

REVIEWED

By SLGFD at 10:23 am, Feb 03, 2022

TOWN OF TRENTON
Trenton, North Carolina

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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Trenton, North Carolina

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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

**TOWN OF TRENTON
TRENTON, NORTH CAROLINA**

MAYOR

DARLENE SPIVEY

BOARD OF COMMISSIONERS

CHARLES JONES

ROBERT HORVATH

RICK GREEN

APPOINTED OFFICIALS

TOWN CLERK

GLENN SPIVEY

TOWN ATTORNEY

JAMES P. CAULEY, III

TAX ADMINISTRATOR

FLEMING JEFFRESS

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note IV to the financial statements, effective July 1, 2020, the entity adopted new accounting standards promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 on our consideration of the Town of Trenton, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Trenton, North Carolina's internal control over financial reporting and compliance.

Barrow, Parris & Davenport P.A.

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

January 14, 2022

Management's Discussion and Analysis

As management of the Town of Trenton, we offer readers of the Town of Trenton's financial statements this narrative overview and analysis of the financial activities of the Town of Trenton for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

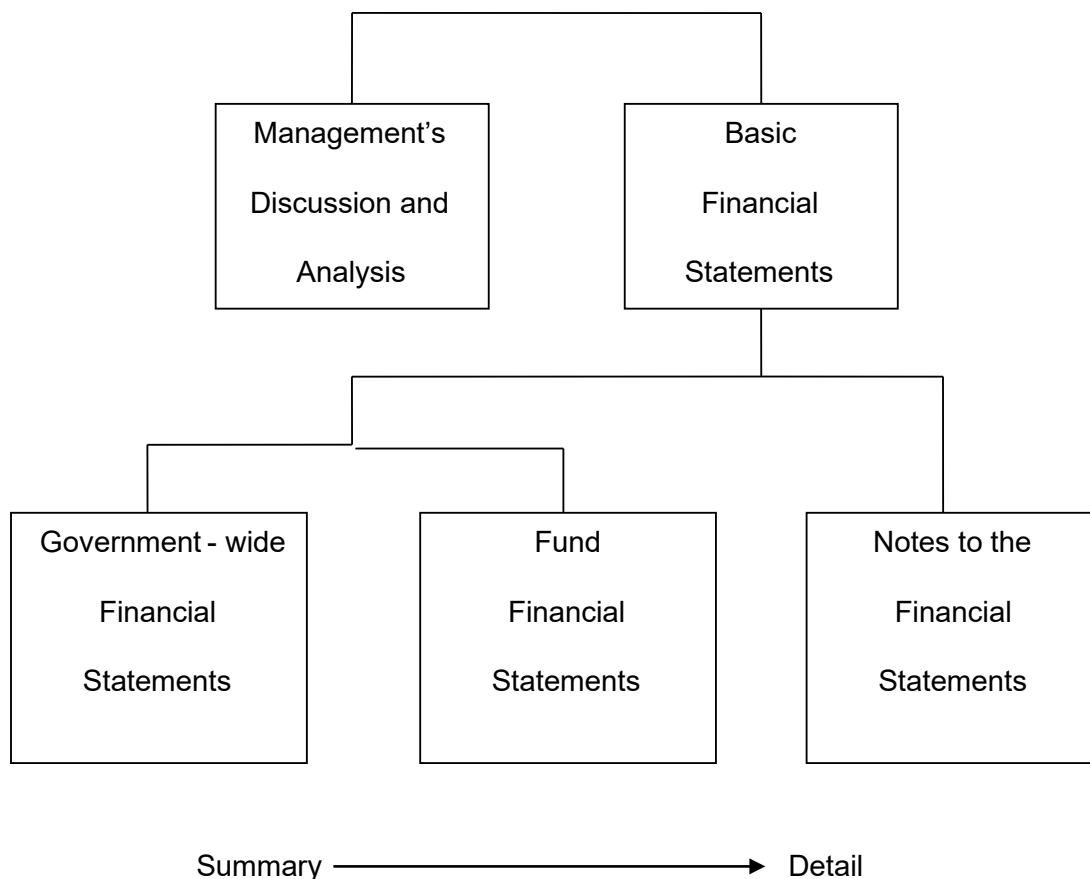
Financial Highlights

- The assets of the Town of Trenton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,127,128 (*net position*).
- The government's total net position increased by \$135,178 due primarily to increases in capital grants and contributions and an overall reduction in expenses.
- As of the close of the current fiscal year, the Town of Trenton's governmental funds reported an ending fund balance of \$711,139, an increase of \$10,332 in comparison with the prior year. Approximately 3.54 percent of this total amount, or \$25,208, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$403,132, or 221.24% of total general fund expenditures for the fiscal year.
- The Town began a \$369,000 street paving capital project during the year. The project was ongoing at year end.
- During the fiscal year, the Town implemented GASB Statement No. 84, Fiduciary Activities. The implementation of this standard resulted in the creation of a new Fines and Forfeitures Special Revenue Fund. The fines and forfeitures activity was previously accounted for in a fiduciary agency fund.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 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 they have changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

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

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Trenton, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Trenton can be divided into two categories: governmental funds and proprietary funds.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19-28 of this report.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$1,026,605	\$973,201	\$424,028	\$497,743	\$1,450,633	\$1,470,944
Capital assets	461,826	130,633	5,529,531	5,663,492	5,991,357	5,794,125
Total assets	\$1,488,431	\$1,103,834	\$5,953,559	\$6,161,235	\$7,441,990	\$7,265,069
Current liabilities	\$74,932	\$5,403	\$11,517	\$12,639	\$86,449	\$18,042
Deferred inflows of resources	228,413	255,077			228,413	255,077
Total liabilities and deferred inflows of resources	\$303,345	\$260,480	\$11,517	\$12,639	\$314,862	\$273,119
Net position:						
Net investment in capital assets	\$461,826	\$130,633	\$5,529,531	\$5,663,492	\$5,991,357	\$5,794,125
Restricted	25,208	45,332			25,208	45,332
Unrestricted	698,052	667,389	412,511	485,104	1,110,563	1,152,493
Total net position	\$1,185,086	\$843,354	\$5,942,042	\$6,148,596	\$7,127,128	\$6,991,950

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Trenton exceeded liabilities and deferred inflows by \$7,127,128 as of June 30, 2021. The Town's net position increased by \$135,178 for the fiscal year ended June 30, 2021. However, the largest portion (84.1%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Trenton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Trenton's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Trenton's net position (0.35%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,110,563 is unrestricted.

Management Discussion and Analysis
Town of Trenton

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

- The Town's tax collection rate was 95.79%, which is slightly lower than last year's percentage of 96.06%. The tax collection rate is comparable to State-wide averages.
- Operating grants decreased significantly as State funds being used to finance revitalization efforts were reduced while capital grants related to a street improvement project increased significantly.
- Expenses decreased primarily in the general government and revitalization areas.

Town of Trenton Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services			\$144,720	\$145,496	\$144,720	\$145,496
Operating grants and contributions	\$63,022	\$177,767			63,022	177,767
Capital grants and contributions	249,888	110,000		395,824	249,888	505,824
General revenues:						
Property taxes	64,234	63,552			64,234	63,552
Grants and contributions not restricted to specific programs	51,153	47,652			51,153	47,652
Other	12,396	10,932	6,403	129,154	18,799	140,086
Total revenues	\$440,693	\$409,903	\$151,123	\$670,474	\$591,816	\$1,080,377
Expenses:						
General government	\$69,654	\$105,992			\$69,654	\$105,992
Revitalization	43,408	97,683			43,408	97,683
Public safety	41,109	11,948			41,109	11,948
Transportation	30,260	29,019			30,260	29,019
Environmental protection	6,353	3,439			6,353	3,439
Wastewater			\$265,854	\$236,989	265,854	236,989
Total expenses	\$190,784	\$248,081	\$265,854	\$236,989	\$456,638	\$485,070
Increase (decrease) in net position before special items and transfers	\$249,909	\$161,822	(\$114,731)	\$433,485	\$135,178	\$595,307
Special item - Disposal of sewer plant				(694,462)		(694,462)
Transfers	91,823		(91,823)			
Increase in Net Position	\$341,732	\$161,822	(\$206,554)	(\$260,977)	\$135,178	(\$99,155)
Net position, July 1	843,354	681,532	6,148,596	6,409,573	6,991,950	7,091,105
Net position, June 30	\$1,185,086	\$843,354	\$5,942,042	\$6,148,596	\$7,127,128	\$6,991,950

Governmental activities. Governmental activities increased the Town's net position by \$341,732. Key elements of this increase are as follows:

- Total revenues increased 7.5% mostly due to increases in capital grants and contributions. These grant revenues were related to a street paving project.
- A transfer of \$91,823 was received from the business-type activities for a street paving capital project. These funds remained after the completion of a sewer capital project in the prior year.

Business-type activities: Business-type activities decreased the Town of Trenton's net position by \$206,554. Key elements of this decrease are as follows:

- Operating revenues were consistent with the prior year. Capital grants and contributions decreased significantly as the sewer capital project was completed in the prior year.
- Expenses increased by 12.1% as the new wastewater treatment plant was online during the entire fiscal year.
- A transfer of \$91,823 was made to the governmental activities for a street paving project. These funds remained after the completion of a sewer capital project in the prior year.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Trenton. At the end of the current fiscal year, the Town of Trenton's fund balance available in the General Fund was \$686,655, while total fund balance reached \$709,152.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$711,139, with a net increase in fund balance of \$10,332.

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

Revenues were less than budgeted amounts primarily because the funds remaining in a three-year State grant were budgeted in the current fiscal year but only a portion of those remaining funds were recognized during the year.

Proprietary Funds. The Town of Trenton's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position of the Wastewater Fund at the end of the fiscal year amounted to \$5,942,042. The total decrease in net position for the fund was \$206,554. The primary reasons for the decrease in net position were depreciation expense related to the new sewer plant and a transfer of \$91,823 to the General Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Trenton's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Trenton's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$5,991,357 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and the sewer facility.

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

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$38,130	\$38,130	\$558,695	\$558,695	\$596,825	\$596,825
Construction in Progress	339,638				339,638	
Buildings	44,746	47,611			44,746	47,611
Equipment	30,740	35,632	775	1,806	31,515	37,438
Infrastructure	8,572	9,260			8,572	9,260
Plant and Distribution Systems			4,970,061	5,102,992	4,970,061	5,102,992
Total	\$461,826	\$130,633	\$5,529,531	\$5,663,493	\$5,991,357	\$5,794,126

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

Economic Factors and Next Year's Budgets and Rates

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

- Jones County's unemployment rate is 4.4% for June 2021 compared to 6.8% at June 2020. The Statewide averages were 4.9% at June 2021 and 8.9% at June 2020.

Budget Highlights for the Fiscal Year Ending June 30, 2022

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

Budgeted expenditures in the General Fund are also expected to be consistent with the prior year. A project budget ordinance is in place for the completion of the street paving capital project.

Business – type Activities: The Town expects sewer revenues to be consistent with the prior year. General operating expenses are also expected to be consistent with the prior year. A new project budget ordinance in the amount of \$1,010,000 has been adopted for the construction of a wastewater treatment plant operations building.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Trenton, PO Box 399, Trenton, NC 28585. You can also call (252) 448-1784 for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$917,047	\$391,482	\$1,308,529
Taxes Receivables (Net)	9,313		9,313
Accrued Interest Receivable on Taxes	2,808		2,808
Accounts Receivable (Net)		14,675	14,675
Internal Balances	9,626	(9,626)	
Due From Other Governments	85,100	24,236	109,336
Restricted Cash and Cash Equivalents	2,711	3,261	5,972
Total Current Assets	\$1,026,605	\$424,028	\$1,450,633
<i>Capital Assets:</i>			
Land, Non-depreciable Improvements, and Construction in Progress	\$377,768	\$558,695	\$936,463
Other Capital Assets, Net of Depreciation	84,058	4,970,836	5,054,894
Total Capital Assets	\$461,826	\$5,529,531	\$5,991,357
Total Assets	\$1,488,431	\$5,953,559	\$7,441,990
<u>LIABILITIES</u>			
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	\$74,173	\$8,256	\$82,429
Due to Other Governments	759		759
Payable from Restricted Assets		3,261	3,261
Total Current Liabilities	\$74,932	\$11,517	\$86,449
Total Liabilities	\$74,932	\$11,517	\$86,449
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Grants	\$228,413		\$228,413
Total Deferred Inflows of Resources	\$228,413	\$0	\$228,413
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$461,826	\$5,529,531	\$5,991,357
Restricted for Stabilization by State Statute	22,497		22,497
Restricted for Streets	2,711		2,711
Unrestricted	698,052	412,511	1,110,563
Total Net Position	\$1,185,086	\$5,942,042	\$7,127,128

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$69,654				(\$69,654)		(\$69,654)
Revitalization	43,408				(43,408)		(43,408)
Public Safety	41,109		\$27,422		(13,687)		(13,687)
Transportation	30,260		35,600	\$249,888	255,228		255,228
Environmental Protection	6,353				(6,353)		(6,353)
Total Governmental Activities	\$190,784	\$0	\$63,022	\$249,888	\$122,126		\$122,126
Business-type Activities:							
Wastewater	\$265,854	\$144,720				(\$121,134)	(\$121,134)
Total Business-type Activities	\$265,854	\$144,720		\$0		(\$121,134)	(\$121,134)
Total Primary Government	\$456,638	\$144,720	\$63,022	\$249,888	\$122,126	(\$121,134)	\$992
<i>General Revenues:</i>							
Taxes:							
Property Taxes, Levied for General Purpose					\$64,234		\$64,234
Grants and Contributions Not Restricted to Specific Programs					51,153		51,153
Investment Earnings, Unrestricted					678	\$14	692
Miscellaneous, Unrestricted					11,718	6,389	18,107
Total General Revenues Not Including Transfers					\$127,783	\$6,403	\$134,186
Transfers					91,823	(91,823)	
Total General Revenues and Transfers					\$219,606	(\$85,420)	\$134,186
Change in Net Position					341,732	(206,554)	135,178
<i>Net Position, Beginning</i>					843,354	6,148,596	6,991,950
NET POSITION, ENDING					\$1,185,086	\$5,942,042	\$7,127,128

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

TOWN OF TRENTON, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds		Non-major Fund	Total
	General	Street Paving Capital Project	Fines and Forfeitures Special Revenue	Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$915,298	\$990	\$759	\$917,047
Restricted Cash and Cash Equivalents	2,711			2,711
Taxes Receivable, Net	9,313			9,313
Due From Other Funds	9,626			9,626
Due From Other Governments	12,871	72,229		85,100
TOTAL ASSETS	\$949,819	\$73,219	\$759	\$1,023,797
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$2,941	\$71,232		\$74,173
Due to Other Governments			\$759	759
TOTAL LIABILITIES	\$2,941	\$71,232	\$759	\$74,932
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes Receivable	\$9,313			\$9,313
Unearned Grants	228,413			228,413
TOTAL DEFERRED INFLOWS OF RESOURCES	\$237,726	\$0	\$0	\$237,726
FUND BALANCES:				
Restricted:				
Stabilization by State Statute	\$22,497			\$22,497
Streets - Powell Bill	2,711			2,711
Committed:				
Infrastructure Improvements	117,939			117,939
Cemetery Improvements	60,021			60,021
Assigned:				
Capital Projects		\$1,987		1,987
Subsequent Year's Expenditures	102,852			102,852
Unassigned	403,132			403,132
TOTAL FUND BALANCES	\$709,152	\$1,987	\$0	\$711,139
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$949,819	\$73,219	\$759	\$1,023,797
Amounts reported for governmental activities in the statement of net position (Exhibit 1)				
are different because:				
Total fund balance, governmental funds				\$711,139
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:				
Gross capital assets at historical cost			\$534,611	
Accumulated depreciation			(72,785)	461,826
Other long-term assets (accrued interest receivable for taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.				12,121
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$1,185,086

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Major Funds		Non-major Fund	Total Governmental Funds
	General	Street Paving Capital Project	Fines and Forfeitures Special Revenue	
REVENUES:				
Ad Valorem Taxes	\$64,027			\$64,027
Unrestricted Intergovernmental	51,153	\$249,888		301,041
Restricted Intergovernmental	63,022			63,022
Investment Earnings	678			678
Miscellaneous	11,682		\$36	11,718
TOTAL REVENUES	\$190,562	\$249,888	\$36	\$440,486
EXPENDITURES:				
<i>Current:</i>				
General Government	\$65,555		\$36	\$65,591
Revitalization	43,408			43,408
Public Safety	37,415			37,415
Transportation	29,486	\$339,724		369,210
Environmental Protection	6,353			6,353
TOTAL EXPENDITURES	\$182,217	\$339,724	\$36	\$521,977
EXCESS OF REVENUES OVER EXPENDITURES	\$8,345	(\$89,836)	\$0	(\$81,491)
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds		91,823		91,823
Net Change in Fund Balance	\$8,345	\$1,987	\$0	\$10,332
<i>Fund Balance, Beginning</i>	<i>700,807</i>			<i>700,807</i>
FUND BALANCE, ENDING	\$709,152	\$1,987	\$0	\$711,139

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

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

Net changes in fund balance - total governmental funds	\$10,332
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures which were capitalized	339,638
Depreciation expense for governmental assets	(8,445)

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

Change in unavailable revenue for tax revenues	207
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Total Changes in Net Position of Governmental Activities	\$341,732
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The accompanying notes are an integral part of the financial statements.

TOWN OF TRENTON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	General Fund			Variance with
	Original	Final	Actual	Final Budget -
	Budget	Budget	Amount	Favorable
				(Unfavorable)
Revenues:				
Ad Valorem Taxes	\$54,308	\$54,308	\$64,027	\$9,719
Unrestricted Intergovernmental	43,300	43,300	51,153	7,853
Restricted Intergovernmental	344,257	385,806	63,022	(322,784)
Investment Earnings	12	12	678	666
Miscellaneous	12,640	12,640	11,682	(958)
Total Revenues	\$454,517	\$496,066	\$190,562	(\$305,504)
Expenditures:				
<i>Current:</i>				
General Government	\$101,961	\$110,280	\$65,555	\$44,725
Revitalization	382,901	397,200	43,408	353,792
Public Safety	10,000	37,422	37,415	7
Transportation	42,631	42,631	29,486	13,145
Environmental Protection	161,431	161,704	6,353	155,351
Total Expenditures	\$698,924	\$749,237	\$182,217	\$567,020
Revenues Over (Under) Expenditures	(\$244,407)	(\$253,171)	\$8,345	\$261,516
Fund Balance Appropriated	\$244,407	\$253,171		(\$253,171)
Net Change in Fund Balance	\$0	\$0	\$8,345	\$8,345
<i>Fund Balance, Beginning</i>			700,807	
Fund Balances, Ending			\$709,152	

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	<u>Assets</u>	<u>Major Enterprise Fund Wastewater Fund</u>
Current Assets:		
Cash and Cash Equivalents		\$391,482
Due From Other Governments		24,236
Accounts Receivable (Net) - Billed		14,675
Restricted Cash and Cash Equivalents		3,261
Total Current Assets		\$433,654
Noncurrent Assets:		
Capital Assets:		
Land		\$558,695
Other Capital Assets, Net of Depreciation		4,970,836
Total Capital Assets (Net)		\$5,529,531
Total Noncurrent Assets		\$5,529,531
Total Assets		\$5,963,185
	<u>Liabilities</u>	
Current Liabilities:		
Accounts Payable and Accrued Liabilities		\$8,256
Due to Other Funds		9,626
Liabilities Payable from Restricted Assets:		
Customer Deposits		3,261
Total Current Liabilities		\$21,143
Total Liabilities		\$21,143
	<u>Net Position</u>	
Net Investment in Capital Assets		\$5,529,531
Unrestricted		412,511
Total Net Position		\$5,942,042

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Major Enterprise Fund Wastewater Fund
OPERATING REVENUES:	
Charges for Services	\$144,720
Other Operating Revenues	6,389
Total Operating Revenues	\$151,109
OPERATING EXPENSES:	
Contract Labor	\$46,044
Utilities	33,581
Supplies and Maintenance	20,987
Sampling	19,867
Other Expenses	11,413
Depreciation	133,962
Total Operating Expenses	\$265,854
Operating Income (Loss)	(\$114,745)
NONOPERATING REVENUES:	
Investment Earnings	\$14
Total Nonoperating Revenues	\$14
Income (Loss) Before Transfers	(\$114,731)
Transfers to Other Funds	(91,823)
Change in Net Position	(\$206,554)
<i>Total Net Position, Beginning</i>	6,148,596
Total Net Position, Ending	\$5,942,042

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

TOWN OF TRENTON, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Major Enterprise Fund Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$142,513
Cash Paid for Goods and Services	(133,540)
Customer Deposits Received	1,525
Customer Deposits Returned	(1,000)
Other Operating Revenues	6,389
Net Cash Provided (Used) by Operating Activities	\$15,887
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(\$91,823)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	\$14
Net Increase in Cash and Cash Equivalents	(\$75,922)
Cash and Cash Equivalents, Beginning	470,665
Cash and Cash Equivalents, Ending	\$394,743
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income (Loss)	(\$114,745)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$133,962
<i>Changes in Assets and Liabilities:</i>	
Decrease (Increase) in Accounts Receivable and Due From Other Govts.	(2,902)
Increase in Allowance for Doubtful Accounts	694
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,647)
Increase (Decrease) in Customer Deposits	525
Total Adjustments	\$130,632
Net Cash Provided by (Used by) Operating Activities	\$15,887

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

Street Paving Capital Project Fund. This fund is used to account for construction related to a paving project for Town streets.

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

The Town reports the following non-major governmental funds:

Fines and Forfeitures Special Revenue Fund. This fund accounts for various legal fines and forfeitures that the Town is required to remit to the Jones County Board of Education.

The Town reports the following major enterprise fund:

Wastewater Fund. This fund is used to account for the Town's wastewater operations.

C. Measurement Focus and Basis of Accounting

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

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 enterprise fund is charges to customers for sales and services. The Town also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fines and Forfeitures Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for the Street Paving Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the line-item level for all annually budgeted funds and at the object level for the multiyear funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits in the amount of \$3,261 held by the Town in the Wastewater Fund (Business-type Activities) before any services are supplied are restricted to the service for which the deposit is collected. Powell bill funds in the amount of \$2,711 held by the Town in the General Fund (Governmental Activities) are classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and Equipment	10
Computer Equipment	3

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet these criteria. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and unearned grants.

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Committed Fund Balance – This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote of quorum of the Town of Trenton's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

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

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

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

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves all appropriations.

Capital projects – portion of fund balance in the capital project fund assigned for capital purposes.

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

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$1,314,501 and a bank balance of \$1,316,416. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,066,416 was covered by collateral held under the pooling method.

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

2. Accounts Receivable

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Due From Other Governments</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General Fund		\$12,871	\$12,121	\$24,992
Other Governmental		72,229		72,229
Total Governmental Activities		\$85,100	\$12,121	\$97,221
Business-Type Activities:				
Wastewater Fund	\$14,675	\$24,236		\$38,911
Total Business-type Activities	\$14,675	\$24,236		\$38,911
Due from other governments consists of the following:				
Governmental Activities:				
Local option sales tax		\$5,345		
USDA grant revenues		72,229		
Franchise tax		4,284		
Other		3,242		
		\$85,100		
Business-Type Activities:				
Sewer collections - Jones County		\$24,236		
		\$24,236		

3. Receivables - Allowances for Doubtful Accounts

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

<u>Fund</u>	<u>6/30/21</u>
Wastewater Fund - Accounts Receivable	\$22,587
Total	\$22,587

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$38,130			\$38,130
Construction in Progress		\$339,638		339,638
Total Capital Assets Not Being Depreciated	\$38,130	\$339,638	\$0	\$377,768
Capital Assets Being Depreciated:				
Buildings	\$63,298			\$63,298
Equipment	62,088			62,088
Improvements	10,820			10,820
Infrastructure	20,636			20,636
Total Capital Assets Being Depreciated	\$156,842	\$0	\$0	\$156,842
Less Accumulated Depreciation for:				
Buildings	\$15,687	\$2,865		\$18,552
Equipment	26,456	4,892		31,348
Improvements	10,820			10,820
Infrastructure	11,376	688		12,064
Total Accumulated Depreciation	\$64,339	\$8,445	\$0	\$72,784
Total Capital Assets Being Depreciated, Net	\$92,503			\$84,058
Governmental Activity Capital Assets, Net	\$130,633			\$461,826

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

General Government	\$4,062
Public Safety	3,695
Transportation	688
Total Depreciation Expense	\$8,445

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activity:				
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$558,695			\$558,695
Total Capital Assets Not Being Depreciated	\$558,695	\$0	\$0	\$558,695
Capital Assets Being Depreciated:				
Plant and Distribution Systems	\$5,317,219			\$5,317,219
Sewer Equipment	10,314			10,314
Total Assets Being Depreciated	\$5,327,533	\$0	\$0	\$5,327,533
Less Accumulated Depreciation for:				
Plant and Distribution Systems	\$214,227	\$132,931		\$347,158
Sewer Equipment	8,508	1,031		9,539
Total Accumulated Depreciation	\$222,735	\$133,962	\$0	\$356,697
Total Capital Assets Being Depreciated, Net	\$5,104,798			\$4,970,836
Wastewater Fund Capital Assets, Net	\$5,663,493			\$5,529,531

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Construction</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$2,941		\$2,941
Other Governmental Funds		\$71,232	71,232
Total	\$2,941	\$71,232	\$74,173
Business-type Activities:			
Enterprise Fund	\$8,256		\$8,256
Total	\$8,256	\$0	\$8,256

2. Deferred Outflows/Inflows of Resources:

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable (General Fund), less penalties		\$9,313
Unearned grants	\$228,413	228,413
Total	\$228,413	\$237,726

3. Risk Management

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

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

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

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

TOWN OF TRENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Claims, Judgments, and Contingent Liabilities

At June 30, 2021, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

C. Interfund Balances and Activity

At June 30, 2021, the Wastewater Fund owed the General Fund a total of \$9,626, resulting from an inadvertent deposit of General Fund revenues into the Wastewater Fund bank account. The amount is expected to be repaid in the upcoming year.

During the year, the Wastewater Fund transferred \$91,823 to the Street Paving Capital Project Fund for the required local contribution to a USDA grant. These funds remained after the completion of a sewer capital project in the prior year. The street paving project benefitted governmental activities.

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	\$709,152
Less:	
Restricted for Stabilization by State Statute	22,497
Restricted for Streets - Powell Bill	2,711
Committed for Sewer Improvements	117,939
Committed for Cemetery Improvements	60,021
Assigned for Subsequent Year's Expenditures	102,852
Remaining Fund Balance	403,132

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

IV. Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provide guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The implementation has no effect on beginning fund balance or net position.

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TOWN OF TRENTON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
<i>Ad Valorem Taxes:</i>			
Current Year	\$54,108	\$61,908	\$7,800
Prior Years		1,609	1,609
Interest	200	510	310
	\$54,308	\$64,027	\$9,719
<i>Unrestricted Intergovernmental:</i>			
Local Option Sales Taxes	\$22,000	\$29,662	\$7,662
Utility Sales Tax	20,000	15,742	(4,258)
Piped Natural Gas Sales Tax		510	510
Telecommunications Sales Tax		2,832	2,832
Video Franchise Fee		901	901
Solid Waste Disposal Tax		228	228
Beer and Wine Tax	1,300	1,278	(22)
	\$43,300	\$51,153	\$7,853
<i>Restricted Intergovernmental:</i>			
Powell Bill Allocation	\$9,500	\$8,936	(\$564)
NCORR Grant	348,884	26,664	(322,220)
CARES Act Grant	27,422	27,422	
	\$385,806	\$63,022	(\$322,784)
<i>Investment Earnings</i>	\$12	\$678	\$666
<i>Miscellaneous:</i>			
Rent Income	\$10,850	\$10,850	
Other Revenues	1,790	832	(\$958)
	\$12,640	\$11,682	(\$958)
Total Revenues	\$496,066	\$190,562	(\$305,504)

TOWN OF TRENTON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance Favorable (Unfavorable)
	Budget	Actual	
Expenditures:			
<i>General Government:</i>			
Board Salaries	\$5,400	\$5,400	
Other Salaries	7,200	7,200	
Professional Services	32,319	32,319	
Christmas Expenses	2,500	1,176	\$1,324
Insurance	10,000	6,719	3,281
Tax Collection Services	3,000	2,517	483
Office Supplies	4,000	1,122	2,878
Other	29,989	6,814	23,175
Capital Outlay	15,872	2,288	13,584
Total General Government	\$110,280	\$65,555	\$44,725
<i>Revitalization:</i>			
Salaries and Related Expenses	\$25,688	\$20,479	\$5,209
Projects - Materials and Labor	371,512	22,929	348,583
Total Revitalization	\$397,200	\$43,408	\$353,792
<i>Public Safety:</i>			
Fire Department-Operations	\$10,000	\$10,000	
CARES Act Grant Expenses	\$27,422	27,415	\$7
Total Public Safety	\$37,422	\$37,415	\$7
<i>Transportation:</i>			
<i>Streets & Highways:</i>			
Street Labor	\$4,000	\$3,350	\$650
Maintenance and Repairs	8,000	4,249	3,751
Street Lighting	8,000	6,210	1,790
Powell Bill - Expenses	22,631	15,677	6,954
Total Transportation	\$42,631	\$29,486	\$13,145
<i>Environmental Protection:</i>			
<i>Sanitation & Health:</i>			
Labor	\$4,000	\$1,161	\$2,839
Supplies	1,500		1,500
Garbage	1,273	1,273	
Cemetery	63,100	3,919	59,181
Capital Projects	91,831		91,831
Total Environmental Protection	\$161,704	\$6,353	\$155,351
Total Expenditures	\$749,237	\$182,217	\$567,020

TOWN OF TRENTON, NORTH CAROLINA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues Over (Under) Expenditures	(\$253,171)	\$8,345	\$261,516
Fund Balance Appropriated	\$253,171		(\$253,171)
Net Change in Fund Balance	\$0	\$8,345	\$8,345
Fund Balances, Beginning		700,807	
Fund Balances, Ending		\$709,152	

STATEMENT 2

TOWN OF TRENTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FINES AND FORFEITURES SPECIAL REVENUE FUND
 For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Favorable (Unfavorable)
<i>Revenues:</i>			
Salaries and Services:			
Penalties, Fines and Forfeitures	\$40	\$36	\$4
Total Revenues	\$40	\$36	\$4
<i>Expenditures:</i>			
Current:			
General Government:			
Payments of Penalties, Fines and Forfeitures to the Jones County Board of Education	\$40	\$36	\$4
Total Expenditures	\$40	\$36	\$4
Net Change in Fund Balance	\$0	\$0	\$0
Fund Balance:			
Beginning			
Ending		\$0	

STATEMENT 3

TOWN OF TRENTON, NORTH CAROLINA
STREET PAVING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Favorable (Unfavorable)
Revenues :					
<i>Restricted Intergovernmental:</i>					
USDA Grant	\$276,700		\$249,888	\$249,888	(\$26,812)
Total	\$276,700	\$0	\$249,888	\$249,888	(\$26,812)
Expenditures :					
Paving	\$304,555		\$287,381	\$287,381	\$17,174
Technical Services and Other Costs	56,945		50,790	50,790	6,155
Legal	7,500		1,553	1,553	5,947
Total	\$369,000	\$0	\$339,724	\$339,724	\$29,276
Revenues Under Expenditures	(\$92,300)	\$0	(\$89,836)	(\$89,836)	\$2,464
Other Financing Sources (Uses) :					
Transfers - Local Contribution	\$92,300		\$91,823	\$91,823	(\$477)
Total	\$92,300	\$0	\$91,823	\$91,823	(\$477)
Revenues and Other Sources (Uses) Over Expenditures	\$0	\$0	\$1,987	\$1,987	\$1,987

TOWN OF TRENTON, NORTH CAROLINA
WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues:			
Charges for Services	\$148,000	\$144,720	(\$3,280)
Other Operating Revenues	3,307	6,389	3,082
Total Operating Revenues	\$151,307	\$151,109	(\$198)
Non-Operating Revenues:			
Interest on Investments	\$9	\$14	\$5
Total Non-Operating Revenues	\$9	\$14	\$5
Total Revenues	\$151,316	\$151,123	(\$193)
Expenditures:			
<i>Current:</i>			
Permits	\$900	\$860	\$40
Contracted Services	46,082	46,044	38
Utilities	33,721	33,581	140
Chemicals & Supplies	8,000	6,213	1,787
Professional Fees	3,000		3,000
Miscellaneous Labor & Repairs	5,000	4,574	426
Sampling Fees	35,000	19,867	15,133
Insurance	2,416	1,915	501
Sludge Expense	10,200	10,200	
Billing and Collection Expenses	8,500	7,161	1,339
Office Expenses	3,000	1,477	1,523
Capital Outlay	3,500		3,500
Total Expenditures	\$159,319	\$131,892	\$27,427
Revenues Over (Under) Expenditures	(\$8,003)	\$19,231	\$27,234
Other Financing Sources (Uses):			
Transfers to General Fund	(\$91,823)	(\$91,823)	
Total Other Financing Sources (Uses)	(\$91,823)	(\$91,823)	\$0
Fund Balance Appropriated	\$99,826		(\$99,826)
Revenues Over Expenditures and Other Financing Uses	\$0	(\$72,592)	(\$72,592)
Reconciliation from modified accrual basis to full accrual basis:			
Depreciation		(133,962)	
Change in Net Position		(\$206,554)	

OTHER SCHEDULES

This section includes additional information on property taxes.

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

TOWN OF TRENTON, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-21		\$64,669	\$61,944	\$2,725
2019-20	\$2,471		775	1,696
2018-19	1,316		330	986
2017-18	766		169	597
2016-17	693		70	623
2015-16	655		61	594
2014-15	533		62	471
2013-14	641		48	593
2012-13	558		47	511
2011-12	564		47	517
2010-11	654		654	
	\$8,851	\$64,669	\$64,207	

Ad Valorem Taxes Receivable - Net

\$9,313**Reconciliation With Revenues:**

Ad Valorem Taxes - General Fund

\$64,027

Penalties collected on ad valorem taxes - Fines and Forfeitures Special Revenue Fund

36

Reconciling Items:

Interest Collected

(510)

Taxes Written Off

654

Total Collections and Credits**\$64,207**

TOWN OF TRENTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2021

	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	\$17,113,296	0.38	\$65,030	\$50,964	\$14,066
Penalties			40	40	
Abatements	(105,605)	0.38	(401)	(401)	
Total Property Valuation	\$17,007,691				
Net Levy			\$64,669	\$50,603	\$14,066
Unpaid (By Taxpayer) Taxes at June 30, 2021			(2,725)	(2,725)	
Current Year's Taxes Collected			\$61,944	\$47,878	\$14,066
Current Levy Collection Percentage			95.79%	94.61%	100.00%

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Trenton, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Trenton's basic financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Finding 21-1 and Finding 21-2 that we consider to be material weaknesses.

Compliance and Other Matters

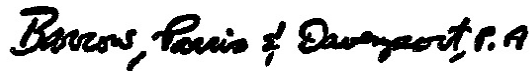
As part of obtaining reasonable assurance about whether Town of Trenton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect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

Town of Trenton's Response to Findings

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

Purpose of this Report

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



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

January 14, 2022

TOWN OF TRENTON
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

II. FINANCIAL STATEMENT FINDINGS

Finding: 21-1

Material Weakness

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions:

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

Finding: 21-2

Material Weakness

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

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

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

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

TOWN OF TRENTON
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

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

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

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