

REVIEWED

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TOWN OF TROY, NORTH CAROLINA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

Prepared by:

Finance Department

Cathy Maness
Finance Officer

TOWN OF TROY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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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
January 21, 2022

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Town of Troy for the fiscal year ended June 30, 2021. 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 late 2020 and the first half of 2021, has felt the effects of the global COVID-19 pandemic. For the better part of the 3rd and 4th quarters of 2020 many of the businesses were shut down or schedules severely impacted as the result of statewide executive orders that prompted these closings. However, even with these closings and/or modified operating hours, the businesses were still largely able to operate under different business models, yet there were some employment layoffs. The first and second quarters showed that the economic outlook had improved as more and more businesses began to open again with normal operations as well as bringing back furloughed workers and in most cases began hiring workers. While the overall county unemployment rate reached high numbers in the April and May months of 2020, by the end of the 2020-2021 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 3.9%, which was better than the statewide average of 4.2% on June 30th. While the COVID-19 pandemic continues to be an issue, the greater issue that has revealed itself and will continue to be a problem for not just the Town of Troy and North Carolina, but nationwide, is the amount of the workforce that has, at their own choosing, refused to go back to work. This is creating supply and demand issues due to supply chain slow downs and operational slowdowns for most industries.

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 has 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 in the second half of 2020 renamed itself the Ameriquel Group. Ameriquel, in 2020, began a \$34 million dollar expansion and investment project, which invested in new product lines. In addition to these investments the company continued to add to its workforce, which on June 30th exceeded 110 positions. 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.

In addition to this positive news, the Town has continued to see expansion and growth within the lumber products industry that is in the Town. Troy Lumber Company 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 Company have 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 previous years and in this current year has once again put Troy Lumber Company at the top of the list as it pertains to the largest taxpayers in the Town of Troy. By comparison, in 2011 Troy Lumber was the largest taxpayer by percentage of total taxable assessed value with a 8.45% share of total value. As of June 30, 2021, Troy Lumber continues to lead in this category, now accounting for 16.12% 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 to 18 months, specifically in the downtown "Main Street" 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 and the reemergence of the "Small Town 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 has allowed for a realized increase in tax value, especially since the new county tax revaluations have been completed. Even with the COVID-19 issues the Town was still able to see new businesses open, jobs created, and the tax base increased. 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. In fact, the occupancy rates with regards to housing stands near zero. One of the challenges that the town currently faces and will have to address in the next is the development of more sustainable and affordable housing. Since the middle of 2020 the Town has also received numerous inquiries about available tracts of land for housing development. In addition to this, there continues to be a steady level number of inquires and discussions regarding business expansions, re-location, and start-ups. If even a small percentage of these inquires pay off with new job creation the need for more housing will be even greater. Along with job creation, the availability of new housing would entice more individuals to relocate 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 Company is the largest taxpayer accounting for over 16.12% of the Town's total tax value. The remaining top 5 taxpayers are as follows: 2. Ameriquel Aseptia with 11.36% of the value; 3. Wright Foods Group with 5.21% of the value; 4. First Bank at 2.08% of the value; 5. Montgomery Memorial/First Health with 1.61% 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 Capel, Inc. with 1.57% of the Town tax value, Auria Troy LLC with 1.48% of the total tax value, Sorinela LLC/Food Lion accounting for 1.46% of total tax valuation, , and Uwharrie Lumber that accounts for 1.33% 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 17.45%. 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 these existing businesses, 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. Ameriquel Aseptia is anticipated to maintain its second position, with an assessed valuation of \$29 million, however, it is expected that the assessed valuation of Ameriquel grew due to their expansion projects having been completed. Also, a factor in this is the fact that the county completed its revaluation process. This is the most recent revaluation over the last eight (8) years. The revaluation process yielded an approximate ten (10%) percent increase in overall assessed values within the Town.

Major Initiatives

During the past 2020-2021 fiscal year, the Town of Troy was involved in several 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 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, 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. Eight (8) 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 has also provided a saving mechanism for the Town. By treating the sludge in house, the Town has been 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 has three (3) years remaining on this debt service and continues to have annual costs with regards to materials needed to treat the sludge. However, since 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 beyond the paydown of debt service.

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 continues to provide a steady stream 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 two of its industries, Ameriquel Aseptic and Troy Lumber Company. As mentioned previously, the two (2) companies have invested millions of dollars in expansion. These expansion efforts have increased their respective volumes of water used. These revenue increases have allowed the Town's officials to keep water and sewer rates relatively low, in comparison to surrounding areas.

As a result of these investments the expansion projects have yielded several positive benefits for the Town of Troy. These benefits include new jobs having been created; increased revenues from their new tax base as well as the increased revenues in the utility fund will from increased water and sewer usage. However, one of the biggest benefits has been the ability for the Town to secure grant funding for an infrastructure improvement project.

The industrial expansion of Ameriquel Aseptic afforded 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 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 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.

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 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 options of varying difficulty, playgrounds (including a new abilities inclusive playground at Capel Centennial Park), a Town operated 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 shoreline along one of the state's last 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 of Troy but wish to be a long-term part of the community. An additional 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 (Main Street) 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. The committee's primary objectives are to provide support to existing business and assist these businesses with their endeavors to expand and create new job opportunities and tax base. Also, a priority of the committee is the recruiting of new and 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 along with economic development 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, bring the types of diversity, industrial, commercial, and service oriented businesses, that the Town has been trying to recruit and support.

In sum, the Town has not only successfully continued to stay the course especially during an unprecedented time due to the global pandemic, but in some cases have been able to increase its investments and offerings 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 beginning half of the 2020-2021 fiscal year was still a time of chaos for everyone because of the COVID-19 pandemic. The Town of Troy, like any other municipality, felt its effects. However, as upending as the pandemic was, and remains, one of the unexpected consequences that the pandemic created was the need for the federal government and banks to lower interest rates and the collapse of oil prices. This year instead of highlighting a particular department this report, due to those fiscally beneficial events previously mentioned, we will focus on a few Town-wide projects that would affect the Town in an overall positive way, while at the same time remaining fiscally conservative.

During the past year the Town, due to the fiscal opportunities that were presented, completed a major repaving project that included the resurfacing of 22 roads throughout the entire Town, totaling more than two (2) miles of

road. The Town took advantage of historic low interest rates and financed the project. Due to the collapse in oil prices, which led to extremely low paving costs, the Town was able to resurface the number of roads listed for \$350,000. Considering the live span of a paving project and taking into consideration that many of the roads were in neighborhoods, it is conceivable that the lifespan of this resurfacing project could last between 10-15 years. 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.

A second project that the Town began and completed during this fiscal year was the construction of a new “ability inclusive” playground, located at Capel Centennial Park. This was a project that was a result of a partnership that was created between the Town and civic minded individuals who donated the necessary funding to allow for the construction of this beautiful facility that can be utilized by all children, regardless of physical abilities or disabilities. This new playground is a the only one of its kind within five (5) surrounding counties and a wonderful asset for the Town of Troy.

A third 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 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 of sustainable infrastructure, recreational opportunities for citizens enjoyment, 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. An additional aspect of these highlights shows that even during unusual and unexpected times that 2020 and 2021 represented, the Town’s governing 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 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 97.87%. The current year's tax collection rate on the total levy is 98.02%, a slight increase of 0.36% over 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 \$1,778,142. 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 \$2,026,747 an increase over the prior year's revenue of \$1,744,199. 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 \$59,000, 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. In November 2020, the Town entered a direct borrowing installment loan agreement with Truist Bank for street improvements.

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 \$2,011 equivalent to a return of .10% 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, 2020

Christopher P. Morill

Executive Director/CEO

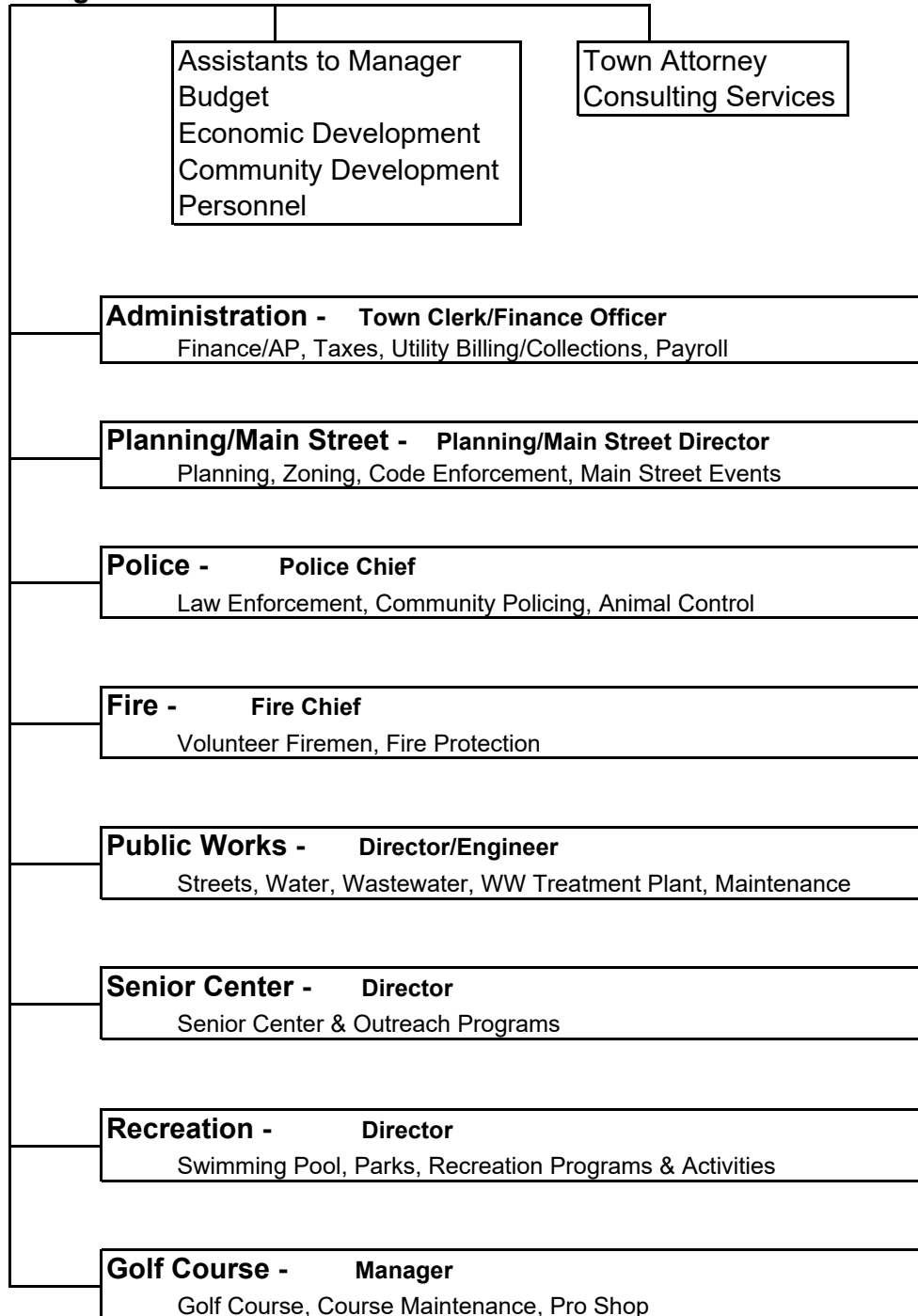
Town of Troy

Organizational Chart

Taxpayers

Mayor and Town Commissioners

Town Manager



TOWN OF TROY
List of Principal Officials
June 30, 2021

Troy Town Board: Craig Jones, 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, 2021, 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, 2021, 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 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.

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 January 21, 2022, 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.

January 21, 2022

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

William R. Hunecutt, 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, 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

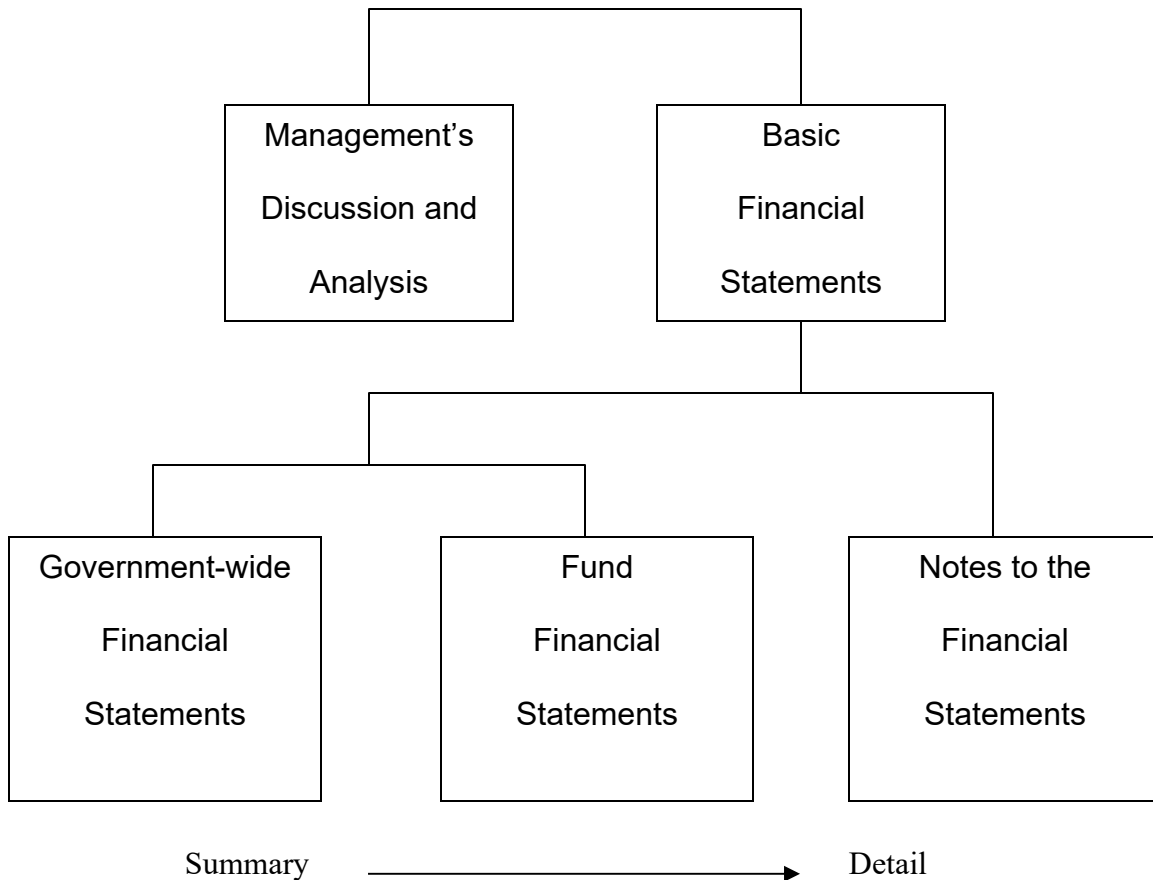
- The assets and deferred outflows of resources of the Town of Troy exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,577,482 (*net position*).
- The government's total net position increased by \$134,991.
- As of the close of the current fiscal year, the Town of Troy's governmental funds reported combined ending fund balances of \$2,416,395 with a net change of \$180,557 in fund balance. Approximately 49.02 percent of this total amount, or \$1,184,555, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$899,915 or 23.78 percent of total general fund expenditures and transfers out for the fiscal year.
- The Town of Troy's total debt increased by \$164,081 (9.58%) during the current fiscal year mainly due to the lease purchase of funds for street paving.

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 24 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 60 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,677,932	\$ 2,565,950	\$ 1,029,288	\$ 1,458,572	\$ 3,707,220	\$ 4,024,522
Capital assets	6,153,188	6,096,272	7,718,580	7,584,052	13,871,768	13,680,324
Total assets	8,831,120	8,662,222	8,747,868	9,042,624	17,578,988	17,704,846
Deferred Outflows of Resources	475,621	321,541	94,152	85,790	569,773	407,331
Long-term liabilities outstanding	2,189,112	1,725,658	732,129	784,700	2,921,241	2,510,358
Other liabilities	255,028	281,447	345,778	840,542	600,806	1,121,989
Total liabilities	2,444,140	2,007,105	1,077,907	1,625,242	3,522,047	3,632,347
Deferred inflows of resources	32,605	23,144	16,627	14,195	49,232	37,339
Net position:						
Net investment in capital assets	5,225,944	5,087,241	7,095,748	6,882,155	12,321,692	11,969,396
Restricted	1,476,200	1,672,778	26,180	22,527	1,502,380	1,695,305
Unrestricted	127,852	193,495	625,558	584,295	753,410	777,790
Total net position	\$ 6,829,996	\$ 6,953,514	\$ 7,747,486	\$ 7,488,977	\$ 14,577,482	\$ 14,442,491

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 \$14,577,482 as of June 30, 2021. The Town's net position increased by \$134,991 for the fiscal year ended June 30, 2021. However, the largest portion (84.52%) 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, \$1,502,380, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$753,410 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 259,507	\$ 266,779	\$ 2,026,747	\$ 1,744,199	\$ 2,286,254	\$ 2,010,978
Operating grants and contributions	549,379	288,716	-	-	549,379	288,716
Capital grants and contributions	220,836	-	235,815	630,411	456,651	630,411
General revenues:						
Property taxes	1,177,155	1,048,685	-	-	1,177,155	1,048,685
Other taxes	1,261,182	1,205,684	-	-	1,261,182	1,205,684
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	209,937	169,879	582	727	210,519	170,606
Total revenues	3,677,996	2,979,743	2,263,144	2,375,337	5,941,140	5,355,080
Expenses:						
General government	919,613	816,629	-	-	919,613	816,629
Public safety	1,162,633	1,024,005	-	-	1,162,633	1,024,005
Transportation	811,571	480,663	-	-	811,571	480,663
Environmental protection	-	-	-	-	-	-
Economic and physical development	42,573	105,495	-	-	42,573	105,495
Cultural and recreation	818,966	710,459	-	-	818,966	710,459
Interest on long-term debt	46,158	45,598	-	-	46,158	45,598
Water and sewer	-	-	2,004,635	1,941,549	2,004,635	1,941,549
Total expenses	3,801,514	3,182,849	2,004,635	1,941,549	5,806,149	5,124,398
Change in net position before transfers	(123,518)	(203,106)	258,509	433,788	134,991	230,682
Transfers	-	124,203	-	(124,203)	-	-
Extraordinary item: gain on insurance recovery	-	-	-	-	-	-
Change in net position	(123,518)	(78,903)	258,509	309,585	134,991	230,682
Net position, July 1	6,953,514	7,032,417	7,488,977	7,179,392	14,442,491	14,211,809
Restatement	-	-	-	-	-	-
Net Position, July 1 restated	6,953,514	7,032,417	7,488,977	7,179,392	14,442,491	14,211,809
Net position, June 30	\$ 6,829,996	\$ 6,953,514	\$ 7,747,486	\$ 7,488,977	\$ 14,577,482	\$ 14,442,491

Governmental activities. Governmental activities decreased the Town's net position by \$123,518, 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 for funding to complete street improvements for the public works department.
- The Town completed work on a land-use plan.

Business-type activities. Business-type activities increased the Town of Troy's net position by \$258,509. Key elements of this increase are as follows:

Management Discussion and Analysis

Town of Troy

- The Town recognized an increase in net position of \$258,509 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 \$1,444,675 while total fund balance reached \$2,013,135. 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 38.18% of General Fund expenditures, while total fund balance represents 53.2% 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 \$331,927 on June 30, 2021, 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 \$71,333.

At June 30, 2021, the governmental funds of Town of Troy reported a combined fund balance of \$2,416,395 with a net increase in fund balance of \$180,557. 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.

Management Discussion and Analysis

Town of Troy

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 2021 taxes increased to 98.02% of billed 2020 Ad Valorem Taxes. Other revenues came in at or above budget. Expenditures were held in check to 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: \$52,100-Planning Dept. for a Main Street contribution for events and pass through expenses for Welcome Center, capital -Main Street Equipment Tractor; \$60,000-Senior Center for SC Grants; \$31,000-Essential Services for Lease Purchase of Equipment; \$20,000-Recreation for maintenance and park improvements; \$25,000 Densons Creek Complex – Maintenance of Equipment and Chemicals; \$25,000-Fire Department for grant for fire equipment; \$353,000-Governing Body for an All Inclusive Playground paid for with donations, CARES Grant pass thru funds from Montgomery County, land purchase beside Welcome Center, ASU Tournament, and Christmas Dinner; and \$88,000 Capital Expenditures for street improvements for Public Works.

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 \$625,558, an increase of \$41,263 from last fiscal year. The total change in net position for the Water and Sewer was \$258,509. The change in net position in the Water and Sewer Fund is a result of an increase in water sales to a local industry. Their current usage has doubled their previous usage.

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, 2021, totals \$13,871,768 (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 \$60,000 (funding came from the annual Department of Insurance Grant and funding received from Montgomery County's fire tax).
- Town wide street improvements - \$350,000.00
- Purchase of equipment – Public Works-purchase of 2 new work trucks - \$65,000

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	2,005,321	1,978,903	\$ 631,356	\$ 631,356	\$ 2,636,677	\$ 2,610,259
Buildings and system	1,916,617	1,980,352	6,015,510	4,084,901	7,932,127	6,065,253
Improvements other than buildings	1,344,965	1,389,693	-	-	1,344,965	1,389,693
Equipment and furniture	412,218	255,993	557,208	618,467	969,426	874,460
Infrastructure	72,949	78,237	-	-	72,949	78,237
Vehicles and motorized equipment	265,125	293,127	74,453	13,381	339,578	306,508
Computer equipment	11,521	16,315	-	-	11,521	16,315
Construction in progress	124,472	103,652	440,053	2,235,947	564,525	2,339,599
Total	\$ 6,153,188	\$ 6,096,272	\$ 7,718,580	\$ 7,584,052	\$ 13,871,768	\$ 13,680,324

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, 2021, the Town of Troy had total bonded debt outstanding of \$39,000. 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ -	\$ -	\$ 39,000	\$ 98,000	\$ 39,000	\$ 98,000
Total	\$ -	\$ -	\$ 39,000	\$ 98,000	\$ 39,000	\$ 98,000

Management Discussion and Analysis

Town of Troy

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Borrowings and Placements:						
Installment Purchases	\$ 1,252,242	\$ 1,009,028	\$ 563,832	\$ 603,965	\$ 1,816,074	\$ 1,611,993
General Obligation Bonds	--	--	59,000	98,000	59,000	98,000
Net Pension Liability (LGERS)	525,255	437,197	176,564	147,491	701,819	584,688
Total Pension Liability (LEO)	468,198	303,599	--	--	468,198	303,599
Compensated Absences	107,810	102,487	30,207	31,655	138,017	133,490
Total	\$ 2,353,505	\$ 1,852,311	\$ 829,603	\$ 881,111	\$ 3,183,108	\$ 2,731,770

Town of Troy's Outstanding Debt

The Town of Troy's total debt increased by \$164,081 (9.5%) during the past fiscal year due to new installment agreements for street improvements.

As mentioned in the financial highlights section of this document, the Town of Troy maintained for the 18th 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 \$18,973,848. The Town has no bonds authorized but unissued at June 30, 2021.

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, 2021, the Town of Troy unemployment rate of 3.9% is about the same as the State average of 4.3%. Thankfully, the Town/County/State has seen these rates improve considerably during the past 18 months.
- The Town's occupancy rates, on office and retail space, stand at the 83% range for the year. This is a slight increase over the previous year, due to one (1) business 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 been able to assist in fostering 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 small businesses and industries, namely Ameriquel Aseptia (now Saputo) 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, 2022

Governmental Activities: Property tax collections have increased 13.27% over last year due to industry improvements and personal property including vehicles as well as this being the first year of the re-evaluation. Franchise Tax and Telecommunications Tax decreased 1.34%. Sales taxes increased 6.08%. The town's revenue for the new budget increased 2.77% 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 completed its revaluation of property, which saw the town's property values increase on average 10%.

Budgeted expenditures in the General Fund are being budgeted at \$3,065,053. This is a decrease from the previous year's budget expenses due to the one-time expenditure related to the paving project, which totaled \$350,000. As with previous year's budgeted expenditures, the largest, continuing, increments are in employee costs, including funding compensation and benefits adjustments. With that being said, the available and unrestricted fund balance compared to the overall operating expenditures is expected to remain at nearly 30%, which illustrates the town's financial stability.

Capital expenditures in the fiscal year 2021-2022 will be significant, however, these projects are being funded by grant dollars and not considered part of the Town's operating budget. Some of these highlighted capital expenditures are upgrades to the wastewater treatment plant (\$750,000 funded by FEMA), Lowe Warner Park improvements (\$250,000, funded by FEMA), renovations at the Troy-Montgomery Senior Center \$250,000 funded by ARP dollars), sidewalk expansion project (\$1.3 million funded by USDOT and NCDOT), upgrades and at the Bilhen Pump Station and gravity line replacement (\$1.4 million funded by Industrial Development and town dollars), and housing rehabilitation project (\$750,000 funded by CDBG).

Business-type Activities: Water revenue increased by 10.14% overall in the current fiscal year. General operating expenses only increased by 8.11% overall due to funding employee compensation and benefits. The Town, for fiscal year 2021/2022, is not budgeting an increase in water and sewer rates as a result of the CPI data, at the time, not requiring one. However, due to forecasted inflation in prices, staff will have to consider proposing rate increases in fiscal year 2021-2022.

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.

STATEMENT OF NET POSITION

June 30, 2021

	Primary Government			Troy Neighborhood Redevelopment Corporation
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 1,301,668	\$ 455,348	\$ 1,757,016	\$ 36,284
Receivables:				
Taxes Receivable - Net	153,763	-	153,763	-
Accounts Receivable	168,301	402,137	570,438	1,295
Notes Receivable	-	-	-	2,569
Due From Other Governments	380,746	27,847	408,593	-
Due From Other Funds	6,090	(6,090)	-	-
Inventories	12,582	40,393	52,975	-
Prepaid Items	20,587	3,560	24,147	-
Restricted Assets:				
Due From Other Governments	9,294	-	9,294	-
Cash and Cash Equivalents	624,901	106,093	730,994	-
Total Current Assets	2,677,932	1,029,288	3,707,220	40,148
Non-current Assets:				
Capital Assets (Note 4):				
Land, and Construction in Progress	2,129,793	1,071,409	3,201,202	84,011
Other Capital Assets, Net of Depreciation	4,023,395	6,647,171	10,670,566	314,305
Total Capital Assets	6,153,188	7,718,580	13,871,768	398,316
Total Assets	8,831,120	8,747,868	17,578,988	438,464
Deferred Outflows of Resources	475,621	94,152	569,773	-
Liabilities:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	50,615	166,617	217,232	4,250
Payable From Restricted Assets	20,161	685	20,846	-
Deposits	-	79,913	79,913	3,150
Unearned Revenues	2,107	-	2,107	-
Accrued Interest Payable	17,752	1,089	18,841	-
Current Portion of Long-Term Liabilities	164,393	97,474	261,867	-
Total Current Liabilities	255,028	345,778	600,806	7,400
Long-Term Liabilities:				
Net Pension Liability	525,255	176,564	701,819	-
Total Pension Liability	468,198	-	468,198	-
Due in More Than One Year	1,195,659	555,565	1,751,224	-
Total Long-Term Liabilities	2,189,112	732,129	2,921,241	-
Total Liabilities	2,444,140	1,077,907	3,522,047	7,400
Deferred Inflows of Resources	32,605	16,627	49,232	-
Net Position:				
Net Investment in Capital Assets	5,225,944	7,095,748	12,321,692	398,316
Restricted For:				
Public Safety	481,613	-	481,613	-
Transportation	8,517	-	8,517	-
Stabilization by State Statute	536,447	-	536,447	-
Economic and Physical Development	28,262	-	28,262	-
Pursuant to Loan Requirements	51,603	26,180	77,783	-
Capital Projects	369,758	-	369,758	-
Unrestricted	127,852	625,558	753,410	32,748
Total Net Position	\$ 6,829,996	\$ 7,747,486	\$ 14,577,482	\$ 431,064

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, 2021

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	\$ 919,613	\$ 8,474	\$ 253,565	\$ -	\$ (657,574)	\$ -	\$ (657,574)	\$ -
Public Safety	1,162,633	310	92,155	27,513	(1,042,655)	-	(1,042,655)	-
Transportation	811,571	25,000	81,180	-	(705,391)	-	(705,391)	-
Cultural and Recreational	818,966	225,723	97,226	193,323	(302,694)	-	(302,694)	-
Economic and Physical Development	42,573	-	25,253	-	(17,320)	-	(17,320)	-
Interest on Long-term Debt	46,158	-	-	-	(46,158)	-	(46,158)	-
Total Governmental Activities	3,801,514	259,507	549,379	220,836	(2,771,792)	-	(2,771,792)	-
Business-Type Activities:								
Water and Sewer	2,004,635	2,026,747	-	235,815	-	257,927	257,927	-
Total Business-Type Activities	2,004,635	2,026,747	-	235,815	-	257,927	257,927	-
Total Primary Government	\$ 5,806,149	\$ 2,286,254	\$ 549,379	\$ 456,651	(2,771,792)	257,927	(2,513,865)	-
Component Unit:								
Troy Neighborhood Redevelopment Corporation	\$ 58,330	\$ 10,380	\$ 3,973	\$ -	-	-	-	(43,977)
Total Component Unit	\$ 58,330	\$ 10,380	\$ 3,973	\$ -	-	-	-	(43,977)
General Revenues:								
Taxes:								
Property taxes, levied for general purpose					1,177,155	-	1,177,155	-
Local option sales tax					944,814	-	944,814	-
Franchise taxes					281,022	-	281,022	-
Other taxes					35,346	-	35,346	-
Unrestricted investment earnings					1,429	582	2,011	106
Gain on Disposal of Assets					14,261	-	14,261	14,374
Miscellaneous revenues					194,247	-	194,247	4,897
Total General Revenues					2,648,274	582	2,648,856	19,377
Change in Net Position					(123,518)	258,509	134,991	(24,600)
Net Position Beginning of Year, Previously Reported					6,953,514	7,488,977	14,442,491	455,664
Net Position End of Year					\$ 6,829,996	\$ 7,747,486	\$ 14,577,482	\$ 431,064

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, 2021

	Major Funds		Total
	General Fund	Total Non-Major Funds	Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 968,662	\$ 333,006	\$ 1,301,668
Receivables:			
Taxes Receivable - Net	153,763	-	153,763
Accounts Receivable	168,245	56	168,301
Due From Other Governments	380,746	-	380,746
Due From Other Funds	8,192	-	8,192
Inventories	12,582	-	12,582
Preaid Items	20,587	-	20,587
Restricted Assets:			
Due From Other Governments	-	9,294	9,294
Cash and Cash Equivalents	541,734	83,167	624,901
Total Assets	\$ 2,254,511	\$ 425,523	\$ 2,680,034
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 50,615	\$ -	\$ 50,615
Due to Other Funds	-	2,102	2,102
Payable From Restricted Assets	-	20,161	20,161
Unearned Revenues	2,107	-	2,107
Total Liabilities	52,722	22,263	74,985
Deferred Inflows of Resources	188,654	-	188,654
Fund Balances:			
Nonspendable:			
Inventories	12,582	-	12,582
Long-term Receivables	8,192	-	8,192
Prepaid Items	20,587	-	20,587
Restricted:			
Public Safety	481,613	-	481,613
Streets	8,517	-	8,517
Stabilization by State Statute	527,097	9,350	536,447
Pursuant to Loan Requirements	51,603	-	51,603
Capital Projects	-	37,887	37,887
Economic and Physical Development	-	27,127	27,127
Committed:			
Capital Projects	-	331,871	331,871
Economic and Physical Development	-	1,135	1,135
Assigned:			
Subsequent Year's Expenditures	3,029	-	3,029
Unassigned	899,915	(4,110)	895,805
Total Fund Balances	2,013,135	403,260	2,416,395
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,254,511	\$ 425,523	

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	9,567,740	
Accumulated depreciation	(3,414,552)	6,153,188
Deferred outflows of resources related to pensions.		285,934
Deferred outflows of resources related to LEOSA.		189,687
Net pension liability		(525,255)
Total pension liability		(468,198)
Deferred inflows of resources related to pensions.		(19,608)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		175,657
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.		(1,377,804)
Net Position of Governmental Activities		\$ 6,829,996

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, 2021

	Major Funds		Total
	General Fund	Total Non-Major Funds	Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 1,185,878	\$ -	\$ 1,185,878
Intergovernmental Revenues:			
Unrestricted	1,259,218	-	1,259,218
Restricted	493,671	25,253	518,924
Permits and Fees	102,784	-	102,784
Sales and Services	258,023	-	258,023
Investment Earnings	1,227	202	1,429
Miscellaneous Revenue	343,283	-	343,283
Total Revenues	3,644,084	25,455	3,669,539
Expenditures:			
Current:			
General Government	1,088,034	-	1,088,034
Public Safety	1,052,416	-	1,052,416
Transportation	779,756	-	779,756
Economic and Physical Development	-	42,573	42,573
Cultural and Recreational	727,268	-	727,268
Debt Service	126,478	-	126,478
Capital Outlay	-	20,820	20,820
Total Expenditures	3,773,952	63,393	3,837,345
Deficiency of Revenues Over Expenditures	(129,868)	(37,938)	(167,806)
Other Financing Sources (Uses):			
Transfers to Other Funds	(10,000)	-	(10,000)
Transfer From Other Funds	-	10,000	10,000
Sale of Capital Assets	23,363	-	23,363
Installment Purchase Obligations Issued	325,000	-	325,000
Total Other Financing Sources (Uses)	338,363	10,000	348,363
Net Change in Fund Balances	208,495	(27,938)	180,557
Fund Balances - Beginning of Year	1,804,640	431,198	2,235,838
Fund Balances - End of Year	\$ 2,013,135	\$ 403,260	\$ 2,416,395

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, 2021

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

Net changes in fund balances - total governmental funds	\$	180,557
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	\$	273,034
Depreciation expense for governmental assets		<u>(207,016)</u>
		66,018
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		(5,804)
Loss on sale of assets		(9,102)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		102,952
Benefit payments paid and administrative expense for the LEOSSA 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.		
		(243,214)
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		(5,323)
Pension expense		(217,198)
Accrued interest payable		<u>(1,466)</u>
Total changes in net position of governmental activities	\$	<u>(123,518)</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, 2021

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad Valorem Taxes	\$ 1,108,000	\$ 1,173,050	\$ 1,185,878	\$ 12,828
Intergovernmental Revenues:				
Unrestricted	1,185,250	1,077,750	1,259,218	181,468
Restricted	92,000	580,445	493,671	(86,774)
Permits and Fees	95,000	97,000	102,784	5,784
Sales and Services	305,395	303,200	258,023	(45,177)
Investment Earnings	750	750	1,227	477
Miscellaneous Revenue	97,979	155,429	343,283	187,854
Total Revenues	<u>2,884,374</u>	<u>3,387,624</u>	<u>3,644,084</u>	<u>256,460</u>
Expenditures:				
Current:				
General Government	750,424	1,175,074	1,088,034	87,040
Public Safety	1,060,560	1,143,660	1,052,416	91,244
Transportation	690,420	804,650	779,756	24,894
Cultural and Recreational	614,646	747,646	727,268	20,378
Debt Service	324,361	192,481	126,478	66,003
Total Expenditures	<u>3,440,411</u>	<u>4,063,511</u>	<u>3,773,952</u>	<u>289,559</u>
Revenues Over (Under) Expenditures	<u>(556,037)</u>	<u>(675,887)</u>	<u>(129,868)</u>	<u>546,019</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	(10,000)	(10,000)	(10,000)	-
Sale of Capital Assets	-	155,000	23,363	(131,637)
Installment Purchase Obligations Issued	455,000	300,000	325,000	25,000
Total Other Financing Sources (Uses)	<u>445,000</u>	<u>445,000</u>	<u>338,363</u>	<u>(106,637)</u>
Appropriated Fund Balance	<u>111,037</u>	<u>230,887</u>	<u>-</u>	<u>(230,887)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>208,495</u>	<u>\$ 208,495</u>
Fund Balance - Beginning of Year, July 1			<u>1,804,640</u>	
Fund Balance - End of Year, June 30			<u>\$ 2,013,135</u>	

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021

	<u>Water and Sewer Fund</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 455,348
Accounts Receivable - Net	402,137
Due From Other Governments	27,847
Due From Other Funds	2,102
Inventories	40,393
Prepaid Expenses	3,560
Restricted Assets:	
Cash and Cash Equivalents	<u>106,093</u>
Total Current Assets	<u>1,037,480</u>
Non-current Assets:	
Capital Assets:	
Land, Improvements and Construction in Progress	1,071,409
Other Capital Assets, Net of Depreciation	<u>6,647,171</u>
Total Capital Assets (Net)	<u>7,718,580</u>
Total Noncurrent Assets	<u>7,718,580</u>
Total Assets	<u><u>\$ 8,756,060</u></u>
Deferred Outflows of Resources:	
Pension Deferrals	<u>\$ 94,152</u>
Liabilities:	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	166,617
Payable From Restricted Assets	685
Due to Other Funds	8,192
Customer Deposits	79,913
Accrued Interest Payable	1,089
Compensated Absences - Current	16,997
General Obligation Bonds Payable - Current	39,000
Installment Purchase Agreements Payable - Current	<u>41,477</u>
Total Current Liabilities	<u>353,970</u>
Noncurrent Liabilities:	
Compensated Absences	13,210
Net Pension Liability	176,564
Installment Purchase Agreements Payable - Noncurrent	522,355
General Obligation Bonds Payable - Noncurrent	<u>20,000</u>
Total Noncurrent Liabilities	<u>732,129</u>
Total Liabilities	<u>1,086,099</u>
Deferred Inflows of Resources:	
Pension Deferrals	<u>16,627</u>
Net Position:	
Net Investment in Capital Assets	7,095,748
Restricted Pursuant to Loan Requirements	26,180
Unrestricted	<u>625,558</u>
Total Net Position	<u><u>\$ 7,747,486</u></u>

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

TOWN OF TROY, NORTH CAROLINA

Exhibit 7

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**PROPRIETARY FUND**

For the Year Ended June 30, 2021

	<u>Water and Sewer Fund</u>
Operating Revenues:	
Water Sales	\$ 899,746
Sewer Charges	846,293
Water and Sewer Taps	1,800
Late Fees	19,539
Wastewater Analysis Fees	122,187
Finished Water Sales and Septage Fees	126,535
Other Operating Revenues	<u>10,647</u>
Total Operating Revenues	<u>2,026,747</u>
Operating Expenses:	
Water Treatment and Distribution	1,045,659
Sewer Collection and Treatment	361,833
Wastewater Treatment Plant	314,517
Depreciation	<u>264,309</u>
Total Operating Expenses	<u>1,986,318</u>
Operating Income	<u>40,429</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	582
Interest and Other Charges	<u>(18,317)</u>
Total Nonoperating Revenues (Expenses)	<u>(17,735)</u>
Income Before Contributions and Transfers:	<u>22,694</u>
Capital Contributions	<u>235,815</u>
Change in Net Position	258,509
Total Net Position Beginning of Year, Previously Reported	<u>7,488,977</u>
Total Net Position End of Year	<u><u>\$ 7,747,486</u></u>

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

TOWN OF TROY, NORTH CAROLINA

Exhibit 8

STATEMENT OF CASH FLOWS**PROPRIETARY FUND**

For the Year Ended June 30, 2021

	<u>Water and Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 2,443,357
Cash Paid for Goods and Services	(1,598,445)
Cash Paid to Employees for Services	(594,562)
Customer Deposits Received	5,580
Other Operating Revenues	<u>10,647</u>
Net Cash Provided by Operating Activities	<u>266,577</u>
Cash Flows From Noncapital Financing Activities:	
Decrease in Due From Other Funds	21,591
Increase in Due to Other Funds	<u>8,192</u>
Net Cash Provided by Noncapital Financing Activities	<u>29,783</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Bonds and Installment Purchase Agreements	(79,133)
Interest Paid on Bonds and Installment Purchase Agreements	(18,317)
Acquisition of Capital Assets	(398,836)
Capital Contributions - Federal Grants	<u>235,815</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(260,471)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	<u>582</u>
Net Increase in Cash and Cash Equivalents	36,471
Cash and Cash Equivalents at Beginning of Year	<u>524,970</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 561,441</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	<u>\$ 40,429</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	264,309
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	12,895
Decrease in Due From Other Governments	414,362
Decrease in Inventory	8,716
(Increase) in Deferred Outflows of Resources - Pension	(8,362)
Increase in Net Pension Liability	29,073
Increase in Deferred Inflows of Resources - Pension	2,430
(Decrease) in Accounts Payable and Accrued Liabilities	(500,999)
Increase in Customer Deposits	5,580
(Decrease) in Accrued Compensated Absences	(1,448)
(Decrease) in Accrued Interest Payable	<u>(408)</u>
Total Adjustments	<u>226,148</u>
Net Cash Provided by Operating Activities	<u><u>\$ 266,577</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, 2021

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 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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION. (Concluded)

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. 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.

CDBG Housing Grant 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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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>	
Governmental Activities:	
General Fund:	
Debt Service	\$ 51,603
Transportation – Streets	8,517
Public Safety	481,613
Economic and Physical Development	45,280
Capital Outlay	37,888
Water and Sewer Fund:	
Debt Service	26,180
Customer Deposits	79,913
Total Restricted Cash	<u>\$ 730,994</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, 2020. 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 and fund financial 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 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.

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.

Long-term Receivables – portion of fund balance that is not an available resource because it represents the portion of interfund receivables not expected to be converted to cash within the next budget year.

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.

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 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.

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.

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

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

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$4,413,601 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)	\$ 9,567,740
Less Accumulated Depreciation	<u>(3,414,552)</u>
Net Capital Assets	6,153,188
 Pension related deferred outflows of resources:	
Contributions made to pension plan in current fiscal year	102,952
Benefit payments and pension administrative costs for LEOSA	9,062
Pension deferrals	182,982
Pension deferrals - LEOSA	180,625
 Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide statements	175,657
 Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
Pension deferrals	(19,608)
 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	(1,252,242)
Accrued Interest Payable	(17,752)
Compensated Absences	(107,810)
Total Pension Liability	(468,198)
Net Pension Liability	<u>(525,255)</u>
 Total Adjustment	<u><u>\$ 4,413,601</u></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 (\$304,075) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 273,034
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	(207,016)
Cost of disposal of capital assets not recorded in fund statements	(9,102)
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	(325,000)
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	81,786
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	102,952
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	(217,198)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(1,466)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(5,323)
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, 2021	(8,723)
Decrease in deferred inflows - sanitation fees receivable at June 30, 2021	2,919
Total Adjustment	<u>(\$ 304,075)</u>

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NONCOMPLIANCE WITH NORTH CROLINA GENERAL STATUTES

Pursuant to General Statute 159-28(a1); “if an obligation is reduced to a written contract or written agreement requiring the payment of money, the written contract or agreement shall include on its face a certificate stating that the instrument has been preaudited.” For the fiscal year ended June 30, 2021, a contractor’s agreement for the Bilhen Street Pump Station Project did not have the required preaudit documentation included in the agreement. Management will review all agreements for preaudit in the future to ensure compliance.

DEFICIT IN FUND BALANCE OF INDIVIDUAL FUNDS.

For the fiscal year ended June 30, 2021, the CDBG Infrastructure Grant Project Fund had a deficit fund balance of \$8,192. This fund is 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.

TOWN OF TROY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. ASSETS. (Continued)

1. Deposits (Concluded)

At June 30, 2021, the Town's deposits had a carrying amount of \$2,442,732 and a bank balance of \$2,496,052. Of the bank balance, \$592,662 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash fund totaled \$430.

At December 31, 2020, the Troy Neighborhood Redevelopment Corporation's deposits had a carrying amount of \$36,284 and a bank balance of \$36,384. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2021, the Town of Troy had \$44,848 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, 2021 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/2021</u>
General Fund:	
Taxes Receivable	\$ 7,000
Enterprise Fund:	
Customer Accounts Receivable	<u>58,500</u>
Total	<u>\$ 65,500</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, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,978,903	\$ 26,418	\$ -	\$ 2,005,321
Construction in Progress	103,652	20,820	-	124,472
Total Capital Assets Not Being Depreciated	<u>2,082,555</u>	<u>47,238</u>	<u>-</u>	<u>2,129,793</u>
Capital Assets Being Depreciated:				
Buildings	2,961,355	-	-	2,961,355
Infrastructure	115,179	-	-	115,179
Computer Equipment	54,164	-	-	54,164
Equipment	1,179,834	225,796	111,788	1,293,842
Other Improvements	2,254,288	-	-	2,254,288
Vehicles and Motorized Equipment	759,118	-	-	759,118
Total Capital Assets Being Depreciated	<u>7,323,938</u>	<u>225,796</u>	<u>111,788</u>	<u>7,437,946</u>
Less Accumulated Depreciation For:				
Buildings	981,003	63,735	-	1,044,738
Infrastructure	36,942	5,288	-	42,230
Computer Equipment	37,849	4,794	-	42,643
Equipment	923,841	60,469	102,686	881,624
Other Improvements	864,595	44,728	-	909,323
Vehicles and Motorized Equipment	465,991	28,002	-	493,993
Total Accumulated Depreciation	<u>3,310,221</u>	<u>\$ 207,016</u>	<u>\$ 102,686</u>	<u>3,414,551</u>
Total Capital Assets Being Depreciated, Net	<u>4,013,717</u>			<u>4,023,395</u>
Governmental Activity Capital Assets, Net	<u><u>\$ 6,096,272</u></u>			<u><u>\$ 6,153,188</u></u>

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

General Government	\$ 31,104
Public Safety	49,332
Transportation	53,038
Cultural and Recreational	73,542
	<u><u>\$ 207,016</u></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	2,235,947	319,080	2,114,974	440,053
Total Capital Assets Not Being Depreciated	2,867,303	319,080	2,114,974	1,071,409
Capital Assets Being Depreciated:				
Buildings	2,935,237	-	-	2,935,237
Distribution Systems	11,131,576	2,114,974	-	13,246,550
Computer Equipment	32,603	-	-	32,603
Equipment	1,756,719	16,823	14,891	1,758,651
Vehicles	204,553	62,934	-	267,487
Total Capital Assets Being Depreciated	16,060,688	2,194,731	14,891	18,240,528
Less Accumulated Depreciation For:				
Buildings	2,137,426	62,744	-	2,200,170
Distribution Systems	7,844,486	121,621	-	7,966,107
Computer Equipment	32,603	-	-	32,603
Equipment	1,138,252	78,082	14,891	1,201,443
Vehicles	191,172	1,862	-	193,034
Total Accumulated Depreciation	11,343,939	\$ 264,309	\$ 14,891	11,593,357
Total Capital Assets Being Depreciated, Net	4,716,749			6,647,171
Business-type Activities Capital Assets, Net	\$ 7,584,052			\$ 7,718,580

Construction Commitments:

The government has active construction contracts as of June 30, 2021. At year end the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Bilhen Street Pump Station Capital Project	\$ 178,330	\$ 369,946

Discretely Presented Component Unit:

Activity for the Troy Neighborhood Redevelopment Corporation for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated:				
Land	\$ 204,462	\$ -	\$ 120,451	\$ 84,011
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	204,462	-	120,451	84,011
Capital Assets Being Depreciated:				
Buildings	264,617	146,766	-	411,383
Furniture and Equipment	3,485	-	-	3,485
Total Capital Assets Being Depreciated	268,102	146,766	-	414,868
Less Accumulated Depreciation For:				
Buildings	88,278	10,023	-	98,301
Furniture and Equipment	1,992	270	-	2,262
Total Accumulated Depreciation	90,270	\$ 10,293	\$ -	100,563
Total Capital Assets Being Depreciated, Net	177,832			314,305
TNRC Capital Assets, Net	\$ 382,294			\$ 398,316

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, 2021, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 36,643	\$ 13,972	\$ --	\$ 50,615
Other Governmental	20,161	--	--	20,161
Total Governmental Activities	<u>\$ 56,804</u>	<u>\$ 13,972</u>	<u>\$ --</u>	<u>\$ 70,776</u>
Business-type Activities:				
Water and Sewer	<u>\$ 76,739</u>	<u>\$ 90,563</u>	<u>\$ --</u>	<u>\$ 167,302</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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021 was 10.7% of compensation for law enforcement officers and 10.15% 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, 2021 was \$140,468.

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, 2021, the Town reported a liability of \$701,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021 and June 30, 2020, the Town's proportion was .019% and .021%, respectively.

For the year ended June 30, 2021, the Town recognized pension expense of \$225,533. At June 30, 2021, 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	\$ 88,628	\$ - 0 -
Changes of assumptions	52,227	- 0 -
Net difference between expected and actual earnings on pension plan investments	98,763	- 0 -
Changes in proportion and differences between Town contributions and proportionate share of contributions	- 0 -	36,233
Town contributions subsequent to measurement date	140,468	- 0 -
Total	<u>\$ 380,086</u>	<u>\$ 36,233</u>

The \$140,468 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, 2022. 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>	
2022	\$ 54,193
2023	77,504
2024	42,458
2025	29,230
2026	- -
Thereafter	- -
	<u>\$ 203,385</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, 2019 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, 2019 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, 2020 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 2019 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)	\$ 1,423,918	\$ 701,819	\$ 101,707

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	10
Total	<u>11</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	1.93 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, 2019.

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 \$ 18,123 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, 2021, the Town reported a total pension liability of \$468,198. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 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, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$61,385.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 84,017	\$ 1,894
Changes of assumptions and other inputs	106,045	7,544
Benefit payments and administrative expenses subsequent to measurement date	9,062	- 0 -
Total	<u>\$ 199,124</u>	<u>\$ 9,438</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, 2022. 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>	
2022	\$ 37,622
2023	37,622
2024	38,055
2025	34,603
2026	27,351
Thereafter	5,371
	<u>\$ 180,624</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 1.93%, 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 (.93%) or 1 percentage point higher (2.93%) than the current rate:

	<u>1% Decrease (.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Total Pension Liability	\$ 510,738	\$ 468,198	\$ 429,630

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	\$ 303,599
Service Costs	14,161
Interest on Pension Liability	9,602
Changes of Benefit Terms	- 0 -
Differences Between Expected and Actual Experience in the	
Measurement of Total Pension Liability	46,964
Changes of Assumptions and Other Inputs	111,995
Benefit Payments	(18,123)
Other Changes	- 0 -
Ending Balance Total Pension Liability	<u>\$ 468,198</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, 2019 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	\$ 225,533	\$ 61,385	\$ 286,918
Pension Liability	\$ 701,819	\$ 468,198	\$ 1,170,017
Proportionate Share of Net Pension Liability	.019%	N/A	

Deferred Outflows of Resources:

Differences Between Expected & Actual

Experience	\$ 88,628	\$ 84,017	\$ 172,645
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Changes of Assumptions	\$ 52,227	\$ 106,045	\$ 158,272
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Net Difference Between Projected & Actual

Earnings on Plan Investments	\$ 98,763	\$ - 0 -	\$ 98,763
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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	\$ 140,468	\$ 9,062	\$ 149,530
------------------------------------	------------	----------	------------

Deferred Inflows of Resources:

Differences Between Expected & Actual

Experience	\$ - 0 -	\$ 1,894	\$ 1,894
------------	----------	----------	----------

Changes of Assumptions	\$ - 0 -	\$ 7,544	\$ 7,544
------------------------	----------	----------	----------

Net Difference Between Projected & Actual

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

Changes in Proportion & Differences Between

Contributions & Proportionate Share of Contributions	\$ 36,233	\$ - 0 -	\$ 36,233
--	-----------	----------	-----------

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021, were \$67,899, which consisted of \$39,329 from the Town, \$9,643 from the law enforcement officers, and \$18,927 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, 2021, the Town made contributions to the State for death benefits of \$562. 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, 2021 is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 140,468
Benefit payments and administrative expenses for LEOSA	9,062
Differences between expected and actual experience	170,751
Change in assumptions	150,729
Net difference between expected and actual earnings on pension plan investments	98,763
Changes in proportion and differences between employer contributions and proportionate share of contributions	- 0 -
Total	<u>\$ 569,773</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, 2021 is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Sanitation Fees Receivable, (General)	\$ - -	\$ 21,894
Taxes Receivable, Net (General)	- -	153,763
Prepaid Taxes, (General)	12,997	12,997
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	36,235	- -

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, 2021, 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 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.

In December, 2020, the Town entered into a direct borrowing installment loan agreement with Truist Bank for the financing of improvements to real property. There was no real or personal property of the Town pledged as collateral for the debt while the debt is outstanding. The financing contract is for \$325,000, to be repaid with annual payments of \$68,292, including interest at 1.67% 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, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 123,057	\$ 45,251	\$ 41,477	\$ 12,481
2023	126,805	41,503	42,868	11,090
2024	130,725	37,583	44,277	9,650
2025	91,534	34,037	9,267	8,160
2026	87,880	32,015	9,440	7,986
2027 – 2031	117,849	140,166	49,925	37,210
2032 – 2036	148,554	112,223	54,785	32,350
2037 – 2041	180,306	77,707	60,117	27,018
2042 – 2046	185,497	35,744	65,968	21,167
2047 – 2051	60,035	4,781	72,389	14,746
2052 – 2056	--	--	79,435	7,700
2057 - 2061	--	--	33,884	956
Totals	\$ 1,252,242	\$ 561,010	\$ 563,832	\$ 190,514

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, 2021, 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.	\$ 50,000
\$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.	9,000
Total	<u>\$ 59,000</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
2022	\$ 39,000	\$ 2,950
2023	17,000	1,000
2024	3,000	150
Total	\$ 59,000	\$ 4,100

At June 30, 2021, the Town had no authorized but unissued bonds. The Town's legal debt margin is \$18,973,848.

c. Changes in Long-Term Liabilities.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Direct Borrowings and Direct Placements:					
Installment Purchases	\$ 1,009,028	\$ 325,000	\$ 81,786	\$ 1,252,242	\$ 123,057
Compensated Absences	102,487	46,659	41,336	107,810	41,336
Net Pension Liability (LGRS)	437,197	88,058	--	525,255	--
Total Pension Liability (LEO)	303,599	164,599	--	468,198	--
Governmental Activity Long-term Liabilities	<u>\$ 1,852,311</u>	<u>\$ 624,316</u>	<u>\$ 123,122</u>	<u>\$ 2,353,505</u>	<u>\$ 164,393</u>
Business-type Activities:					
General Obligation					
Bonds	\$ 98,000	\$ --	\$ 39,000	\$ 59,000	\$ 39,000
Direct Placements:					
Installment Purchases	603,965	--	40,133	563,832	41,477
Net Pension Liability (LGRS)	147,491	29,073	--	176,564	--
Compensated Absences	31,655	15,549	16,997	30,207	16,997
Business-type Activity Long-term Liabilities	<u>\$ 881,111</u>	<u>\$ 44,622</u>	<u>\$ 96,130</u>	<u>\$ 829,603</u>	<u>\$ 97,474</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, 2021, consist of the following:

From the General Fund to the Capital Reserve Fund – for future capital needs.	\$ 10,000
From the Water and Sewer Fund to the Bilhen Street Pump Station Capital Project Fund – to fund expenditures to be reimbursed from grant receipts.	138,306
	<u>\$ 148,306</u>

2. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Infrastructure Grant Project Fund - to assist in funding grant project.	\$ 8,192
Water and Sewer Fund	FEMA Project Fund - to fund grant project.	2,102
		<u>\$ 10,294</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:

<u>Total Fund Balance – General Fund</u>	<u>\$ 2,013,135</u>
Less:	
Inventories	12,582
Prepaid Assets	20,587
Long-term Receivables	8,192
Public Safety	481,613
Streets – Powell Bill	8,517
Stabilization by State Statute	527,097
Debt Service	51,603
Appropriated Fund Balance 2021-2022 Budget	3,029
<u>Remaining Fund balance</u>	<u>\$ 899,915</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	\$ 6,153,188	\$ 7,718,580
Less: Long-term Debt	927,244	622,832
Net Investment in Capital Assets	\$ 5,225,944	\$ 7,095,748

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, 2021, 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, 2021. 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.

**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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 303,599	\$ 262,826	\$ 193,955	\$ 168,508	\$ 157,342
Service Costs	14,161	12,817	13,663	9,894	10,739
Interest on Total Pension Liability	9,602	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	46,964	16,935	59,883	(4,494)	-
Changes of Assumptions or Other Inputs	111,995	9,262	(10,804)	13,543	(5,190)
Benefit Payments	(18,123)	(7,668)	-	-	-
Other Changes	-	-	-	-	-
Ending Balance Total Pension Liability	<u>\$ 468,198</u>	<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 468,198	\$ 303,599	\$ 262,826	\$ 193,955	\$ 168,508
Covered-employee Payroll	\$ 394,463	\$ 467,027	\$ 409,290	\$ 375,594	\$ 405,110
Total Pension Liability as a Percentage of Covered- employee Payroll	118.69%	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 Eight Fiscal Years

	<u>2021</u>	<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)	0.019%	0.021%	0.023%	0.023%	0.023%	0.023%	0.025%	0.023%
Town's proportionate share of the net pension liability (asset)	\$ 701,819	\$ 584,688	\$ 541,131	\$ 356,723	\$ 485,377	\$ 106,455	\$ (145,903)	\$ 282,060
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	\$ 1,183,559
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.55%	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%	96.45%

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 Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 140,468	\$ 129,314	\$ 107,094	\$ 106,091	\$ 98,547	\$ 88,885	\$ 93,543	\$ 93,801
Contributions in relation to the contractually required contribution	140,468	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>	<u>\$ -</u>
Town's covered payroll	\$ 1,362,177	\$ 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	10.31%	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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$	\$ 1,160,232	\$
Prior Years		17,740	
Penalties and Interest		7,906	
Total	1,173,050	1,185,878	12,828
Intergovernmental Revenues:			
Unrestricted:			
Local Option Sales Tax		944,814	
Payment in Lieu of Taxes		14,719	
Franchise Tax and Telecommunications Sales Tax		281,022	
Video Franchise Fee		5,786	
Beer and Wine Taxes		12,567	
Court Fees		310	
Total	1,077,750	1,259,218	181,468
Restricted:			
State Street Aid Allocation		81,180	
N.C. Department of Insurance - Fire Protection Grant		27,513	
Solid Waste Disposal Tax		2,274	
ABC Revenue for Law Enforcement		12,040	
Piedmont Triad Regional Council - Senior Center Grant		46,253	
N.C. Department of Insurance - Senior Center Grant		5,322	
COVID Relief Funds - Montgomery County		80,115	
Contributions - Other		193,323	
County Senior Center Contribution		43,098	
Other Senior Center		2,553	
Total	580,445	493,671	(86,774)
Permits and Fees:			
Zoning Permits		1,174	
Sanitation Fees		101,610	
Total	97,000	102,784	5,784
Sales and Services:			
Rents		13,855	
Contracted Maintenance		25,000	
Recreation Service Revenues		211,868	
Cemetery Lot Sales		7,300	
Total	303,200	258,023	(45,177)
Investment Earnings	750	1,227	477
Miscellaneous:			
Donations		253,565	
Other		89,718	
Total	155,429	343,283	187,854
Total Revenues	\$ 3,387,624	\$ 3,644,084	\$ 256,460

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
General Government:			
Governing Body:			
Salaries and Employee Benefits	\$	\$ 18,461	\$
Legal and Audit		31,823	
Insurance and Bonds		102,703	
Contributions to Other Agencies		9,870	
Capital Outlay		217,212	
Other Operating Expenditures		202,517	
Total	643,267	582,586	60,681
Administration:			
Salaries and Employee Benefits		419,793	
Contracted Services		2,752	
Other Operating Expenditures		82,903	
Total	531,807	505,448	26,359
Total General Government	1,175,074	1,088,034	87,040
Public Safety:			
Police:			
Salaries and Employee Benefits		670,237	
Contracted Services		811	
Capital Outlay		6,406	
Other Operating Expenditures		91,502	
Total	849,310	768,956	80,354
Fire:			
Maintenance and Repairs		22,797	
Other Operating Expenditures		79,331	
Total	112,900	102,128	10,772
Inspections:			
Salaries and Employee Benefits		42,315	
Contracted Services		57,780	
Capital Outlay		4,094	
Other Operating Expenditures		77,143	
Total	181,450	181,332	118
Total Public Safety	1,143,660	1,052,416	91,244
Transportation:			
Streets:			
Salaries and Employee Benefits		49,845	
Maintenance and Repairs		438,055	
Contracted Services		169,973	
Capital Outlay		24,502	
Other Operating Expenditures		97,381	
Total Transportation	804,650	779,756	24,894
Cultural and Recreational:			
Senior Center:			
Salaries and Employee Benefits		130,276	
Other Operating Expenditures		61,143	
Total	193,336	191,419	1,917
Recreation:			
Salaries and Employee Benefits		266,193	
Maintenance and Repairs		72,298	
Other Operating Expenditures		169,740	
Total	\$ 526,310	\$ 508,231	\$ 18,079

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (Concluded):			
Cultural and Recreational (Concluded):			
Welcome Center:			
Contracted Services	\$	\$ 21,969	\$
Other Operating Expenditures		5,649	
Total	28,000	27,618	382
Total Cultural and Recreational	747,646	727,268	20,378
Debt Service:			
Principal Retirement		81,786	
Interest and Fees		44,692	
Total Debt Service	192,481	126,478	66,003
Total Expenditures	4,063,511	3,773,952	289,559
Revenues Over (Under) Expenditures	(675,887)	(129,868)	546,019
Other Financing Sources (Uses):			
Transfers to Other Funds:			
To Capital Reserve Fund	(10,000)	(10,000)	-
Sale of Capital Assets	155,000	23,363	(131,637)
Installment Purchase Obligations Issued	300,000	325,000	25,000
Total Other Financing Sources (Uses)	445,000	338,363	(106,637)
Fund Balance Appropriated	230,887	-	(230,887)
Net Change in Fund Balance	\$ -	208,495	\$ 208,495
Fund Balance:			
Beginning of Year, July 1,		1,804,640	
End of Year, June 30		\$ 2,013,135	

**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.

CDBG Housing Grant 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, 2021

	Special Revenue Funds						Capital Project Funds				
	Business Center Grant Fund	Economic Revolving Loan Fund	Redevelopment Fund	FEMA Project Fund	Asset Inventory and Assessment Fund	CDBG Housing Grant 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	\$ -	\$ 331,871	\$ 331,871	\$ 333,006
Restricted Cash	7,065	-	-	38,215	-	-	45,280	37,887	-	37,887	83,167
Accounts Receivable	-	-	-	-	-	-	-	-	56	56	56
Due From Other Governments	-	-	-	5,184	-	4,110	9,294	-	-	-	9,294
Total Assets	\$ 7,065	\$ 1,135	\$ -	\$ 43,399	\$ -	\$ 4,110	\$ 55,709	\$ 37,887	\$ 331,927	\$ 369,814	\$ 425,523
Liabilities and Fund Balances:											
Liabilities:											
Due to Other Funds	\$ -	\$ -	\$ -	\$ 2,102	\$ -	\$ -	\$ 2,102	\$ -	\$ -	\$ -	\$ 2,102
Payable From Restricted Assets	-	-	-	16,051	-	4,110	20,161	-	-	-	20,161
Total Liabilities	-	-	-	18,153	-	4,110	22,263	-	-	-	22,263
Fund Balances:											
Restricted:											
Stabilization by State Statute	-	-	-	5,184	-	4,110	9,294	-	56	56	9,350
Capital Projects	-	-	-	-	-	-	-	37,887	-	37,887	37,887
Economic and Physical Development	7,065	-	-	20,062	-	-	27,127	-	-	-	27,127
Committed:											
Capital Projects	-	-	-	-	-	-	-	-	331,871	331,871	331,871
Economic and Physical Development	-	1,135	-	-	-	-	1,135	-	-	-	1,135
Unassigned	-	-	-	-	-	(4,110)	(4,110)	-	-	-	(4,110)
Total Fund Balances	7,065	1,135	-	25,246	-	-	33,446	37,887	331,927	369,814	403,260
Total Liabilities and Fund Balances	\$ 7,065	\$ 1,135	\$ -	\$ 43,399	\$ -	\$ 4,110	\$ 55,709	\$ 37,887	\$ 331,927	\$ 369,814	\$ 425,523

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, 2021

	Special Revenue Funds							Capital Project Funds			
	Business Center Grant Fund	Economic Revolving Loan Fund	Redevelopment Fund	FEMA Project Fund	Asset Inventory and Assessment Fund	CDBG Housing Grant 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,253	\$ 25,253	\$ -	\$ -	\$ -	\$ 25,253
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Investment Earnings	3	-	-	-	-	-	3	-	199	199	202
Total Revenues	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,253</u>	<u>25,256</u>	<u>-</u>	<u>199</u>	<u>199</u>	<u>25,455</u>
Expenditures:											
Capital Outlay	-	-	-	-	-	-	-	20,820	-	20,820	20,820
Economic and Physical Development	-	-	-	17,320	-	25,253	42,573	-	-	-	42,573
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,320</u>	<u>-</u>	<u>25,253</u>	<u>42,573</u>	<u>20,820</u>	<u>-</u>	<u>20,820</u>	<u>63,393</u>
Revenues Over (Under) Expenditures	<u>3</u>	<u>-</u>	<u>-</u>	<u>(17,320)</u>	<u>-</u>	<u>-</u>	<u>(17,317)</u>	<u>(20,820)</u>	<u>199</u>	<u>(20,621)</u>	<u>(37,938)</u>
Other Financing Sources:											
Transfers From Other Funds:											
General Fund	-	-	-	-	-	-	-	-	10,000	10,000	10,000
Water and Sewer Fund	-	-	-	-	-	-	-	-	-	-	-
Transfers to Other Funds:											
General Fund	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balance	<u>3</u>	<u>-</u>	<u>-</u>	<u>(17,320)</u>	<u>-</u>	<u>-</u>	<u>(17,317)</u>	<u>(20,820)</u>	<u>10,199</u>	<u>(10,621)</u>	<u>(27,938)</u>
Fund Balances:											
Beginning of Year, July 1	7,062	1,135	-	42,566	-	-	50,763	58,707	321,728	380,435	431,198
End of Year, June 30	<u>\$ 7,065</u>	<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 25,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,446</u>	<u>\$ 37,887</u>	<u>\$ 331,927</u>	<u>\$ 369,814</u>	<u>\$ 403,260</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, 2021

	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	3	4	4
Total Revenues	2,645,000	2,313,982	3	2,313,985	(331,015)
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)	6,831	3	6,834	146,834
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	\$ -	\$ 7,062	3	\$ 7,065	\$ 7,065
Fund Balance:					
Beginning of Year, July 1			7,062		
End of Year, June 30			<u>\$ 7,065</u>		

TOWN OF TROY, NORTH CAROLINASchedule 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, 2021

	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, 2021

	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, 2021

	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	12,231	-	12,231	(181,141)
Total Revenues	<u>773,487</u>	<u>46,601</u>	<u>-</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	1,269	20,010	(15,010)
Parks and Trails	140,000	-	-	-	140,000
Utlities	8,000	985	-	985	
Administration - Wastewater Treatment Plant	30,000	16,320	16,051	32,371	
Wastewater Treatment Plant	561,700	3,350	-	3,350	558,350
Total Expenditures	<u>773,487</u>	<u>68,183</u>	<u>17,320</u>	<u>85,503</u>	<u>683,340</u>
Revenues (Under) Expenditures	<u>-</u>	<u>(21,582)</u>	<u>(17,320)</u>	<u>(38,902)</u>	<u>(38,902)</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>64,148</u>	<u>-</u>	<u>64,148</u>	<u>64,148</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 42,566</u>	<u>(17,320)</u>	<u>\$ 25,246</u>	<u>\$ 25,246</u>
Fund Balance:					
Beginning of Year, July 1			<u>42,566</u>		
End of Year, June 30			<u>\$ 25,246</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, 2021

	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	100,000	-	-	-	(100,000)
Expenditures:					
Economic and Physical Development:					
Administration	100,000	99,984	-	99,984	16
Miscellaneous	6,500	-	-	-	6,500
Total Expenditures	106,500	99,984	-	99,984	6,516
Revenues Under Expenditures	(6,500)	(99,984)	-	(99,984)	(93,484)
Other Financing Sources:					
Transfers From Other Funds:					
General Fund	6,500	29,335	-	29,335	22,835
Water and Sewer Fund	-	70,649	-	70,649	70,649
Total Other Financing Sources	6,500	99,984	-	99,984	93,484
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ -		

TOWN OF TROY, NORTH CAROLINASchedule 9**SPECIAL REVENUE FUND - CDBG HOUSING GRANT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Community Development Block Grant	\$ 750,000	\$ -	\$ 25,253	\$ 25,253	\$ (724,747)
Total Revenues	<u>750,000</u>	<u>-</u>	<u>25,253</u>	<u>25,253</u>	<u>(724,747)</u>
Expenditures:					
Economic and Physical Development:					
Community Development Block Grant:					
Construction	750,000	-	-	-	750,000
Administration	<u>-</u>	<u>-</u>	<u>25,253</u>	<u>25,253</u>	<u>(25,253)</u>
Total Expenditures	<u>750,000</u>	<u>-</u>	<u>25,253</u>	<u>25,253</u>	<u>724,747</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>\$ -</u>		

TOWN OF TROY, NORTH CAROLINASchedule 10**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, 2021

	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	103,222	20,560	123,782	52,430
Easement Expense	-	234	-	234	(234)
Miscellaneous	35,000	196	260	456	34,544
Total Expenditures	1,340,000	103,652	20,820	124,472	1,215,528
Revenues Over (Under) Expenditures	(10,000)	344	(20,820)	(20,476)	(10,476)
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	\$ -	\$ 58,707	(20,820)	\$ 37,887	\$ 37,887
Fund Balance:					
Beginning of Year, July 1			58,707		
End of Year, June 30			<u>\$ 37,887</u>		

TOWN OF TROY, NORTH CAROLINASchedule 11**CAPITAL PROJECT FUND - CAPITAL RESERVE FUND**
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ 250	\$ 199	\$ (51)
Total Revenues	<u>250</u>	<u>199</u>	<u>(51)</u>
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	10,000	10,000	-
Transfers to Other Funds:			
General Fund	<u>(294,201)</u>	<u>-</u>	<u>294,201</u>
Total Other Financing Sources (Uses)	<u>(284,201)</u>	<u>10,000</u>	<u>294,201</u>
Fund Balance Appropriated	<u>283,951</u>	<u>-</u>	<u>(283,951)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>10,199</u>	<u>\$ 10,199</u>
Fund Balance:			
Beginning of Year, July 1		<u>321,728</u>	
End of Year, June 30		<u>\$ 331,927</u>	

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**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 12

(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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Water Sales	\$	\$ 899,746	\$
Sewer Charges		846,293	
Water and Sewer Taps		1,800	
Late Fees		19,539	
Wastewater Analysis Fees		122,187	
Finished Water Sales and Septage Fees		126,535	
Other Operating Revenues		10,647	
Total Operating Revenues	1,946,711	2,026,747	80,036
Nonoperating Revenues:			
Interest Earned on Investments	700	154	(546)
Total Revenues	1,947,411	2,026,901	79,490
Expenditures:			
Water Treatment and Distribution:			
Salaries and Employee Benefits		288,246	
Contracted Services		17,698	
Purchases for Resale		519,162	
Maintenance		73,097	
Other Operating Expenditures		136,178	
Total	1,034,500	1,034,381	119
Sewer Collection and Treatment:			
Salaries and Employee Benefits		206,093	
Maintenance		78,157	
Other Operating Expenditures		71,543	
Total	358,285	355,793	2,492
Wastewater Treatment Plant:			
Salaries and Employee Benefits		100,223	
Contracted Services		29,493	
Other Operating Expenditures		180,426	
Total	329,997	310,142	19,855
Debt Service:			
Principal Retirement		79,133	
Interest and Fees		18,725	
Total	122,629	97,858	24,771
Capital Outlay:			
Water Treatment and Distribution		30,453	
Sewer Collection and Treatment		32,480	
Wastewater Treatment Plant		16,823	
Total	102,000	79,756	22,244
Total Expenditures	1,947,411	1,877,930	69,481
Revenues Over Expenditures (Forward)	\$ -	\$ 148,971	\$ 148,971

TOWN OF TROY, NORTH CAROLINASchedule 12
(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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues Over Expenditures (Brought Forward)	<u>\$ -</u>	<u>\$ 148,971</u>	<u>\$ 148,971</u>
Other Financing Uses:			
Transfers to Other Funds:			
To Bilhen Street Pump Station Capital Project Fund	<u>(138,306)</u>	<u>(138,306)</u>	<u>-</u>
Total Other Financing Uses	<u>(138,306)</u>	<u>(138,306)</u>	<u>-</u>
Fund Balance Appropriated	<u>138,306</u>	<u>-</u>	<u>(138,306)</u>
Revenues Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 10,665</u>	<u>\$ 10,665</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		<u>\$ 10,665</u>	
Reconciling Items:			
Payment of Bond Principal		39,000	
Payments on Installment Purchase Principal		40,133	
Capital Outlay		79,756	
Decrease in Accrued Interest Payable		408	
Depreciation		(264,309)	
Increase in Deferred Outflows of Resources - Pension		8,362	
Increase in Net Pension Liability		(29,073)	
Increase in Deferred Inflows of Resources - Pension		(2,430)	
Capital Contributions		235,815	
Decrease in Accrued Vacation		1,448	
Transfer to Water and Sewer Capital Project Fund		138,306	
Interest Income from Water and Sewer Project Funds		13	
Interest Income from Water and Sewer Capital Reserve Funds		415	
Total Reconciling Items		<u>247,844</u>	
Change in Net Position		<u>\$ 258,509</u>	

TOWN OF TROY, NORTH CAROLINA

Schedule 13

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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ 505	\$ 415	\$ (90)
Total Revenues	<u>505</u>	<u>415</u>	<u>(90)</u>
Expenditures:			
Capital Outlay	313,735	-	313,735
Total Expenditures	<u>313,735</u>	<u>-</u>	<u>313,735</u>
Revenues Over (Under) Expenditures	<u>(313,230)</u>	<u>415</u>	<u>313,645</u>
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	-	-	-
Transfers to Other Funds:			
Water and Sewer Fund	<u>(7,040)</u>	<u>-</u>	<u>(7,040)</u>
Total Other Financing Sources (Uses)	<u>(7,040)</u>	<u>-</u>	<u>(7,040)</u>
Fund Balance Appropriated	<u>320,270</u>	<u>-</u>	<u>(320,270)</u>
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>415</u>	<u>\$ (13,665)</u>
Fund Balance:			
Beginning of Year, July 1		<u>321,400</u>	
End of Year, June 30		<u>\$ 321,815</u>	

TOWN OF TROY, NORTH CAROLINA

Schedule 14

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, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
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	-	4,999	13	5,012	5,012
Total Revenues	<u>2,644,618</u>	<u>2,613,904</u>	<u>13</u>	<u>2,613,917</u>	<u>(30,701)</u>
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	<u>2,770,818</u>	<u>2,423,614</u>	<u>-</u>	<u>2,423,614</u>	<u>347,204</u>
Revenues Over (Under) Expenditures	<u>(126,200)</u>	<u>190,290</u>	<u>13</u>	<u>190,303</u>	<u>316,503</u>
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)	<u>126,200</u>	<u>(156,389)</u>	<u>-</u>	<u>(156,389)</u>	<u>(282,589)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 33,901</u>	<u>13</u>	<u>\$ 33,914</u>	<u>\$ 33,914</u>
Fund Balance:					
Beginning of Year, July 1			<u>33,901</u>		
End of Year, June 30			<u>\$ 33,914</u>		

TOWN OF TROY, NORTH CAROLINA

Schedule 15

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
N.C. Department of Commerce Grant	\$ 1,150,000	\$ -	\$ 178,330	\$ 178,330	\$ (971,670)
Total Revenues	<u>1,150,000</u>	<u>-</u>	<u>178,330</u>	<u>178,330</u>	<u>(971,670)</u>
Expenditures:					
Capital Outlay:					
Administration	120,000	91,230	89,721	180,951	(60,951)
Pump Station Upgrades	<u>1,310,000</u>	<u>-</u>	<u>178,330</u>	<u>178,330</u>	<u>1,131,670</u>
Total Expenditures	<u>1,430,000</u>	<u>91,230</u>	<u>268,051</u>	<u>359,281</u>	<u>1,070,719</u>
Revenues Over (Under) Expenditures	<u>(280,000)</u>	<u>(91,230)</u>	<u>(89,721)</u>	<u>(180,951)</u>	<u>99,049</u>
Other Financing Sources:					
Water and Sewer Fund	<u>280,000</u>	<u>42,645</u>	<u>138,306</u>	<u>180,951</u>	<u>(99,049)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (48,585)</u>	<u>48,585</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			<u>(48,585)</u>		
End of Year, June 30			<u>\$ -</u>		

TOWN OF TROY, NORTH CAROLINA

Schedule 16

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
N.C. Department of Environmental Quality:					
Grant # 15-I-2767	\$ 1,304,383	\$ 1,304,383	\$ -	\$ 1,304,383	\$ -
Grant # 16-I-2929	695,617	641,443	54,174	695,617	-
Grant # 14-I-3067	106,661	103,350	3,311	106,661	-
Miscellaneous	-	190	-	190	190
Total Revenues	2,106,661	2,049,366	57,485	2,106,851	190
Expenditures:					
Capital Outlay:					
Administration	199,560	362,522	4,998	367,520	(167,960)
Engineering - Water	99,643	52,079	1,175	53,254	46,389
Construction - Water	629,224	981,959	-	981,959	(352,735)
Engineering - Sewer	144,940	39,583	-	39,583	105,357
Construction - Sewer	106,661	106,000	661	106,661	-
Construction - Sewer	926,633	521,870	44,196	566,066	360,567
Total Expenditures	2,106,661	2,064,013	51,030	2,115,043	(8,382)
Net Change in Fund Balance	\$ -	\$ (14,647)	6,455	\$ (8,192)	\$ (8,192)
Fund Balance:					
Beginning of Year, July 1			(14,647)		
End of Year, June 30			<u>\$ (8,192)</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 17**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

June 30, 2021

<u>Fiscal Year</u>	Uncollected Balance June 30, 2020	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance, June 30, 2021
2020-2021	\$ -	\$ 1,195,421	\$ 1,171,753	\$ 23,668
2019-2020	24,779	-	7,928	16,851
2018-2019	16,739	-	2,730	14,009
2017-2018	14,139	-	1,796	12,343
2016-2017	10,723	-	831	9,892
2015-2016	21,172	-	1,185	19,987
2014-2015	14,231	-	1,847	12,384
2013-2014	16,976	-	1,051	15,925
2012-2013	29,615	-	801	28,814
2011-2012	13,008	-	6,117	6,891
2010-2011	11,104	-	11,104	(0)
	<u>\$ 172,486</u>	<u>\$ 1,195,421</u>	<u>\$ 1,207,143</u>	\$ 160,763
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>(7,000)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 153,763</u>
Reconciliation with Revenues:				
Ad Valorem Taxes Collected - General Fund			\$ 1,185,878	
Releases and Adjustments			18,731	
Taxes Written Off			10,440	
Interest Collected			<u>(7,906)</u>	
Total Collections and Credits			<u>\$ 1,207,143</u>	

ANALYSIS OF CURRENT TAX LEVYTOWN-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	\$ 255,370,754	.46	\$ 1,174,705	\$ 1,070,515	\$ 104,190
Registered Motor Vehicles Taxed at Prior Year's Rate	-	.46	-	-	-
Total Original Levy	<u>255,370,754</u>		<u>1,174,705</u>	<u>1,070,515</u>	<u>104,190</u>
Discoveries:					
Current Year Taxes	<u>4,503,270</u>	.46	<u>20,715</u>	<u>20,715</u>	-
Total Discoveries	<u>4,503,270</u>		<u>20,715</u>	<u>20,715</u>	-
Abatements	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total Property Valuation	<u>\$ 259,874,024</u>				
Net Levy			1,195,421	1,091,230	104,190
Uncollected Taxes at June 30, 2021			<u>(23,668)</u>	<u>(23,295)</u>	<u>(373)</u>
Current Year's Taxes Collected			<u>\$ 1,171,753</u>	<u>\$ 1,067,935</u>	<u>\$ 103,818</u>
Current Levy Collection Percentage			<u>98.02%</u>	<u>97.87%</u>	<u>99.64%</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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 5,225,944
Restricted	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	1,476,200
Unrestricted	783,964	875,470	704,334	286,807	379,486	762,332	628,842	219,248	193,495	127,852
Total Governmental activities net position	<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>	<u>\$ 6,829,996</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 7,095,748
Restricted	-	-	-	-	7,915	11,568	15,221	18,874	22,527	26,180
Unrestricted	1,149,256	1,048,132	1,100,679	770,418	640,389	629,535	818,071	837,699	584,295	625,558
Total business-type activities net position	<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>	<u>\$ 7,747,486</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 12,321,692
Restricted	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	1,502,380
Unrestricted	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	753,410
Total primary government net position	<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>	<u>\$ 14,577,482</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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 757,088	\$ 768,026	\$ 820,027	\$ 812,352	\$ 771,389	\$ 807,776	\$ 781,165	\$ 799,809	\$ 816,629	\$ 919,613
Public safety	793,443	780,490	892,196	840,269	764,688	848,434	1,039,508	1,001,326	1,024,005	1,162,633
Transportation	328,826	351,464	271,572	433,272	315,998	250,693	574,614	254,819	301,846	641,598
Environmental protection	134,641	128,302	143,267	146,890	149,128	150,318	150,650	155,965	178,817	169,973
Cultural and recreational	642,521	671,798	754,856	740,238	693,149	765,901	1,171,358	707,165	710,459	818,966
Economic and physical development	342,095	1,269,007	326,237	1,436,044	164,256	55,638	313,574	82,093	105,495	42,573
Interest on long-term debt	41,898	39,892	38,951	38,402	37,815	38,016	37,607	39,515	45,598	46,158
Total governmental activities expenses	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	3,801,514
Business-type activities:										
Water and Sewer	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	2,004,635
Total business-type activities expenses	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	2,004,635
Total primary government expenses	<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>	<u>\$ 5,806,149</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 17,715	\$ 19,397	\$ 4,489	\$ 4,609	\$ 2,255	\$ 3,790	\$ 7,822	\$ 3,735	\$ 9,925	\$ 8,474
Public safety	889	594	678	788	361	372	306	698	660	310
Transportation	-	15,000	20,000	-	20,000	20,000	50,000	12,500	25,000	25,000
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	324,309	336,999	322,774	328,157	388,214	332,205	281,866	237,235	231,194	225,723
Operating grants and contributions	576,863	182,152	394,594	1,564,231	441,627	203,317	696,092	376,708	288,716	549,379
Capital grants and contributions	47,560	1,313,113	85,952	30,000	103,996	258,948	18,364	425,876	-	220,836
Total governmental activities program revenues	967,336	1,867,255	828,487	1,927,785	956,453	818,632	1,054,450	1,056,752	555,495	1,029,722
Business-type activities:										
Charges for services:										
Water and Sewer	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	2,026,747
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	612,000	-	-	-	-	93,422	236,175	1,089,192	630,411	235,815
Total business-type activities program revenues	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	2,262,562
Total primary government program revenues	<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>	<u>\$ 3,292,284</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (2,771,792)
Business-type activities	543,923	(127,316)	(192,431)	(364,217)	(250,247)	(29,980)	250,700	940,003	433,061	257,927
Total primary government net expense	<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>	<u>\$ (2,513,865)</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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Taxes										
Property taxes	\$ 792,811	\$ 844,544	\$ 895,105	\$ 925,104	\$ 926,032	\$ 927,390	\$ 1,032,220	\$ 1,212,406	\$ 1,048,685	\$ 1,177,155
Sales taxes	542,473	559,496	568,666	614,133	651,602	756,853	800,471	880,293	890,641	944,814
Franchise taxes	269,474	256,873	265,815	298,502	297,791	293,707	291,080	294,683	284,863	281,022
Other taxes and licenses	25,616	24,024	26,719	25,780	24,123	24,720	23,241	23,770	30,180	35,346
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Restricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	5,193	3,855	11,119	1,297	1,574	2,325	1,864	2,057	1,613	1,429
Miscellaneous	224,283	504,596	560,720	407,439	367,380	258,597	355,152	206,476	168,266	208,508
Transfers	21,451	231	-	-	-	(7,000)	-	-	124,203	-
Total governmental activities	<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>	<u>2,648,274</u>
Business-type activities:										
Investment earnings	3,293	1,199	717	599	821	768	646	810	727	582
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(21,451)	(231)	-	-	-	7,000	-	-	(124,203)	-
Total business-type activities	<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>	<u>582</u>
Total primary government	<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>	<u>\$ 2,648,856</u>
 Change in Net Position										
Governmental activities	\$ (191,875)	\$ 51,895	\$ (90,475)	\$ (247,427)	\$ 328,532	\$ 158,448	\$ (509,998)	\$ 635,745	\$ (78,903)	\$ (123,518)
Business-type activities	525,765	(126,348)	(191,714)	(363,618)	(249,426)	(22,212)	251,346	940,813	309,585	258,509
Total primary government	<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>	<u>\$ 134,991</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>
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
2021	1,177,155	944,814	281,022	35,346	2,438,337

TOWN OF TROY, NORTH CAROLINA

Table 4

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 30,794	\$ 9,206	\$ 27,972	\$ 21,694	\$ 22,123	\$ 22,039	\$ 16,378	\$ 16,378	\$ 12,512	\$ 41,361
Restricted	673,032	722,172	919,467	898,940	897,429	863,328	749,112	1,244,957	1,238,318	1,068,830
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	58,221	-	32,495	44,900	-	-	47,196	50,000	111,037	3,029
Unassigned	687,042	856,608	691,878	364,480	648,943	1,048,548	947,105	481,779	442,773	899,915
Total General Fund	<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>	<u>\$ 2,013,135</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,478	87	15,266	82,481	288,536	104,456	104,459	130,517	111,653	74,364
Committed	229,185	246,785	257,061	260,235	270,504	481,919	302,193	312,498	322,807	333,006
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(5,000)	-	(17,863)	(88,678)	(129,058)	-	-	(62,672)	(3,262)	(4,110)
Total all other governmental funds	<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>	<u>\$ 403,260</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property Taxes	\$ 805,536	\$ 831,956	\$ 921,191	\$ 858,808	\$ 1,040,280	\$ 986,682	\$ 1,075,466	\$ 1,057,173	\$ 1,053,316	\$ 1,185,878
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	113,693	113,567	100,124	100,915	100,584	101,012	102,772	97,590	100,538	102,784
Intergovernmental	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	1,778,142
Charges for Services	326,659	355,929	345,244	331,041	409,769	353,505	336,966	252,560	264,644	258,023
Investment earnings	5,193	3,855	11,119	1,297	2,387	2,325	1,864	2,057	1,613	1,429
Miscellaneous	195,764	321,812	422,855	407,053	267,988	231,653	348,192	180,816	122,325	343,283
Total revenues	<u>2,824,895</u>	<u>3,932,271</u>	<u>3,142,957</u>	<u>4,120,648</u>	<u>3,268,195</u>	<u>3,008,294</u>	<u>3,601,996</u>	<u>3,105,079</u>	<u>2,983,275</u>	<u>3,669,539</u>
Expenditures										
General government	762,515	723,154	780,148	800,142	747,619	784,188	1,005,911	762,350	760,491	1,088,034
Public safety	728,476	756,946	820,150	899,434	725,020	783,760	972,079	1,086,001	961,095	1,052,416
Transportation	436,036	475,716	391,459	561,127	445,871	394,505	763,020	382,531	648,338	779,756
Environmental protection	-	-	-	-	-	-	-	-	-	-
Culture and recreation	588,377	638,807	724,940	727,064	661,036	734,564	877,317	728,798	627,194	727,268
Economic and physical development	342,095	1,269,007	326,237	1,436,044	164,256	55,638	313,574	82,093	105,495	42,573
Capital outlay	-	-	-	156	58,363	6,550	-	19,770	18,813	20,820
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	66,128	53,209	12,440	12,980	13,578	25,748	46,912	72,148	97,436	81,786
Interest	43,149	40,947	39,165	38,625	38,027	37,509	37,937	38,965	44,762	44,692
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,966,776</u>	<u>3,957,786</u>	<u>3,094,539</u>	<u>4,475,572</u>	<u>2,853,770</u>	<u>2,822,462</u>	<u>4,016,750</u>	<u>3,172,656</u>	<u>3,263,624</u>	<u>3,837,345</u>
Excess of revenues over (under) expenditures	<u>(141,881)</u>	<u>(25,515)</u>	<u>48,418</u>	<u>(354,924)</u>	<u>414,425</u>	<u>185,832</u>	<u>(414,754)</u>	<u>(67,577)</u>	<u>(280,349)</u>	<u>(167,806)</u>
Other financing sources (uses)										
Transfers in	179,846	10,231	10,000	10,000	68,363	217,976	230,101	-	174,132	10,000
Transfers out	(158,395)	(10,000)	(10,000)	(10,000)	(68,363)	(224,976)	(230,101)	-	(49,929)	(10,000)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Installment purchase obligations / Notes	-	-	-	-	-	33,335	60,907	74,591	218,527	325,000
Sale of assets	69,085	179,390	43,000	12,700	-	309,646	-	-	-	23,363
Total other financing sources (uses)	<u>90,536</u>	<u>179,621</u>	<u>43,000</u>	<u>12,700</u>	<u>-</u>	<u>335,981</u>	<u>60,907</u>	<u>74,591</u>	<u>342,730</u>	<u>348,363</u>
Net change in fund balances	<u>\$ (51,345)</u>	<u>\$ 154,106</u>	<u>\$ 91,418</u>	<u>\$ (342,224)</u>	<u>\$ 414,425</u>	<u>\$ 521,813</u>	<u>\$ (353,847)</u>	<u>\$ 7,014</u>	<u>\$ 62,381</u>	<u>\$ 180,557</u>
Debt services as a percentage of noncapital expenditures	3.8%	2.4%	1.7%	1.2%	1.9%	2.3%	2.4%	3.9%	4.6%	3.4%

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

Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
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
2021	1,185,878	944,814	281,022	35,346	2,447,060

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

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)
2012	\$ 57,014,859	\$ 58,300,425	\$ 31,833,662	\$ 15,303,542	\$ -	\$ 3,401,877	\$ 165,854,365	0.48	231,704,897	71.58%
2013	\$ 65,781,473	\$ 63,000,104	\$ 39,354,555	\$ 16,510,294	\$ -	\$ 4,144,580	\$ 188,791,006	0.48	240,804,855	78.40%
2014	\$ 67,458,342	\$ 68,810,350	\$ 42,757,048	\$ 21,510,653	\$ -	\$ 4,339,246	\$ 204,875,639	0.46	206,945,090	99.00%
2015	\$ 67,279,425	\$ 71,871,833	\$ 47,390,750	\$ 18,576,935	\$ -	\$ 4,108,399	\$ 209,227,342	0.46	224,975,637	93.00%
2016	\$ 67,644,383	\$ 70,751,093	\$ 47,661,883	\$ 19,632,174	\$ -	\$ 4,545,100	\$ 210,234,633	0.46	226,058,745	93.00%
2017	\$ 67,935,482	\$ 71,752,458	\$ 51,624,249	\$ 20,904,783	\$ -	\$ 4,382,180	\$ 216,599,152	0.46	232,902,314	93.00%
2018	\$ 68,662,503	\$ 72,502,180	\$ 65,196,002	\$ 19,987,826	\$ -	\$ 4,424,998	\$ 230,773,509	0.46	250,840,771	92.00%
2019	\$ 68,782,503	\$ 74,025,311	\$ 59,194,823	\$ 20,613,478	\$ -	\$ 4,448,298	\$ 227,064,413	0.46	246,809,145	92.00%
2020	\$ 68,945,482	\$ 75,228,143	\$ 59,250,949	\$ 22,060,869	\$ -	\$ 4,754,889	\$ 230,240,332	0.46	250,261,230	92.00%
2021	\$ 69,060,901	\$ 75,591,190	\$ 88,068,667	\$ 22,650,000	\$ -	\$ 4,503,266	\$ 259,874,024	0.46	282,471,765	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
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
2021	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, 2021

Table 9

Taxpayer	2021			2011		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Troy Lumber Company	\$ 41,901,914	1	16.12%	\$ 12,980,881	1	8.45%
Ameriquel Aseptic	29,521,688	2	11.36%			
Wright Foods Group/LLC	13,551,427	3	5.21%			
First Bank	5,413,325	4	2.08%	6,959,707	2	4.53%
Montgomery Memorial-First Health	4,180,916	5	1.61%	4,398,087	5	2.86%
Capel, Inc.	4,090,928	6	1.57%	4,538,196	4	2.95%
Auria Troy LLC & Troy NC LP (I.A.C.)	3,855,649	7	1.48%	6,304,856	3	4.10%
Sorinela, LLC - Food Lion	3,799,194	8	1.46%			
Uwharrie Lumber	3,459,225	9	1.33%	2,836,549	6	1.85%
Alandale Knitting	3,107,262	10	1.20%	1,542,700	9	1.00%
Landholders, LLP				2,423,800	7	1.58%
Progress Energy (Duke)				1,863,771	8	1.21%
Montgomery Housing				1,480,106	10	0.96%
Totals	<u>\$ 112,881,528</u>		<u>43.44%</u>	<u>\$ 45,328,653</u>		<u>29.50%</u>

Total Assessed Value of Taxable Property \$ 259,874,024

\$ 153,672,399

Source: Troy Tax Department

Note: Taxpayer ranked # 2 currently was not ranked in top ten in 2011.

Note: Taxpayer ranked # 3 currently was not ranked in top ten in 2011.

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>
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%	17,010	1,037,550	99.33%
2020	1,059,106	1,034,327	97.66%	17,740	1,052,067	99.34%
2021	1,195,421	1,171,753	98.02%	-	1,171,753	98.02%

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			
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
2021	-	-	1,252,242	39,000	563,832	-	1,855,074	2.09%	\$ 572

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
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
2021	59,000	(59,000)	-	\$ 259,874,024	0.02%	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, 2021

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 \$	75,533,254	6.99%	\$ 5,279,774
Subtotal, overlapping debt			<u>5,279,774</u>
Town of Troy direct debt			<u>1,252,242</u>
Total direct and overlapping debt			<u>\$ 6,532,016</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>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>	<u>2021</u>
Debt limit	\$ 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	\$ 20,789,922
Total net debt applicable to limit	<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>	<u>1,816,074</u>
Legal debt margin	<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>	<u>\$ 18,973,848</u>
Total net debt applicable to the limit as a percentage of debt limit	8.00%	6.55%	7.44%	7.66%	7.11%	6.51%	8.58%	8.43%	8.76%	8.74%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 259,874,024
Debt limit (8% of total assessed value)	<u>\$ 20,789,922</u>
Debt applicable to limit:	
General obligation bonds	-
Installment purchase agreements	<u>1,816,074</u>
Total net debt applicable to limit	<u>1,816,074</u>
Legal debt margin	<u>\$ 18,973,848</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)
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%
2021	3242	88,649,248	27,344	44.0	15.7%	1,350	3.70%

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	2021			2011		
	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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	7	7	7	7	6	7	7	7	7	8
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	3	3	3	3	3
Culture and recreation	4	6	6	6	8	7	7	7	7	7
Water	3	4	4	4	4	4	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Total	<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>	<u>38</u>

Source: Town's Human Resource office.

TOWN OF TROY, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

Table 18

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Number of Police Personnel and Officers	12	12	12	12	12	12	12	12	12	12
Number of Arrests	292	292	286	360	106	202	233	158	164	192
Number of Traffic Violations	501	485	479	481	170	177	335	362	342	422
Incidents/Investigations	459	472	468	477	245	356	378	323	359	381
Fire: (All Volunteer - No Paid Firemen)										
Number of Volunteer Firefighters	26	28	27	25	25	26	24	25	27	26
Number of Fire Emergency Responses	207	240	166	227	226	179	277	202	219	203
Highways and streets										
Street resurfacing (miles)	1.20	0.48	-	-	0.51	-	-	-	-	2.28
Potholes repaired	5	9	11	11	14	12	8	9	11	8
Sanitation										
Refuse collected (tons/day)	1.53	1.51	1.55	1.54	1.52	1.55	1.58	1.57	1.58	1.56
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	95	97	100	101	108	110	113	116	105	0
Estimated number of program participants	27,325	27,500	27,702	28,900	28,940	28,995	29,042	29,042	27,014	0
Water										
New connections	1	2	1	2	2	2	3	1	2	2
Water mains breaks	12	11	12	14	11	12	10	11	13	5
Average daily consumption (MGD)	0.395	0.450	0.460	0.460	0.420	0.440	0.406	0.420	0.044	0.502
Wastewater										
Average daily sewage treatment (MGD)	0.420	0.425	0.440	0.448	0.410	0.420	0.400	0.530	0.532	0.658

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Police:										
Main Station	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	8	8	8	8	8	7	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	480	478	478	478	479	479	477	478	476
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	5.0	7.0	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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**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, 2021, 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 January 21, 2022.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-2.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies as items 2021-1 and 2021-2.

Town of Troy's Response to Findings. The Town of Troy's response to the findings 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.

January 21, 2022



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

TOWN OF TROY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

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?	<u> </u>	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	<u> </u>	none reported
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Noncompliance material to financial statements noted	<u> X </u>	yes	<u> </u>	no
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TOWN OF TROY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES (Concluded)

For the Year Ended June 30, 2021

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

Significant Deficiencies:

Finding 2021-1: Deficit Fund Balance

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

Condition : The CDBG Infrastructure Grant Project Fund had a deficit fund balance at June 30, 2021.

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.

Finding 2021-2: Contractor Agreement Not Preaudited

Criteria : Pursuant to General Statute 159-28 (a1); "if an obligation is reduced to a written contract or written agreement requiring the payment of money, the written contract or agreement shall include on its face a certificate stating that the instrument has been preaudited."

Condition : A contractor's agreement for the Bilhen Street Pump Station Project Fund had no documentation that it had been preaudited.

Effect : Obligations incurred for eligible expenditures without sufficient budgeted amounts available.

Cause : Contractor's agreement submitted to grant administrator prior to review by finance officer..

Recommendation : Upon approval of contract by those charged with governance contract should be reviewed by finance officer for sufficient budgeted amounts.

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, 2021

Finding 2021-1: 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.

Finding 2021-2: Contractor Agreement Not Preaudited

A Name of Contact Person: Cathy Maness, Finance Officer

B. Corrective Action:

Management will address the requirement for all contracts to be preaudited with the grant administrators for all grant projects.

C. Proposed Completion Date: Immediately.

TOWN OF TROY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2021

2020-1:

Status: Not corrected.