u>\$ 6,991,456</u>	<u>\$ 6,865,108</u>	<u>\$ 6,673,394</u>	<u>\$ 6,258,871</u>	<u>\$ 6,009,445</u>	<u>\$ 5,987,233</u>	<u>\$ 6,238,579</u>	<u>\$ 7,179,392</u>	<u>\$ 7,488,977</u>
Primary government										
Net investment in capital assets	\$ 10,446,296	\$ 11,036,680	\$ 10,912,496	\$ 10,526,146	\$ 10,424,768	\$ 10,318,496	\$ 10,040,765	\$ 10,017,353	\$ 11,448,016	\$ 11,969,396
Restricted	787,450	909,695	969,044	1,191,794	1,241,656	1,464,384	1,461,271	1,170,985	1,706,846	1,695,305
Unrestricted	2,311,959	1,933,220	1,923,602	1,805,013	1,057,225	1,019,875	1,391,867	1,446,913	1,056,947	777,790
Total primary government net position	<u>\$ 13,545,705</u>	<u>\$ 13,879,595</u>	<u>\$ 13,805,142</u>	<u>\$ 13,522,953</u>	<u>\$ 12,723,649</u>	<u>\$ 12,802,755</u>	<u>\$ 12,893,903</u>	<u>\$ 12,635,251</u>	<u>\$ 14,211,809</u>	<u>\$ 14,442,491</u>

TOWN OF TROY, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

(Page 1 of 2)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 709,464	\$ 757,088	\$ 768,026	\$ 820,027	\$ 812,352	\$ 771,389	\$ 807,776	\$ 781,165	\$ 799,809	\$ 816,629
Public safety	809,562	793,443	780,490	892,196	840,269	764,688	848,434	1,039,508	1,001,326	1,024,005
Transportation	422,408	328,826	351,464	271,572	433,272	315,998	250,693	574,614	254,819	301,846
Environmental protection	132,264	134,641	128,302	143,267	146,890	149,128	150,318	150,650	155,965	178,817
Cultural and recreational	685,625	642,521	671,798	754,856	740,238	693,149	765,901	1,171,358	707,165	710,459
Economic and physical development	110,982	342,095	1,269,007	326,237	1,436,044	164,256	55,638	313,574	82,093	105,495
Interest on long-term debt	44,681	41,898	39,892	38,951	38,402	37,815	38,016	37,607	39,515	45,598
Total governmental activities expenses	2,914,986	3,040,512	4,008,979	3,247,106	4,447,467	2,896,423	2,916,776	4,068,476	3,040,692	3,182,849
Business-type activities:										
Water and Sewer	1,477,395	1,499,875	1,664,550	1,812,984	1,984,420	1,770,073	1,731,550	1,728,429	1,796,607	1,941,549
Total business-type activities expenses	1,477,395	1,499,875	1,664,550	1,812,984	1,984,420	1,770,073	1,731,550	1,728,429	1,796,607	1,941,549
Total primary government expenses	<u>\$ 4,392,381</u>	<u>\$ 4,540,387</u>	<u>\$ 5,673,529</u>	<u>\$ 5,060,090</u>	<u>\$ 6,431,887</u>	<u>\$ 4,666,496</u>	<u>\$ 4,648,326</u>	<u>\$ 5,796,905</u>	<u>\$ 4,837,299</u>	<u>\$ 5,124,398</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 31,950	\$ 17,715	\$ 19,397	\$ 4,489	\$ 4,609	\$ 2,255	\$ 3,790	\$ 7,822	\$ 3,735	\$ 9,925
Public safety	600	889	594	678	788	361	372	306	698	660
Transportation	-	-	15,000	20,000	-	20,000	20,000	50,000	12,500	25,000
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	272,889	324,309	336,999	322,774	328,157	388,214	332,205	281,866	237,235	231,194
Operating grants and contributions	254,463	576,863	182,152	394,594	1,564,231	441,627	203,317	696,092	376,708	288,716
Capital grants and contributions	234,678	47,560	1,313,113	85,952	30,000	103,996	258,948	18,364	425,876	-
Total governmental activities program revenues	794,580	967,336	1,867,255	828,487	1,927,785	956,453	818,632	1,054,450	1,056,752	555,495
Business-type activities:										
Charges for services:										
Water and Sewer	1,484,313	1,431,798	1,537,234	1,620,553	1,620,203	1,519,826	1,608,148	1,742,954	1,647,418	1,744,199
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	612,000	-	-	-	-	93,422	236,175	1,089,192	630,411
Total business-type activities program revenues	1,484,313	2,043,798	1,537,234	1,620,553	1,620,203	1,519,826	1,701,570	1,979,129	2,736,610	2,374,610
Total primary government program revenues	<u>\$ 2,278,893</u>	<u>\$ 3,011,134</u>	<u>\$ 3,404,489</u>	<u>\$ 2,449,040</u>	<u>\$ 3,547,988</u>	<u>\$ 2,476,279</u>	<u>\$ 2,520,202</u>	<u>\$ 3,033,579</u>	<u>\$ 3,793,362</u>	<u>\$ 2,930,105</u>
Net (Expense)/Revenue										
Governmental activities	\$ (2,120,406)	\$ (2,073,176)	\$ (2,141,724)	\$ (2,418,619)	\$ (2,519,682)	\$ (1,939,970)	\$ (2,098,144)	\$ (3,014,026)	\$ (1,983,940)	\$ (2,627,354)
Business-type activities	6,918	543,923	(127,316)	(192,431)	(364,217)	(250,247)	(29,980)	250,700	940,003	433,061
Total primary government net expense	<u>\$ (2,113,488)</u>	<u>\$ (1,529,253)</u>	<u>\$ (2,269,040)</u>	<u>\$ (2,611,050)</u>	<u>\$ (2,883,899)</u>	<u>\$ (2,190,217)</u>	<u>\$ (2,128,124)</u>	<u>\$ (2,763,326)</u>	<u>\$ (1,043,937)</u>	<u>\$ (2,194,293)</u>

TOWN OF TROY, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

(Page 2 of 2)

General Revenues and Other Changes in

Net Position	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Taxes										
Property taxes	\$ 805,792	\$ 792,811	\$ 844,544	\$ 895,105	\$ 925,104	\$ 926,032	\$ 927,390	\$ 1,032,220	\$ 1,212,406	\$ 1,048,685
Sales taxes	627,614	542,473	559,496	568,666	614,133	651,602	756,853	800,471	880,293	890,641
Franchise taxes	243,830	269,474	256,873	265,815	298,502	297,791	293,707	291,080	294,683	284,863
Other taxes and licenses	33,440	25,616	24,024	26,719	25,780	24,123	24,720	23,241	23,770	30,180
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Restricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	8,561	5,193	3,855	11,119	1,297	1,574	2,325	1,864	2,057	1,613
Miscellaneous	198,915	224,283	504,596	560,720	407,439	367,380	258,597	355,152	206,476	168,266
Transfers	124,000	21,451	231	-	-	-	(7,000)	-	-	124,203
Total governmental activities	<u>2,042,152</u>	<u>1,881,301</u>	<u>2,193,619</u>	<u>2,328,144</u>	<u>2,272,255</u>	<u>2,268,502</u>	<u>2,256,592</u>	<u>2,504,028</u>	<u>2,619,685</u>	<u>2,548,451</u>
Business-type activities:										
Investment earnings	4,740	3,293	1,199	717	599	821	768	646	810	727
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	-	(21,451)	(231)	-	-	-	7,000	-	-	(124,203)
Total business-type activities	<u>4,740</u>	<u>(18,158)</u>	<u>968</u>	<u>717</u>	<u>599</u>	<u>821</u>	<u>7,768</u>	<u>646</u>	<u>810</u>	<u>(123,476)</u>
Total primary government	<u>\$ 2,046,892</u>	<u>\$ 1,863,143</u>	<u>\$ 2,194,587</u>	<u>\$ 2,328,861</u>	<u>\$ 2,272,854</u>	<u>\$ 2,269,323</u>	<u>\$ 2,264,360</u>	<u>\$ 2,504,674</u>	<u>\$ 2,620,495</u>	<u>\$ 2,424,975</u>
 Change in Net Position										
Governmental activities	\$ (202,254)	\$ (191,875)	\$ 51,895	\$ (90,475)	\$ (247,427)	\$ 328,532	\$ 158,448	\$ (509,998)	\$ 635,745	\$ (78,903)
Business-type activities	11,658	525,765	(126,348)	(191,714)	(363,618)	(249,426)	(22,212)	251,346	940,813	309,585
Total primary government	<u>\$ (190,596)</u>	<u>\$ 333,890</u>	<u>\$ (74,453)</u>	<u>\$ (282,189)</u>	<u>\$ (611,045)</u>	<u>\$ 79,106</u>	<u>\$ 136,236</u>	<u>\$ (258,652)</u>	<u>\$ 1,576,558</u>	<u>\$ 230,682</u>

TOWN OF TROY, NORTH CAROLINA
Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2011	789,550	627,614	243,830	33,440	1,694,434
2012	805,536	542,473	269,474	25,616	1,643,099
2013	831,956	559,496	256,873	24,024	1,672,349
2014	844,544	568,666	265,815	26,719	1,705,744
2015	925,104	614,133	298,502	25,780	1,863,519
2016	926,032	651,602	297,791	24,123	1,899,548
2017	927,390	756,853	293,707	24,720	2,002,670
2018	1,032,220	800,471	291,080	23,241	2,147,012
2019	1,212,406	880,293	294,683	23,770	2,411,152
2020	1,048,685	890,641	284,863	30,180	2,254,369

TOWN OF TROY, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 29,313	\$ 30,794	\$ 9,206	\$ 27,972	\$ 21,694	\$ 22,123	\$ 22,039	\$ 16,378	\$ 16,378	\$ 12,512
Restricted	540,200	673,032	722,172	919,467	898,940	897,429	863,328	749,112	1,244,957	1,238,318
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	70,787	58,221	-	32,495	44,900	-	-	47,196	50,000	111,037
Unassigned	844,547	687,042	856,608	691,878	364,480	648,943	1,048,548	947,105	481,779	442,773
Total General Fund	<u>\$ 1,484,847</u>	<u>\$ 1,449,089</u>	<u>\$ 1,587,986</u>	<u>\$ 1,671,812</u>	<u>\$ 1,330,014</u>	<u>\$ 1,568,495</u>	<u>\$ 1,933,915</u>	<u>\$ 1,759,791</u>	<u>\$ 1,793,114</u>	<u>\$ 1,804,640</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	36	7,478	87	15,266	82,481	288,536	104,456	104,459	130,517	111,653
Committed	247,214	229,185	246,785	257,061	260,235	270,504	481,919	302,193	312,498	322,807
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(5,000)	-	(17,863)	(88,678)	(129,058)	-	-	(62,672)	(3,262)
Total all other governmental funds	<u>\$ 247,250</u>	<u>\$ 231,663</u>	<u>\$ 246,872</u>	<u>\$ 254,464</u>	<u>\$ 254,038</u>	<u>\$ 429,982</u>	<u>\$ 586,375</u>	<u>\$ 406,652</u>	<u>\$ 380,343</u>	<u>\$ 431,198</u>

TOWN OF TROY, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 5

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Taxes	\$ 789,550	\$ 805,536	\$ 831,956	\$ 921,191	\$ 858,808	\$ 1,040,280	\$ 986,682	\$ 1,075,466	\$ 1,057,173	\$ 1,053,316
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	126,741	113,693	113,567	100,124	100,915	100,584	101,012	102,772	97,590	100,538
Intergovernmental	1,297,444	1,378,050	2,305,152	1,342,424	2,421,534	1,447,187	1,333,117	1,736,736	1,514,883	1,440,839
Charges for Services	275,139	326,659	355,929	345,244	331,041	409,769	353,505	336,966	252,560	264,644
Investment earnings	8,561	5,193	3,855	11,119	1,297	2,387	2,325	1,864	2,057	1,613
Miscellaneous	195,753	195,764	321,812	422,855	407,053	267,988	231,653	348,192	180,816	122,325
Total revenues	2,693,188	2,824,895	3,932,271	3,142,957	4,120,648	3,268,195	3,008,294	3,601,996	3,105,079	2,983,275
Expenditures										
General government	661,910	762,515	723,154	780,148	800,142	747,619	784,188	1,005,911	762,350	760,491
Public safety	854,278	728,476	756,946	820,150	899,434	725,020	783,760	972,079	1,086,001	961,095
Transportation	550,582	436,036	475,716	391,459	561,127	445,871	394,505	763,020	382,531	648,338
Environmental protection	-	-	-	-	-	-	-	-	-	-
Culture and recreation	643,196	588,377	638,807	724,940	727,064	661,036	734,564	877,317	728,798	627,194
Economic and physical development	110,982	342,095	1,269,007	326,237	1,436,044	164,256	55,638	313,574	82,093	105,495
Capital outlay	-	-	-	-	156	58,363	6,550	-	19,770	18,813
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	71,351	66,128	53,209	12,440	12,980	13,578	25,748	46,912	72,148	97,436
Interest	42,965	43,149	40,947	39,165	38,625	38,027	37,509	37,937	38,965	44,762
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,935,264	2,966,776	3,957,786	3,094,539	4,475,572	2,853,770	2,822,462	4,016,750	3,172,656	3,263,624
Excess of revenues over (under) expenditures	(242,076)	(141,881)	(25,515)	48,418	(354,924)	414,425	185,832	(414,754)	(67,577)	(280,349)
Other financing sources (uses)										
Transfers in	65,000	179,846	10,231	10,000	10,000	68,363	217,976	230,101	-	174,132
Transfers out	(65,000)	(158,395)	(10,000)	(10,000)	(10,000)	(68,363)	(224,976)	(230,101)	-	(49,929)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations / Notes	124,000	-	-	-	-	-	33,335	60,907	74,591	218,527
Sale of assets	-	69,085	179,390	43,000	12,700	-	309,646	-	-	-
Total other financing sources (uses)	124,000	90,536	179,621	43,000	12,700	-	335,981	60,907	74,591	342,730
Net change in fund balances	\$ (118,076)	\$ (51,345)	\$ 154,106	\$ 91,418	\$ (342,224)	\$ 414,425	\$ 521,813	\$ (353,847)	\$ 7,014	\$ 62,381
Debt services as a percentage of noncapital expenditures	4.0%	3.8%	2.4%	1.7%	1.2%	1.9%	2.3%	2.4%	3.9%	4.6%

TOWN OF TROY, NORTH CAROLINA
General Governmental Tax Revenues By Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
2011	789,550	627,614	243,830	33,440	1,694,434
2012	805,536	542,473	269,474	25,616	1,643,099
2013	831,956	559,496	256,873	24,024	1,672,349
2014	921,191	568,666	265,815	24,402	1,780,074
2015	858,808	614,133	298,502	25,780	1,797,223
2016	1,040,280	651,602	297,791	24,123	2,013,796
2017	986,682	756,853	293,707	24,720	2,061,962
2018	1,075,466	800,471	291,080	23,241	2,190,258
2019	1,057,173	880,293	294,683	23,770	2,255,919
2020	1,053,316	890,641	284,863	30,180	2,259,000

TOWN OF TROY, NORTH CAROLINA
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Table 7

Fiscal Year	Real Property		Personal Property	Personal Property		Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Real Property	
	Residential Property	Commercial Property		Motor Vehicles	Other				Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (1)
2011	\$ 55,267,096	\$ 58,851,339	\$ 35,988,741	\$ 15,220,208	\$ -	\$ 3,565,223	\$ 168,892,607	0.48	199,319,049	75.31%
2012	\$ 57,014,859	\$ 58,300,425	\$ 31,833,662	\$ 15,303,542	\$ -	\$ 3,401,877	\$ 165,854,365	0.48	205,572,710	71.58%
2013	\$ 65,781,473	\$ 63,000,104	\$ 39,354,555	\$ 16,510,294	\$ -	\$ 4,144,580	\$ 188,791,006	0.48	214,459,352	78.40%
2014	\$ 67,458,342	\$ 68,810,350	\$ 42,757,048	\$ 21,510,653	\$ -	\$ 4,339,246	\$ 204,875,639	0.46	180,834,081	99.00%
2015	\$ 67,279,425	\$ 71,871,833	\$ 47,390,750	\$ 18,576,935	\$ -	\$ 4,108,399	\$ 209,227,342	0.46	200,582,804	93.00%
2016	\$ 67,644,383	\$ 70,751,093	\$ 47,661,883	\$ 19,632,174	\$ -	\$ 4,545,100	\$ 210,234,633	0.46	200,061,676	93.00%
2017	\$ 67,935,482	\$ 71,752,458	\$ 51,624,249	\$ 20,904,783	\$ -	\$ 4,382,180	\$ 216,599,152	0.46	205,712,031	93.00%
2018	\$ 68,662,503	\$ 72,502,180	\$ 65,196,002	\$ 19,987,826	\$ -	\$ 4,424,998	\$ 230,773,509	0.46	224,305,092	92.00%
2019	\$ 68,782,503	\$ 74,025,311	\$ 59,194,823	\$ 20,613,478	\$ -	\$ 4,448,298	\$ 227,064,413	0.46	219,568,084	92.00%
2020	\$ 68,945,482	\$ 75,228,143	\$ 59,250,949	\$ 22,060,869	\$ -	\$ 4,754,889	\$ 230,240,332	0.46	221,113,667	92.00%

Source:Montgomery County Government

Note: Public Service Companies assessed value as a percentage of actual value is 100%.

- (1) The annual decline in the ratio of assessed value to estimated value of real estate results from the failure to recognize appreciating real estate values in years between octennial revaluations. Personal Property is revalued annually by the Montgomery County Tax Department.
- (2) Increase in Real Property Value due to octennial property revaluation.

TOWN OF TROY, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(property tax rates per \$100 assessed valuation)

Table 8

Fiscal Year	City Direct Rate	Overlapping Rates		Total
	Total Town of Troy Tax Rate	Total Montgomery County Tax Rate		Direct & Overlapping Rates
2011	0.480	0.670	*	1.150
2012	0.480	0.670	*	1.150
2013	0.460	0.560	*	1.020
2014	0.460	0.570	*	1.030
2015	0.460	0.620	*	1.080
2016	0.460	0.620	*	1.080
2017	0.460	0.620	*	1.080
2018	0.460	0.620	*	1.080
2019	0.460	0.620	*	1.080
2020	0.460	0.620	*	1.080

Source: Montgomery County Government and Town of Troy Tax Department

*Note: Town of Troy Tax Rate is 100% General Fund for each year.

Beginning with 2010, \$.02 of the County Tax Rate is used for Volunteer Fire Departments throughout the County with the remaining for General Fund.

TOWN OF TROY, NORTH CAROLINA

Principal Property Taxpayers

June 30, 2020

Table 9

Taxpayer	2020			2010		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Troy Lumber Company	\$ 33,632,330	1	14.61%	\$ 14,048,400	1	9.14%
Wright Foods	13,700,042	2	5.95%			
First Health/Montgomery Mem. Hospital	5,077,846	3	2.21%	4,315,118	5	2.81%
First Bank	5,024,472	4	2.18%	7,168,908	2	4.67%
Capel, Inc.	3,875,320	5	1.68%	4,745,801	4	3.09%
Sorinela, LLC & Food Lion	3,359,009	6	1.46%	2,423,800	8	1.58%
Auria Troy LLC & Troy NC LP	3,345,550	7	1.45%	5,707,146	3	3.71%
Uwharrie Lumber Co.	2,966,672	8	1.29%	2,574,052	7	1.68%
Duke Energy/Progress	2,838,470	9	1.23%	1,941,372	9	1.26%
Alandale Knitting	2,390,524	10	1.04%	3,400,292	6	2.21%
Central Telephone				1,504,711	10	0.98%
Totals	<u>\$ 76,210,235</u>		<u>33.10%</u>	<u>\$ 47,829,600</u>		<u>31.13%</u>

Total Assessed Value of Taxable Property \$ 230,240,332

\$ 153,653,593

Source: Troy Tax Department

Note: Taxpayer ranked # 2 currently was not ranked in top ten in 2010

TOWN OF TROY, NORTH CAROLINA**Table 10****Property Tax Levies and Collections**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2011	810,685	763,110	94.13%	22,950	786,060	96.96%
2012	796,102	753,325	94.63%	39,449	792,774	99.58%
2013	868,817	807,375	92.93%	20,747	828,122	95.32%
2014	942,428	906,709	96.21%	31,639	938,348	99.57%
2015	962,446	844,272	87.72%	15,787	860,059	89.36%
2016	967,079	928,869	96.05%	17,038	945,907	97.81%
2017	996,356	969,428	97.30%	16,205	985,633	98.92%
2018	1,061,558	1,031,535	97.17%	15,884	1,047,419	98.67%
2019	1,044,496	1,020,540	97.71%	7,217	1,027,757	98.40%
2020	1,059,106	1,034,327	97.66%	-	1,034,327	97.66%

TOWN OF TROY, NORTH CAROLINA

Table 11

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Debt as Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Installment Purchases	Notes Payable	General Obligation Bonds	Installment Purchases	Notes Payable			
2011	-	95,985	926,263	453,000	189,510	-	1,664,758	2.55%	\$ 491
2012	-	41,321	914,801	405,000	104,736	-	1,465,858	2.28%	\$ 433
2013	-	-	902,914	364,000	85,823	-	1,352,737	2.11%	\$ 400
2014	-	-	890,474	329,000	24,570	300,000	1,544,044	2.60%	\$ 469
2015	-	-	877,494	292,000	84,201	274,719	1,528,414	2.53%	\$ 464
2016	-	-	863,912	254,000	308,307	-	1,426,219	2.35%	\$ 433
2017	-	-	871,501	215,000	256,396	-	1,342,897	2.21%	\$ 417
2018	-	-	885,497	176,000	697,786	-	1,759,283	2.08%	\$ 525
2019	-	-	887,937	137,000	642,800	-	1,667,737	1.97%	\$ 498
2020	-	-	1,009,028	98,000	603,965	-	1,710,993	2.01%	\$ 495

NOTE: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Table 15 for personal income and population data.

TOWN OF TROY, NORTH CAROLINA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	General Obligation Bonds	Less: Debt Payable From Enterprise Fund	Total	Assessed Property Value	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	453,000	(453,000)	-	\$ 168,892,607	0.27%	0.00
2012	405,000	(405,000)	-	\$ 165,854,365	0.24%	0.00
2013	364,000	(364,000)	-	\$ 188,791,006	0.19%	0.00
2014	329,000	(329,000)	-	\$ 204,875,639	0.16%	0.00
2015	292,000	(292,000)	-	\$ 209,227,342	0.14%	0.00
2016	254,000	(254,000)	-	\$ 210,234,633	0.12%	0.00
2017	215,000	(215,000)	-	\$ 216,599,152	0.10%	0.00
2018	176,000	(176,000)	-	\$ 230,773,509	0.08%	0.00
2019	137,000	(137,000)	-	\$ 227,064,413	0.06%	0.00
2020	98,000	(98,000)	-	\$ 230,240,332	0.04%	0.00

NOTE: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 15 for personal income and population data.

TOWN OF TROY, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
June 30, 2020

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Montgomery County \$	77,370,683	6.99%	\$ 5,408,211
Subtotal, overlapping debt			<u>5,408,211</u>
Town of Troy direct debt			<u>1,009,028</u>
Total direct and overlapping debt			<u>\$ 6,417,239</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Montgomery County Government. Debt outstanding data provided by the Montgomery County Finance Department. Increase in Montgomery County outstanding debt due to \$70,000,000 loan for new central high school.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Troy. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated by determining the portion of Montgomery County's taxable assessed value that is within the Town's boundaries and dividing the Town's valuation by the County's valuation.

TOWN OF TROY, NORTH CAROLINA
Legal Debt Margin Information
 Last Ten Fiscal Years

Table 14

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 13,511,378	\$ 13,268,349	\$ 15,103,280	\$ 16,329,107	\$ 16,738,188	\$ 16,818,768	\$ 17,327,932	\$ 18,461,881	\$ 18,165,153	\$ 18,419,227
Total net debt applicable to limit	<u>1,211,758</u>	<u>1,060,856</u>	<u>988,735</u>	<u>1,215,044</u>	<u>1,281,462</u>	<u>1,195,304</u>	<u>1,127,897</u>	<u>1,583,283</u>	<u>1,530,737</u>	<u>1,612,993</u>
Legal debt margin	<u>\$ 12,299,620</u>	<u>\$ 12,207,493</u>	<u>\$ 14,114,545</u>	<u>\$ 15,114,063</u>	<u>\$ 15,456,726</u>	<u>\$ 15,623,464</u>	<u>\$ 16,200,035</u>	<u>\$ 16,878,598</u>	<u>\$ 16,634,416</u>	<u>\$ 16,806,234</u>
Total net debt applicable to the limit as a percentage of debt limit	8.97%	8.00%	6.55%	7.44%	7.66%	7.11%	6.51%	8.58%	8.43%	8.76%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 230,240,332
Debt limit (8% of total assessed value)	<u>\$ 16,806,234</u>
Debt applicable to limit:	
General obligation bonds	-
Installment purchase agreements	<u>1,612,993</u>
Total net debt applicable to limit	<u>1,612,993</u>
Legal debt margin	<u>\$ 15,193,241</u>

NOTE: Under state law, the Town of Troy's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

TOWN OF TROY, NORTH CAROLINA

Table 15

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	Education Level At Least Bachelor's Degree (4)	School Enrollment (5)	Unemployment Rate (6)
2011	3389	65,390,755	19,295	39.0	12.7%	1,523	12.60%
2012	3386	64,174,858	18,953	40.0	13.0%	1,549	11.40%
2013	3386	64,066,506	18,921	40.0	13.0%	1,538	10.00%
2014	3294	59,344,704	18,016	41.0	14.5%	1,463	7.60%
2015	3295	60,456,660	18,348	41.2	14.9%	1,465	6.20%
2016	3295	60,799,340	18,452	41.4	14.9%	1,457	5.30%
2017	3222	60,828,138	18,879	41.0	14.5%	1,432	4.30%
2018	3353	84,636,426	25,242	41.0	14.4%	1,421	3.50%
2019	3351	84,585,942	25,242	43.0	14.0%	1,349	3.90%
2020	3455	85,117,380	24,636	43.3	15.7%	1,362	7.70%

Source: (1) NC Department of Revenue

Source: (2) US Department of Commerce

Source: (3) US Census Bureau

Source: (4) NC Department of Commerce

Source: (5) NC Employment Security Commission

TOWN OF TROY, NORTH CAROLINA

Table 16

Principal Employers

Current Year and Ten Years Ago

Employer	2020			2010		
	Employees (1)	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
*Montgomery County Schools	635	1	8.52%	675	1	3.67%
First Health Montgomery Mem.	202	2	2.71%	149	6	0.81%
Southern Correctional Institution	215	3	2.88%	320	2	1.74%
Montgomery County Admin.	224	4	3.00%	245	3	1.33%
Troy Lumber Company	171	5	2.29%	124	7	0.67%
Capel, Inc.	161	6	2.16%	212	5	1.15%
First Bank	84	7	1.13%	232	4	1.26%
Pro Pallet	74	8	0.99%	35	15	0.19%
I.A.C., Inc. (former C & A)	69	9	0.93%	91	8	0.49%
Republic Services	65	10	0.87%	58	13	0.32%
Alandale Knitting	64	11	0.86%	40	14	0.22%
Food Lion	58	12	0.78%	60	12	0.33%
Uwharrie Lumber Company	55	13	0.74%	63	11	0.34%
Montgomery Foods	41	14	0.55%	80	9	0.43%
Quik Chek, Inc.	26	15	0.35%	70	10	0.38%
 Total	 2,144		 28.75%	 2,454		 13.34%

Source: (1) Montgomery County Economic Development Commission & Industry HR Departments

* Total Employment in County, Breakdown not Available for Town only

TOWN OF TROY, NORTH CAROLINA
Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Table 17

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	7	7	7	7	7	6	7	7	7	7
Public safety:										
Police										
Officers	11	11	11	11	11	11	11	11	11	11
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and streets:	4	4	4	4	4	4	3	3	3	3
Culture and recreation	4	4	6	6	6	8	7	7	7	7
Water	3	3	4	4	4	4	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Total	<u>34</u>	<u>34</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>38</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>

Source: Town's Human Resource office.

TOWN OF TROY, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 18

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Number of Police Personnel and Officers	12	12	12	12	12	12	12	12	12	12
Number of Arrests	271	292	292	286	360	106	202	233	158	164
Number of Traffic Violations	238	501	485	479	481	170	177	335	362	342
Incidents/Investigations	467	459	472	468	477	245	356	378	323	359
Fire: (All Volunteer - No Paid Firemen)										
Number of Volunteer Firefighters	25	26	28	27	25	25	26	24	25	27
Number of Fire Emergency Responses	214	207	240	166	227	226	179	277	202	219
Highways and streets										
Street resurfacing (miles)	-	1.20	0.48	-	-	0.51	-	-	-	-
Potholes repaired	6	5	9	11	11	14	12	8	9	11
Sanitation										
Refuse collected (tons/day)	1.52	1.53	1.51	1.55	1.54	1.52	1.55	1.58	1.57	1.58
Recyclables collected (tons/day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Culture and recreation										
Separate programs offered	91	95	97	100	101	108	110	113	116	105
Estimated number of program participants	27,245	27,325	27,500	27,702	28,900	28,940	28,995	29,042	29,042	27,014
Water										
New connections	2	1	2	1	2	2	2	3	1	2
Water mains breaks	13	12	11	12	14	11	12	10	11	13
Average daily consumption (MGD)	0.417	0.395	0.450	0.460	0.460	0.420	0.440	0.406	0.420	0.044
Wastewater										
Average daily sewage treatment (MGD)	0.400	0.420	0.425	0.440	0.448	0.410	0.420	0.400	0.530	0.532

Sources: Various government departments.

Note: Indicators are not available for the general government function.

N/A: Data not available.

TOWN OF TROY, NORTH CAROLINA

Table 19

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety:										
Police:										
Main Station	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7 #	7	8	8	8	8	8	7	7
Fire stations	1	1 #	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	17.27	17.27 #	17.27	17.27	17.27	17.27	17.27	17.27	17.27	17.27
City Streetlights	478	478 #	480	478	478	478	479	479	477	478
Sanitation:										
Collection trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Culture and recreation:										
Parks acreage	665.79 #	665.79 #	665.79	665.79	665.79	665.79	665.79	665.79	665.79	665.79
Parks	6 #	6 #	6	6	6	6	6	6	6	6
Tennis courts	4 #	4 #	4	4	4	4	4	4	4	4
Golf Course -18 hole - acreage	152 #	152 #	152	152	152	152	152	152	152	152
City owned ballfields	3.0 #	3.0 #	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City maintained ballfields - acreage	15.0 #	15.0 #	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Water:										
Water mains (miles)	33.6 #	33.6 #	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6
Fire hydrants (est.)	200 #	200 #	200	200	200	200	200	200	200	200
Maximum daily capacity (thousands of gallons)	1.000 #	1.000 #	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sewer:										
Sanitary sewers (miles)	33.0 #	33.0 #	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maximum daily treatment capacity (thousands of gallons)	1.200 #	1.200 #	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200

Sources: Various city departments.

COMPLIANCE SECTION

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WILLIAM R. HUNEYCUTT

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

INDEPENDENT AUDITOR'S REPORT

The Mayor and the Board
of Commissioners
Town of Troy
Troy, North Carolina

I have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Troy, 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 Troy's basic financial statements, and have issued my report thereon dated December 23, 2020.

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

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

The Mayor and the Board
of Commissioners
Town of Troy
Troy, North Carolina
Page Two

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Troy's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore significant deficiencies or material weaknesses may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that I consider to be a significant deficiency as item 2020-1.

Town of Troy's Response to Findings. The Town of Troy's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report. The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Troy'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 of Troy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 23, 2020



William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

TOWN OF TROY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

Material weakness(es) identified?	_____	yes	<u> X </u>	no
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Significant deficiency(s) identified that are not considered to be material weaknesses	<u> X </u>	yes	_____	none reported
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Noncompliance material to financial statements noted	_____	yes	<u> X </u>	no
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TOWN OF TROY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES (Concluded)

For the Year Ended June 30, 2020

Section II. Findings Related to the Audit
of the Basic Financial Statements

Significant Deficiency:

Finding 2020-1: Deficit Fund Balances

Criteria : Sufficient resources should be available before obligations are incurred.

Condition : The Bilhen Street Pump Project Fund and the CDBG Infrastructure Grant Project Fund had deficit fund balances at June 30, 2020.

Effect : Obligations incurred for eligible expenditures without sufficient resources available.

Cause : Obligations incurred prior to sufficient resources being available from grant proceeds or interfund transfers.

Recommendation : Transfers of resources on a short-term basis should be made as a transfer to/transfer from so sufficient resources are available for obligations.

Management Response : The Town of Troy agrees with this finding.

MAYOR
SHERRI HARRIS ALLGOOD
MAYOR PRO-TEM
BRUCE HAMILTON
COMMISSIONERS
KAYREN BRANTLEY
ANGELA ELKINS
WALLACE JONES
DAMON PRINCE



TOWN MANAGER
GREG ZEPHIR
TOWN CLERK
CATHY MANESS
ATTORNEY
RUSSELL J. HOLLERS, III

TOWN OF TROY, NORTH CAROLINA

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2020

Finding 2020-1: Deficit Fund Balance

A Name of Contact Person: Cathy Maness, Finance Officer

B. Corrective Action:

Capital project funds will be assessed to determine the best source of transfer of funds; either as due to/ due from or transfer to/transfer from.

C. Proposed Completion Date: Immediately.

TOWN OF TROY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2020

2019-1:

Status: Corrected, but applicable to other funds at 6/30/2020.