

FOR YEAR ENDED  
JUNE 30, 2023



MEDICAL  
HEALTHCARE

# TOWN OF TROUTMAN

## Annual Financial Report

SPEED  
LIMIT  
35

**TOWN OF TROUTMAN, NORTH CAROLINA**

**June 30, 2023**

**Mayor**

Teross W. Young, Jr.

**TOWN COUNCIL**

W. Paul Henkel

Jerry Oxsher

Felina Harris

George W. Harris

Edward R. Nau

**OFFICIAL**

Ronald Wyatt, Town Manager

Justin Mundy, CPA, Finance Director

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# **Financial Section**



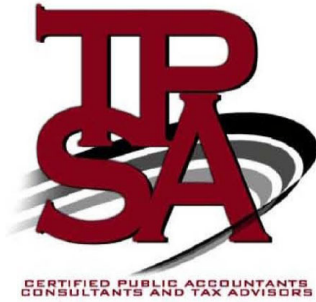
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**Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA**

### Independent Auditors' Report

To the Honorable Mayor and  
Members of the Town Council  
Town of Troutman, North Carolina

#### **Opinions**

We have audited the accompanying 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 Troutman, North Carolina (the "Town"), as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Troutman, North Carolina as of June 30, 2023, 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 accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Troutman ABC Board, which represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Troutman ABC Board, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Troutman and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Troutman ABC Board were not audited in accordance with *Governmental Auditing Standards*.

#### **Responsibilities of Management for the Audit of the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raises substantial doubt about the Town's ability to continue as a going concern for the twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

**Members**

**American Institute of CPAs - NC Association of CPAs - AICPA's Private Companies Practice Section**

## **Auditors' Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing and audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud our error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Troutman's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Troutman's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identify during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and nalysis on pages 4 through 9, the Local Government Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 39 through 40, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 41 through 42, and the Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Troutman, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the Town of Troutman' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Troutman' internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
December 1, 2023

## Management's Discussion and Analysis

As management of the Town of Troutman, we offer readers of the Town of Troutman's financial statements this narrative overview and analysis of the financial activities of the Town of Troutman for the fiscal year ended June 30, 2023. 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

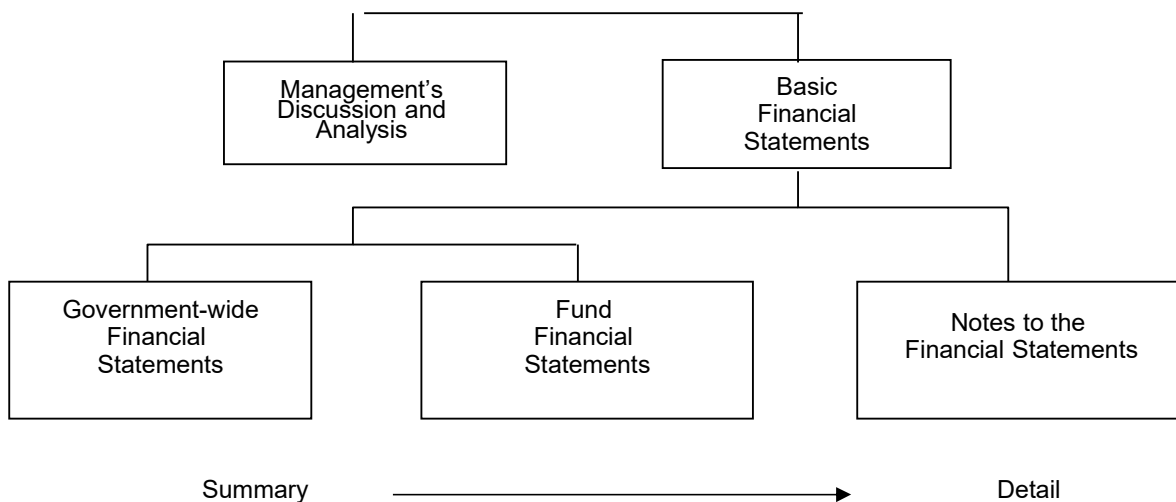
- The assets and deferred outflows of resources of the Town of Troutman exceeded its liabilities and deferred inflows at the close of the fiscal year by \$33,802,169 (net position).
- The government's total net position increased by \$5,732,363. Governmental activities increased net position by \$2,530,464, while business-type activities increased net position by \$3,201,899.
- At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,777,594, an increase of \$758,441 in comparison with the prior year. Approximately 26.07 percent of this total amount, or \$1,506,121, is non-spendable or restricted.
- At the end of the current fiscal year, fund balance for the General Fund was \$5,342,471, or 65.56 percent of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



## Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

## Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and 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 two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, economic and physical development, streets and public works, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide services. These include the water and sewer services offered by Town of Troutman.

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

## Fund Financial Statements

The fund financial statements 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 Troutman, 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 Troutman can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Troutman 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.** The Town of Troutman 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. The Town of Troutman uses an enterprise funds to account for its water and sewer operations. This funds is the same as the separate activities 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 can be found beginning on page 19 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found beginning on page 39 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 Troutman's Net Position  
Figure 2**

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current assets	\$ 5,930,422	\$ 5,116,243	\$ 4,398,341	\$ 2,615,427	\$ 10,328,763	\$ 7,731,670
Long-term assets	12,842,241	11,783,835	17,470,883	16,187,309	30,313,124	27,971,144
Deferred outflows of resources	1,059,865	754,352	220,836	50,268	1,280,701	804,620
<b>Total assets</b>	<b>19,832,528</b>	<b>17,654,430</b>	<b>22,090,060</b>	<b>18,853,004</b>	<b>41,922,588</b>	<b>36,507,434</b>
Current liabilities	792,498	1,265,750	872,123	876,314	1,664,621	2,142,064
Non-current liabilities	4,291,601	3,835,238	1,903,354	1,841,676	6,194,955	5,676,914
Deferred inflows of resources	244,077	579,554	16,766	39,096	260,843	618,650
<b>Total liabilities</b>	<b>5,328,176</b>	<b>5,680,542</b>	<b>2,792,243</b>	<b>2,757,086</b>	<b>8,120,419</b>	<b>8,437,628</b>
Net position:						
Net investment in capital assets	9,809,203	8,016,712	15,200,583	13,794,768	25,009,786	21,811,480
Restricted	1,153,799	636,539	-	-	1,153,799	636,539
Unrestricted	3,541,350	3,320,637	4,097,234	2,301,150	7,638,584	5,621,787
<b>Total net position</b>	<b>\$ 14,504,352</b>	<b>\$ 11,973,888</b>	<b>\$ 19,297,817</b>	<b>\$ 16,095,918</b>	<b>\$ 33,802,169</b>	<b>\$ 28,069,806</b>

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 Troutman exceeded liabilities and deferred inflows by \$33,802,169 as of June 30, 2023. The Town's net position increased by \$5,732,363 for the fiscal year ended June 30, 2023. The Town's net investment in capital assets (land, buildings, equipment and infrastructure) totaling \$25,009,786 represents 73.99% of the total net position. The Town of Troutman uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Troutman'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 Troutman's net position, \$1,153,799, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,638,584 is unrestricted, representing 22.60% of total net position.

**Town of Troutman Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Charges for services	\$ 1,065,821	\$ 598,841	\$ 6,356,862	\$ 3,619,066	\$ 7,422,683	\$ 4,217,907
Operating grants and contributions	1,132,808	110,169	594,051	-	1,726,859	110,169
Ad valorem taxes	4,183,129	3,521,273	-	-	4,183,129	3,521,273
Other taxes	1,636,150	1,370,435	-	-	1,636,150	1,370,435
Grants and contributions not restricted to specific programs	347,638	322,136	-	-	347,638	322,136
Interest earned on investments	90,606	2,611	1,023	42	91,629	2,653
Miscellaneous	204,659	34,731	-	-	204,659	34,731
<b>Total revenues</b>	<b>8,660,811</b>	<b>5,960,196</b>	<b>6,951,936</b>	<b>3,619,108</b>	<b>15,612,747</b>	<b>9,579,304</b>
<b>Expenses:</b>						
General government	2,619,007	1,430,871	-	-	2,619,007	1,430,871
Public safety	2,122,141	1,719,051	-	-	2,122,141	1,719,051
Streets and public works	1,021,367	828,154	-	-	1,021,367	828,154
Cultural and recreational	295,608	343,070	-	-	295,608	343,070
Interest on long-term debt	72,224	70,205	-	-	72,224	70,205
Water and sewer	-	-	3,750,037	2,870,785	3,750,037	2,870,785
<b>Total expenses</b>	<b>6,130,347</b>	<b>4,391,351</b>	<b>3,750,037</b>	<b>2,870,785</b>	<b>9,880,384</b>	<b>7,262,136</b>
Increase (Decrease) in net position before transfers	2,530,464	1,568,845	3,201,899	748,323	5,732,363	2,317,168
Transfers and special items	-	-	-	-	-	-
Increase (decrease) in net position	2,530,464	1,568,845	3,201,899	748,323	5,732,363	2,317,168
Net position, beginning	11,973,888	8,761,540	16,095,918	15,271,806	28,069,806	24,033,346
Prior period adjustment	-	1,643,503	-	75,789	-	1,719,292
<b>Net position, ending</b>	<b>\$ 14,504,352</b>	<b>\$ 11,973,888</b>	<b>\$ 19,297,817</b>	<b>\$ 16,095,918</b>	<b>\$ 33,802,169</b>	<b>\$ 28,069,806</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$2,530,464 due to additional revenues from grants/contributions and ad valorem taxes.

**Business-type activities.** Business-type activities increased Town's net position by \$3,201,899 due to growth in customer base and additional revenues from increased water/sewer rates in the current fiscal year.

**Financial Analysis of the Town’s Funds**

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

**Governmental Funds.** The focus of the Town of Troutman’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 Troutman’s financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Troutman. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$4,763,741, while total fund balance reached \$5,342,471. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58% of total General Fund expenditures, while total fund balance represents 66% of that same amount.

At June 30, 2023, the governmental funds of Town of Troutman reported a fund balance of \$5,777,594, an increase of \$758,441 over last year.

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

**Proprietary Fund.** The Town of Troutman’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Funds at the end of the fiscal year amounted to \$4,097,234. The change in net position was an increase of \$3,201,899. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town of Troutman’s business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Troutman’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$29,374,086 (net of accumulated depreciation/amortization). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and right to use assets for leases and IT subscriptions.

**Town of Troutman’s Capital Assets  
(net of depreciation/amortization)**

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 862,964	\$ 862,964	\$ 148,136	\$ 148,136	\$ 1,011,100	\$ 1,011,100
Construction in process	3,029,072	2,728,053	1,369,641	866,081	4,398,713	3,594,134
Buildings	1,911,871	1,375,555	234,843	245,126	2,146,714	1,620,681
Equipment	222,954	116,016	238,550	135,763	461,504	251,779
Vehicles	720,606	324,473	692,486	104,791	1,413,092	429,264
Infrastructure	5,562,915	5,669,795	-	-	5,562,915	5,669,795
Systems	-	-	12,993,318	13,381,488	12,993,318	13,381,488
Intangibles	-	-	1,245,788	818,334	1,245,788	818,334
Right to use assets:						
Leases	98,723	14,335	-	-	98,723	14,335
IT subscriptions	42,219	-	-	-	42,219	-
<b>Total</b>	<b>\$ 12,451,324</b>	<b>\$ 11,091,191</b>	<b>\$ 16,922,762</b>	<b>\$ 15,699,719</b>	<b>\$ 29,374,086</b>	<b>\$ 26,790,910</b>

Major capital asset construction and transactions during the year include the following:

ESC Park Project, Downtown Sidewalk Project, and CHA Sewer Project.

Additional information on the Town’s capital assets can be found in the Note III.A.4 to the Financial Statements.

**Long-term Debt.** As of June 30, 2023, the Town had total debt outstanding of \$6,871,221. Of this, \$0 is debt backed by the full faith and credit of the Town.

**Town of Troutman's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment purchases	\$ 2,495,853	\$ 3,045,618	\$ 1,722,179	\$ 1,904,951	\$ 4,218,032	\$ 4,950,569
Lease liability	98,058	14,526	-	-	98,058	14,526
IT subscription liability	48,210	-	-	-	48,210	-
Compensated absences	157,976	158,173	31,089	33,005	189,065	191,178
Net pension liability (LGERS)	1,188,355	267,070	289,699	65,107	1,478,054	332,177
Net pension liability (LEOSSA)	606,876	712,361	-	-	606,876	712,361
Total OPEB liability	189,767	194,898	43,159	44,324	232,926	239,222
<b>Total</b>	<b>\$ 4,785,095</b>	<b>\$ 4,392,646</b>	<b>\$ 2,086,126</b>	<b>\$ 2,047,387</b>	<b>\$ 6,871,221</b>	<b>\$ 6,440,033</b>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Troutman is approximately \$60,486,002.

Additional information on the Town’s long-term debt can be found in the Note III.b.6 to the Financial Statements.

**Economic Factors and Next Year’s Budgets and Rates**

The following are economic indicators affecting the Town:

- The Town continues to benefit from the strong housing market and annexation.
- Large-scale commercial projects will continue to diversify the tax base.
- Due to residential growth and economic development our “neighborhood” or small business growth demand has continued to grow.
- Adoption of a new land use plan and realignment of our Strategic Master Plan and Unified Development Ordinance policies as they are “evergreen documents” and should be continually edited and revised to provide for proper long-term growth management.

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities:** Overall, General Fund revenues reflect a small increase which was expected due to growth.

**Business-type Activities:** Overall, water and sewer revenues reflect a constant rate as growth and efficiency have strengthened the financial position of the system. Also, water and sewer rates were increased in July 2022 as a result of expenditure increases over the last 6-7 years which puts the Town in a better position financially moving forward.

**Requests for Information**

This report is designed to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, 400 N. Eastway Drive, Troutman, North Carolina 28166.

# **Basic Financial Statements**



**Town of Troutman  
Statement of Net Position  
June 30, 2023**

	Primary Government		Component Unit	
	Governmental Activities	Business-type Activities	Total	Town of Troutman ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,127,133	\$ 3,581,621	\$ 8,708,754	\$ 690,881
Taxes receivables (net)	103,799	-	103,799	-
Accounts receivable (net)	451,280	717,163	1,168,443	-
Other accounts receivable (net)	-	23,998	23,998	-
Due from other governments	46,132	75,559	121,691	-
Inventory	8,919	-	8,919	212,341
Prepaid items	193,159	-	193,159	5,700
Total current assets	<u>5,930,422</u>	<u>4,398,341</u>	<u>10,328,763</u>	<u>908,922</u>
Non-current assets:				
Restricted cash and cash equivalents	249,975	548,121	798,096	-
Capital assets:				
Land and construction in progress	3,892,036	1,517,777	5,409,813	-
Capital assets being depreciated, net	8,418,346	14,159,197	22,577,543	1,082,658
Capital assets being amortized, net	140,942	-	140,942	-
Intangible assets being amortized, net	-	1,245,788	1,245,788	-
Total capital assets	<u>12,451,324</u>	<u>16,922,762</u>	<u>29,374,086</u>	<u>1,082,658</u>
Total non-current assets	<u>12,842,241</u>	<u>17,470,883</u>	<u>30,313,124</u>	<u>1,082,658</u>
<b>Total assets</b>	<u>18,772,663</u>	<u>21,869,224</u>	<u>40,641,887</u>	<u>1,991,580</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contribution to pension plan - LGERS	245,689	59,894	305,583	-
Contribution to pension plan - LEO	6,820	-	6,820	-
Pension deferrals	784,631	155,774	940,405	18,382
OPEB deferrals	22,725	5,168	27,893	-
<b>Total deferred outflows of resources</b>	<u>1,059,865</u>	<u>220,836</u>	<u>1,280,701</u>	<u>18,382</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	280,423	141,230	421,653	230,761
Liabilities payable from restricted assets	18,581	298,121	316,702	-
Unearned revenues	-	250,000	250,000	-
Current portion of long-term debt	493,494	182,772	676,266	460,582
Total current liabilities	<u>792,498</u>	<u>872,123</u>	<u>1,664,621</u>	<u>691,343</u>
Non-current liabilities				
Net pension liability - LGERS	1,188,355	289,699	1,478,054	47,388
Net pension liability - LEO	606,876	-	606,876	-
OPEB liability	189,767	43,159	232,926	-
Compensated absences	157,976	31,089	189,065	1,472
Non-current portion of long-term debt	2,148,627	1,539,407	3,688,034	-
Total non-current liabilities	<u>4,291,601</u>	<u>1,903,354</u>	<u>6,194,955</u>	<u>48,860</u>
<b>Total liabilities</b>	<u>5,084,099</u>	<u>2,775,477</u>	<u>7,859,576</u>	<u>740,203</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	180,151	2,228	182,379	(8,235)
OPEB deferrals	63,926	14,538	78,464	-
<b>Total deferred inflows of resources</b>	<u>244,077</u>	<u>16,766</u>	<u>260,843</u>	<u>(8,235)</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,809,203	15,200,583	25,009,786	622,076
Restricted for:				
Stabilization by State Statute	922,405	-	922,405	-
Streets	231,394	-	231,394	-
Minimum working capital	-	-	-	95,223
Unrestricted	3,541,350	4,097,234	7,638,584	560,695
<b>Total net position</b>	<u>\$ 14,504,352</u>	<u>\$ 19,297,817</u>	<u>\$ 33,802,169</u>	<u>\$ 1,277,994</u>

The notes to the financial statements are an integral part of this statement.

**Town of Troutman  
Statement of Activities  
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
						Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>									
<b>Governmental Activities:</b>									
General government	\$ 2,619,007	\$ 946,804	\$ 882,514	\$ -	\$ -	(789,689)	\$ -	\$ (789,689)	\$ -
Public safety	2,122,141	29,751	-	-	-	(2,092,390)	-	(2,092,390)	-
Streets and public works	1,021,367	44,866	250,294	-	-	(726,207)	-	(726,207)	-
Cultural and recreational	295,608	44,400	-	-	-	(251,208)	-	(251,208)	-
Interest of long-term debt	72,224	-	-	-	-	(72,224)	-	(72,224)	-
<b>Total governmental activities</b>	<b>6,130,347</b>	<b>1,065,821</b>	<b>1,132,808</b>	<b>-</b>	<b>-</b>	<b>(3,931,718)</b>	<b>-</b>	<b>(3,931,718)</b>	<b>-</b>
<b>Business-type activities:</b>									
Water and sewer fund	3,750,037	6,356,862	594,051	-	-	3,200,876	-	3,200,876	-
<b>Total business-type activities</b>	<b>3,750,037</b>	<b>6,356,862</b>	<b>594,051</b>	<b>-</b>	<b>-</b>	<b>3,200,876</b>	<b>-</b>	<b>3,200,876</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 9,880,384</b>	<b>\$ 7,422,683</b>	<b>\$ 1,726,859</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,931,718)</b>	<b>-</b>	<b>(730,842)</b>	<b>-</b>
<b>Component Unit:</b>									
Town of Troutman ABC Board	\$ 2,942,353	\$ 3,207,528	\$ -	\$ -	\$ -	-	-	-	265,175
<b>Total component unit</b>	<b>\$ 2,942,353</b>	<b>\$ 3,207,528</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,175</b>
<b>General revenues:</b>									
Ad valorem taxes						4,183,129	-	4,183,129	-
Other taxes						1,636,150	-	1,636,150	-
Grants and contributions not restricted to specific program						347,638	-	347,638	-
Interest earned on investments, unrestricted						90,606	1,023	91,629	2,317
Miscellaneous, unrestricted						204,659	-	204,659	-
Total general revenues not including transfers						6,462,182	1,023	6,463,205	2,317
Transfers						-	-	-	-
Total general revenues and transfers						6,462,182	1,023	6,463,205	2,317
<b>Change in net position</b>						2,530,464	3,201,899	5,732,363	267,492
<b>Net position -- beginning</b>						11,973,888	16,095,918	28,069,806	1,010,503
<b>Net position -- beginning</b>						\$ 14,504,352	\$ 19,297,817	\$ 33,802,169	\$ 1,277,995

The notes to the financial statements are an integral part of this statement.

**Town of Troutman  
Balance Sheet  
Governmental Funds  
June 30, 2023**

	<b>Major General Fund</b>	<b>Non-Major Capital Project Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,532,321	\$ 594,812	\$ 5,127,133
Restricted cash	152,389	97,586	249,975
Receivables, net:			
Taxes	103,799	-	103,799
Accounts	451,280	-	451,280
Due from other funds	235,000	-	235,000
Due from other governments	42,966	3,166	46,132
Prepaid expenses	193,159	-	193,159
Inventories	8,919	-	8,919
Total assets	<u>5,719,833</u>	<u>695,564</u>	<u>6,415,397</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	160,366	20,441	180,807
Due to other funds	-	235,000	235,000
Deposits	13,581	5,000	18,581
Other payables	99,616	-	99,616
Total liabilities	<u>273,563</u>	<u>260,441</u>	<u>534,004</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	103,799	-	103,799
Total deferred inflows of resources	<u>103,799</u>	<u>-</u>	<u>103,799</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventories	8,919	-	8,919
Restricted			
Stabilization by State Statute	922,405	-	922,405
Streets	138,808	92,586	231,394
Committed			
Cultural and recreational	-	343,403	343,403
Unassigned	4,272,339	(866)	4,271,473
Total fund balances	<u>5,342,471</u>	<u>435,123</u>	<u>5,777,594</u>
<b>Total liabilities, deferred inflows of resources</b>	<u>\$ 5,719,833</u>	<u>\$ 695,564</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			12,451,324
Right to use assets used in governmental activities are not financial resources and are therefore not reported in the funds			140,942
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position.			252,509
Liabilities for earned revenues considered deferred inflows of resources in the fund statements.			103,799
Deferred outflows of resources related to pensions are not reported in the funds			784,631
Deferred outflows of resources related to OPEB are not reported in the funds			22,725
Lease liability			(98,058)
IT subscription liability			(48,210)
Pension related deferrals			(180,151)
OPEB related deferrals			(63,926)
Net pension liability			(1,188,355)
Total OPEB liability			(189,767)
Total pension liability - LEO			(606,876)
Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.			(2,653,829)
Net position of governmental activities			<u>\$ 14,504,352</u>

The notes to the financial statements are an integral part of this statement.

**Town of Troutman**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Major</b>	<b>Non-Major</b>	<b>Total</b>
	<b>General</b>	<b>Capital Project</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 4,160,722	\$ -	\$ 4,160,722
Other taxes and licenses	1,636,150	-	1,636,150
Unrestricted intergovernmental	347,638	-	347,638
Restricted intergovernmental	1,132,808	-	1,132,808
Permits and fees	623,528	-	623,528
Charges for services	442,293	-	442,293
Donations	-	11,600	11,600
Investment earnings	90,606	-	90,606
Miscellaneous	193,059	-	193,059
Total revenues	<u>8,626,804</u>	<u>11,600</u>	<u>8,638,404</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,774,289	235,112	3,009,401
Public safety	2,127,664	-	2,127,664
Streets and public works	1,167,362	-	1,167,362
Cultural and recreational	326,940	-	326,940
Capital outlay	639,518	65,907	705,425
Debt service	621,989	-	621,989
Total expenditures	<u>7,657,762</u>	<u>301,019</u>	<u>7,958,781</u>
Revenues over (under) expenditures	<u>969,042</u>	<u>(289,419)</u>	<u>679,623</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from (to) other funds	(559,246)	559,246	-
Sale of fixed assets	10,372	-	10,372
IT subscription liability issued	68,446	-	68,446
Total other financing sources (uses)	<u>(480,428)</u>	<u>559,246</u>	<u>78,818</u>
Net change in fund balance	488,614	269,827	758,441
Fund balances, beginning	4,853,857	165,296	5,019,153
Fund balances, ending	<u>\$ 5,342,471</u>	<u>\$ 435,123</u>	<u>\$ 5,777,594</u>

The notes to the financial statements are an integral part of this statement.

**Town of Troutman**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balances -- total governmental funds	\$ 758,441
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,810,852
Gain on disposal of capital assets	4,884
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	(571,838)
Capital outlay expenditures recorded in the fund statements but capitalized as right to use leased assets in the statement of activities	68,446
Amortization expense, the allocation of those assets over the lease term, that is recorded on the statement of activities but not in the fund statements	(46,187)
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 affects only the government-wide statement of net position	(68,446)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	245,689
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	6,820
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	22,407
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt	590,817
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 & related liabilities	(157,976)
Pension expense - LGERS	(70,355)
Pension expense - LEOSSA	(50,690)
OPEB expense	(12,400)
	<u>(291,421)</u>
Total changes in net position of governmental activities	<u>\$ 2,530,464</u>

The notes to the financial statements are an integral part of this statement.

**Town of Troutman  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual  
For the Year Ended June 30, 2023**

	<b>General Fund</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,997,695	\$ 4,122,695	\$ 4,160,722	\$ 38,027
Other taxes and licenses	986,913	1,171,913	1,636,150	464,237
Unrestricted intergovernmental	297,210	297,210	347,638	50,428
Restricted intergovernmental	80,050	237,831	1,132,808	894,977
Permits and fees	333,500	578,500	623,528	45,028
Charge for services	418,270	431,126	442,293	11,167
Investment earnings	2,000	62,000	90,606	28,606
Miscellaneous	9,500	124,500	193,059	68,559
Total revenues	<u>6,125,138</u>	<u>7,025,775</u>	<u>8,626,804</u>	<u>1,601,029</u>
<b>Expenditures:</b>				
Current:				
General government	1,497,321	2,896,615	2,774,289	122,326
Public safety	1,951,611	2,172,267	2,127,664	44,603
Streets and public works	989,646	1,246,196	1,167,362	78,834
Cultural and recreational	274,858	374,458	326,940	47,518
Capital Outlay	162,000	657,538	639,518	18,020
Debt Service	624,702	626,202	621,989	4,213
Total expenditures	<u>5,500,138</u>	<u>7,973,276</u>	<u>7,657,762</u>	<u>315,514</u>
Revenues over (under) expenditures	<u>625,000</u>	<u>(947,501)</u>	<u>969,042</u>	<u>1,916,543</u>
Other financial sources (uses):				
Transfer from (to) other funds	(630,000)	(630,000)	(559,246)	70,754
Sale of fixed assets	5,000	13,385	10,372	(3,013)
IT subscription liability issued	-	-	68,446	68,446
Appropriated fund balance	-	1,564,116	-	(1,564,116)
Total other financing sources (uses)	<u>(625,000)</u>	<u>947,501</u>	<u>(480,428)</u>	<u>(1,427,929)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>488,614</u>	<u>\$ 488,614</u>
Fund balances, beginning			4,853,857	
Fund balances, ending			<u>\$ 5,342,471</u>	

The notes to the financial statements are an integral part of this statement.

**Town of Troutman**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,581,621
Accounts receivables, net	717,163
Other receivables, net	23,998
Due from other governments	75,559
Total current assets	4,398,341
Noncurrent assets:	
Restricted cash and cash equivalents	548,121
Capital assets:	
Land and construction in progress	1,517,777
Capital assets being depreciated, net	14,159,197
Intangible assets being amortized, net	1,245,788
Total capital assets, net	16,922,762
Total noncurrent assets	17,470,883
Total assets	21,869,224
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions to pension plan	59,894
Pension deferrals	155,774
OPEB deferrals	5,168
Total deferred outflows of resources	220,836
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	141,230
Unearned revenues	250,000
Liabilities payable from restricted assets: customer deposits	298,121
Current portion of long-term debt	182,772
Total current liabilities	872,123
Noncurrent liabilities:	
Net pension liability	289,699
OPEB liability	43,159
Compensated absences	31,070
Non-current portion of long-term debt	1,539,407
Total noncurrent liabilities	1,903,335
Total liabilities	2,775,458
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB deferrals	14,538
Pension deferrals	2,228
Total deferred inflows of resources	16,766
<b>NET POSITION</b>	
Net investment in capital assets	15,200,583
Unrestricted	4,097,253
Total net position	\$ 19,297,836

The notes to the financial statements are an integral part of this statement.

**Town of Troutman**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 6,102,886
Water and sewer taps	74,330
Other operating revenues	179,646
<b>Total operating revenues</b>	<b>6,356,862</b>
<b>OPERATING EXPENSES</b>	
Administration	390,518
Operation	2,680,221
Depreciation and amortization	651,709
<b>Total operating expenses</b>	<b>3,722,448</b>
<b>Operating income (loss)</b>	<b>2,634,414</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	1,023
Interest and other charges	(27,570)
<b>Total nonoperating revenues (expenses)</b>	<b>(26,547)</b>
<b>Total income (loss) before contributions and transfers</b>	<b>2,607,867</b>
Capital contribution	594,051
<b>Total income (loss) after contributions and transfers</b>	<b>3,201,918</b>
<b>Change in net position</b>	3,201,918
<b>Total net position, beginning</b>	16,095,918
<b>Total net position, ending</b>	<b>\$ 19,297,836</b>

The notes to the financial statements are an integral part of this statement.



**Town of Troutman  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2023**

	<b>Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 6,061,944
Cash paid for goods and services	(2,552,328)
Cash paid to or on behalf of employees for services	(562,110)
Net customer deposits	60,531
Other operating revenues	179,646
Net cash provided (used) by operating activities	3,187,683
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(1,861,769)
Capital contribution on capital project	594,051
Principal paid on long-term debt	(182,772)
Interest and other costs paid on long-term debt	(27,570)
Net cash provided (used) by capital and related financing activities	(1,478,060)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	1,023
Net cash provided (used) by investing activities	1,023
Net increase (decrease) in cash and cash equivalents	1,710,646
Balances, beginning	2,419,096
Balances, ending	\$ 4,129,742
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 2,634,414
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	651,709
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(100,132)
(Increase) decrease in other receivables	108
(Increase) decrease in due from other governments	(32,775)
(Increase) decrease in deferred outflows of resources - pensions	(184,071)
(Increase) decrease in deferred outflows of resources - OPEB	501
Increase (decrease) in net pension liability	224,592
Increase (decrease) in net OPEB liability	(1,165)
Increase (decrease) in deferred inflows of resources - pensions	(24,967)
Increase (decrease) in deferred inflows of resources - OPEB	2,637
Increase (decrease) in accounts payable	(41,783)
Increase (decrease) in customer deposits	60,531
Increase (decrease) in compensated absences	(1,916)
Total adjustments	553,269
Net cash provided (used) by operating activities	\$ 3,187,683

The notes to the financial statements are an integral part of this statement.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Troutman, North Carolina (the Town) 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 is a municipal corporation that is governed by an elected Mayor and five-members of the Town 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.

**Town of Troutman ABC Board**

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Troutman ABC Board, 511 N. Main Street, Troutman, NC 28166.

**B. Basis of Presentation**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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 primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

The Town reports the following non-major governmental funds:

**Capital Project Funds.** Capital project funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Town maintains four capital project funds: the Street Improvements, the ESC Park, the South Iredell High School Greenway, and the Downtown Sidewalk.

The Town reports the following major enterprise funds:

**Water Fund and Sewer Fund.** The Water and Sewer Fund is used to account for the Town's water and sewer operations. The major revenues for this fund are from charges for services. The major expenditures are salaries and benefits, water purchases, and sewer treatment.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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 funds 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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue, because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered 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.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Troutman because the tax is levied by Iredell 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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are the allowances for doubtful accounts and asset depreciation lives.

D. Budgetary Data

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

**Town of Troutman  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and the object level of or all multi-year funds. The Town Manager is authorized to reallocate any appropriations within departments, to execute inter-fund and interdepartmental transfers in emergency situations, and to execute interdepartmental transfers in the same fund, including contingency appropriations. Any revision that alters the total expenditures of any department or fund requires approval of the Town Council. During the year, several amendments to the original budget were necessary. Such amendments were approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and investments

All deposits of the Town and the ABC Board are made in Board-designated official depositories and are secured as required by G.S. 159-3I. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNow accounts, money market accounts, and certificate of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools monies 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 ABC Board 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

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Restricted cash and cash equivalents at June 30, 2023 for customer deposits were \$316,702. The Town also maintains Powell Bill funds that are classified as restricted cash because it can be expended only for the purpose of maintaining, repairing, constructing, reconstructing, or widening of local streets. The money held in the Powell Bill account is presented as restricted cash in the General Fund. Restricted cash and cash equivalents at June 30, 2023 for the Town was \$797,844.

Town of Troutman Restricted Cash

Governmental Activities	
General	
Streets	\$ 138,808
Deposits	13,581
Capital Project Funds	
Deposits	5,000
Streets	92,586
Total governmental activities	249,975
 Business-type Activities	
Water and Sewer Fund	
Customer Deposits	298,121
Unspent grant proceeds	250,000
Total Business-type activities	548,121
 Total Restricted Cash	 \$ 798,096

**Town of Troutman  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021.

**5. Allowances for Doubtful Accounts**

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

**6. Inventory**

The inventories of the Town and the ABC Board are valued at the lower of cost (first-in, first-out) or market, which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expenses when consumed rather than when purchased.

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost for the Town's assets are \$5,000. 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. Certain items acquired before July 1, 1980 are recorded at estimated historical cost using deflated replacement cost. The total of such estimates is not considered large enough that the errors would be material when capital assets are considered as a whole. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Infrastructure assets exceeding the Town's capitalization threshold will be reported as capital assets in the Statement of Net Position. General governmental infrastructure assets acquired prior to July 1, 2003 were not retroactively reported; therefore, the infrastructure capital assets in the Statement of Net Position only include assets purchased after July 1, 2003.

Capital assets of the Town and ABC Board are depreciated on the straight-line basis over the assets' estimated useful lives. These assets are reported in the Town's and ABC Board's basic financial statements net of accumulated depreciation.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

The estimated useful lives for the Town's capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Water Distribution System	50 years
Sewer Distribution System	50 years
Equipment	5 - 10 years
Buildings	50 years
Vehicles	5 - 10 years
Infrastructure	50 years

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on the straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings	39 years
Furniture / Equipment	5 - 10 years

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow 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 several items that meet this criterion - contributions made to the pension plan in the current fiscal year, OPEB contributions and deferrals of pension expense that result from the implementation of GASB Statements 68 and 75.

In addition to liabilities, the Statement of Net 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 the criterion for this category - properly taxes receivable, OPEB deferrals, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**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 on the Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

The vacation policies of the Town provide for the accumulation of up to 30 days of earned vacation leave, with such leave being fully vested when earned. For the Town's government-wide presentation, 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 does not have any 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 is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either (a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments or (b) imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

*Restricted Fund Balance* : This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

*Committed Fund Balance* - This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote of the Town of Troutman's Town Council (highest level of decision- making authority). The Town Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Any changes or removal of specific purpose requires majority vote by the members of the Town Council and through the adoption of an ordinance.

Committed for Cultural and Recreational – portion of fund balance that has been committed for cultural and recreational capital projects.

*Assigned Fund Balance* - Assigned fund balance is the portion of fund balance that the Town Council has budgeted to use for specific purposes. The Town Council has the authority to assign fund balance through a majority vote.

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

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

The Town has not officially adopted a fund balance policy.

## 12. Pensions

For purposes of measuring the net pension asset, 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 Troutman's employer contributions are recognized when due and the Town of Troutman 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.

## II. Stewardship, Compliance, and Accountability

None noted.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All of the Town and the ABC Board deposits are either insured or collateralized by using the pooling method. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with the securities held by the Town's or the ABC Board'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 ABC Board, these deposits are considered to be held by the Town's and ABC Board's agents in their name.

**Town of Troutman  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

The amount of the pledged collateral is based on an approved averaging method for noninterest 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, ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town and ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal 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. The ABC Board has not formal policy regarding custodial credit risk for deposits.

At June 30, 2023, the Town's deposits had a carrying amount of \$9,476,573 and a bank balance of \$10,065,922. The Town only has deposits in institutions that collateralize under the Pooling Method. Of the bank balance, \$250,000 was covered by federal depository insurance and the excess deposits were covered by collateral held under the Pooling Method. The Town had petty cash of \$650 at June 30, 2023.

At June 30, 2023, the ABC Board's deposits had a carrying amount of \$690,881 and a bank balance of \$770,249. The Board maintains accounts at a single institution. Bank balances up to \$250,000 at each institution are covered by federal depository insurance. As of June 30, 2023, the Board had uninsured balances of \$327,369. Amounts in excess of the federal depository insurance limits are collateralized under the Pooling Method.

**2. Investments**

At June 30, 2023, the Town had \$29,627 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 risk.

At June 30, 2023, the Town of Troutman ABC Board had no other investments.

**3. Receivables - Allowances for Doubtful Accounts**

Disaggregation information and allowance for doubtful accounts related to receivables reported at the government-wide level at June 30, 2023 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 451,280	\$ 106,060	\$ 557,340
Due from Other Governments	-	46,132	46,132
Allowance for Doubtful Accounts	-	(2,261)	(2,261)
Total governmental activities	<u>\$ 451,280</u>	<u>\$ 149,931</u>	<u>\$ 601,211</u>
<b>Business-Type Activities:</b>			
Water and Sewer	\$ 790,317	\$ -	\$ 790,317
Due from Other Governments	75,559	-	75,559
Other Receivables	23,998	-	23,998
Allowance for Doubtful Accounts	(73,154)	-	(73,154)
Total business-type activities	<u>\$ 816,720</u>	<u>\$ -</u>	<u>\$ 816,720</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>
NCDOR receivables	\$ 46,132	\$ 75,559
Total	<u>\$ 46,132</u>	<u>\$ 75,559</u>



**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**4. Capital Assets**

Capital asset activity for the Town for the year ended June 30, 2023, was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>					
Capital assets not being depreciated					
Land	\$ 862,964	\$ -	\$ -	\$ -	\$ 862,964
Construction in Process	2,728,053	301,019	-	-	3,029,072
Total capital assets not being depreciated	3,591,017	301,019	-	-	3,892,036
Capital assets being depreciated:					
Buildings	1,962,822	610,489	-	-	2,573,311
Equipment	628,972	157,317	-	-	786,289
Vehicles	874,467	557,161	23,361	-	1,408,267
Infrastructure	7,189,870	184,866	-	-	7,374,736
Total capital assets being depreciated	10,656,131	1,509,833	23,361	-	12,142,603
Less accumulated depreciation for:					
Buildings	587,267	74,173	-	-	661,440
Equipment	512,956	50,379	-	-	563,335
Vehicles	549,994	155,540	17,873	-	687,661
Infrastructure	1,520,075	291,746	-	-	1,811,821
Total accumulated depreciation	3,170,292	571,838	17,873	-	3,724,257
Total capital assets being depreciated, net	7,485,839	937,995	5,488	-	8,418,346
Capital assets being amortized:					
Right to use assets:					
Leases	22,005	104,348	-	-	126,353
IT subscriptions	-	68,446	-	-	68,446
Total capital assets being amortized	22,005	172,794	-	-	194,799
Less accumulated amortization for:					
Right to use assets:					
Leases	7,670	19,960	-	-	27,630
IT subscriptions	-	26,227	-	-	26,227
Total accumulated amortization	7,670	46,187	-	-	53,857
Total capital assets being amortized, net	14,335	126,607	-	-	140,942
<b>Governmental activity capital assets, net</b>	<b>\$11,091,191</b>	<b>\$ 1,365,621</b>	<b>\$ 5,488</b>	<b>\$ -</b>	<b>\$ 12,451,324</b>

Depreciation/amortization expenses were charged to functions/programs of the primary government as follows:

General Government	\$ 172,486
Public Safety	154,918
Transportation	199,814
Cultural and Recreational	90,807
	<u>\$ 618,025</u>

Capital assets activity for the Water and Sewer Fund for the year ended June 30, 2023 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balances</b>
<b>Water and Sewer Fund:</b>					
Capital assets not being depreciated					
Land	\$ 148,136	\$ -	\$ -	-	\$ 148,136
Construction in Process	866,081	503,560	-	-	1,369,641
Total capital assets not being depreciated	1,014,217	503,560	-	-	1,517,777
Capital assets being depreciated:					
Distribution System	21,301,356	45,634	-	-	21,346,990
Buildings	374,517	-	-	-	374,517
Equipment	1,317,956	200,853	50,846	-	1,467,963
Vehicles	315,466	655,282	51,135	-	919,613
Total capital assets being depreciated	23,309,295	901,769	101,981	-	24,109,083
Less accumulated depreciation for:					
Distribution System	7,919,868	433,804	-	-	8,353,672
Buildings	129,391	10,283	-	-	139,674
Equipment	1,182,193	82,063	34,843	-	1,229,413
Vehicles	210,675	67,587	51,135	-	227,127
Total accumulated depreciation	9,442,127	593,737	85,978	-	9,949,886
Total capital assets being depreciated, net	13,867,168	308,032	16,003	-	14,159,197
<b>Business-Type activity capital assets, net</b>	<b>\$14,881,385</b>	<b>\$ 811,592</b>	<b>\$ 16,003</b>	<b>\$ -</b>	<b>\$ 15,676,974</b>

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**Intangible Assets**

Intangible assets for the Proprietary Fund of the Town at June 30, 2023 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Intangible Assets:</b>				
Town of Mooresville Sewer Rights	\$ 932,880	\$ 456,440	\$ -	\$ 1,389,320
Less Accumulated Amortization	114,546	28,986	-	143,532
Total intangible assets, net	<u>\$ 818,334</u>	<u>\$ 485,426</u>	<u>\$ -</u>	<u>\$ 1,245,788</u>

**Summary of Component Unit Capital Assets**

Capital assets activity for the Town of Troutman ABC Board for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Town of Troutman ABC Board:</b>				
Capital assets not being depreciated				
Land	\$ 470,752	\$ -	\$ -	\$ 470,752
Total capital assets not being depreciated	<u>470,752</u>	<u>-</u>	<u>-</u>	<u>470,752</u>
Capital assets being depreciated:				
Buildings	707,305	-	-	707,305
Furniture, fixtures, and equipment	64,045	-	-	64,045
Total capital assets being depreciated	<u>771,350</u>	<u>-</u>	<u>-</u>	<u>771,350</u>
Less accumulated depreciation for:				
Buildings	81,045	18,136	-	99,181
Furniture, fixtures, and equipment	54,195	6,078	-	60,273
Total accumulated depreciation	<u>135,240</u>	<u>24,214</u>	<u>-</u>	<u>159,454</u>
Total capital assets being depreciated, net	<u>636,110</u>	<u>(24,214)</u>	<u>-</u>	<u>611,896</u>
<b>Town of Troutman ABC Board capital assets, net</b>	<u>\$ 1,106,862</u>	<u>\$ (24,214)</u>	<u>\$ -</u>	<u>\$ 1,082,648</u>

**Construction Commitments**

The government has active construction projects as of June 30, 2023. At year-end the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
ESC Park	\$ 2,165,177	\$ 343,403
South Iredell High School Greenway	707,981	63,808
Street Improvements	1,044,580	480
Total	<u>\$ 3,917,738</u>	<u>\$ 407,691</u>

**B. Liabilities**

**1. Accounts Payable**

Payables at the government-wide level at June 30, 2023, were as follows:

	Vendors	Other	Total
<b>Governmental Activities:</b>			
General Government	\$ 180,807	\$ 99,616	\$ 280,423
<b>Business-Type Activities:</b>			
Water and Sewer Fund	141,230	-	141,230
Total	<u>\$ 322,037</u>	<u>\$ 99,616</u>	<u>\$ 421,653</u>

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**2. Pension Plan and Other Post-Employment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description* . The Town is a participating employer in the state-wide 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided* . LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and 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 creditable 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 Troutman 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 Troutman's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.23% 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. Contributions to the pension plan from the Town of Troutman were \$305,583 for the year ended June 30, 2023.

*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, 2023, the Town reported a liability of \$1,478,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportions 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 future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportions was 0.02620%, which was an increase of 0.00454% from its proportions measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$451,275. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 63,688	\$ 6,244
Changes of assumptions	147,477	-
Net difference between projected and actual earnings on pension plan investments	488,512	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	95,086	5,124
Town contributions subsequent to the measurement date	305,583	-
Total	<u>\$ 1,100,346</u>	<u>\$ 11,368</u>

\$305,583 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 250,001
2025	221,188
2026	79,469
2027	232,737
2028	-
Thereafter	-
	<u>\$ 783,395</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 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 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by 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, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. 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.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 2,667,697	\$ 1,478,054	\$ 497,719

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 (ACFR) for the State of North Carolina.

**b. Law Enforcement Officers' Special Separation Allowance**

*1. Plan Description*

The Town 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. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	14
Total	15

*2. Summary of Significant Accounting Policies*

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

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

*3. Actuarial Assumptions*

The entry age actuarial cost method was in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 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
Discount rate	4.31 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, 2020.

Mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

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**4. Contributions**

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the Town contributed \$10,493. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$13,640 as benefit 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, 2023, the Town reported a total pension liability of \$606,876. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing procedures incorporating the actuarial assumption.

For the year ended June 30, 2023, the Town recognized pension expense of \$50,690. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 15,714	\$ 48,091
Changes of assumptions	129,928	122,920
Town contributions subsequent to the measurement date	6,820	-
<b>Total</b>	<b>\$ 152,462</b>	<b>\$ 171,011</b>

\$6,820 reported as deferred outflows of resources related to pensions resulting from 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 8,971
2025	6,347
2026	6,856
2027	(7,254)
2028	(24,769)
Thereafter	(15,520)
	<u>\$ (25,369)</u>

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.31 percent) or one percentage point higher (5.31 percent) than the current rate:

	<b>1% Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1% Increase (5.31%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 662,910	\$ 606,876	\$ 555,772

**Law Enforcement Officers' Special Separation Allowance**

Beginning balance	\$ 712,361
Service cost	33,620
Interest on the total pension liability	15,875
Differences between expected and actual experience in the measurement of the total pension liability	(20,208)
Changes of assumptions or other inputs	(121,132)
Benefit payments	(13,640)
Ending balance	<u>\$ 606,876</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.

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The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 451,275	\$ 50,690	\$ 501,965
Pension Liability	1,478,054	606,876	2,084,930
Proportionate share of the net pension liability	0.02620%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	63,688	15,714	79,402
Changes of assumptions	147,477	129,928	277,405
Net difference between projected and actual earnings on pension plan investments	488,512	-	488,512
Changes in proportion and differences between Town contributions and proportionate share of contributions	95,086	-	95,086
Town contributions subsequent to the measurement date	305,583	6,820	312,403
	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	6,244	48,091	54,335
Changes of assumptions	-	122,920	122,920
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,124	-	5,124

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary and 3% for all other employees, and all amounts contributed are vested immediately. Also, the law enforcement officers and other employees may make voluntary contributions to the Plan. The Town made contributions of \$193,052, which consisted of \$81,990 from the Town, \$60,087 from other employees and \$50,975 from the officers for the reporting year. No amounts were forfeited.

d. Other Post-Employment Benefits

*Plan Description.* Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Plan Description.* Retirees qualified for benefits similar to those of employees after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	-
Terminated plan member entitled to but not yet receiving benefits	-
Active plan members	<u>26</u>
Total	<u><u>26</u></u>

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**Total OPEB Liability**

The Town's total OPEB liability of \$232,926 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 to 8.41 percent, including inflation and productivity factor
Discount rate	3.54 percent
Healthcare cost trend rates	Medical - 7.00 percent, Prescription - 5.125 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**Changes in the Total OPEB Liability**

<b>Total OPEB Liability as of July 1, 2021</b>	\$ 239,222
<b>Changes for the year:</b>	
Service cost	15,295
Interest	5,473
Changes of benefit terms	-
Differences between expected and actual experience	1,289
Changes of assumptions or other inputs	(26,065)
Benefit payments	(2,288)
<b>Total OPEB Liability as of June 30, 2022</b>	<u>\$ 232,926</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	\$ 251,584	\$ 232,926	\$ 215,502

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	\$ 207,424	\$ 232,926	\$ 262,328

**OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the Town recognized OPEB expense of \$16,722. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,626	\$ 44,047
Changes of assumptions	25,267	34,417
Town contributions subsequent to the measurement date	-	-
<b>Total</b>	<u>\$ 27,893</u>	<u>\$ 78,464</u>



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Notes to the Financial Statements  
For the Year Ended June 30, 2023**

\$0 reported as deferred outflows of resources related to pensions resulting from 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as

<b>Year ended June 30:</b>	
2024	\$ (7,836)
2025	(7,836)
2026	(7,836)
2027	(7,170)
2028	(5,364)
Thereafter	(14,529)
	<u>\$ (50,571)</u>

**3. Other Employment Benefits**

The Town has elected to provide death benefits to law enforcement 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 will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**4. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources at year-end were comprised of the following:

	<u>Amount</u>
Contributions to the pension plan in the current fiscal year - LGERS	\$ 305,583
Contributions to the pension plan in the current fiscal year - LEOSSA	6,820
Pension deferrals	940,405
OPEB deferrals	27,893
	<u>\$ 1,280,701</u>

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

	<u>Amount</u>
Pension deferrals	\$ 182,379
OPEB deferrals	78,464
	<u>\$ 260,843</u>

**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 two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town has workers' compensation coverage up to statutory limits and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for up to \$300,000 for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000.

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

The Town does not carry flood insurance.

In accordance with G.S. 159-29, the Town's employees have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$1,000,000.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

The Town of Troutman ABC Board is exposed to various risks of loss related to torts: theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Board maintains surety bonds on all Board members, General Manager and Financial Officer in accordance with G.S. 18B-700(i). Each is covered against loss up to \$50,000.

**6. Long-Term Obligations**

**a. Leases**

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 07/01/2021, Town of Troutman entered into a 31-month lease as Lessee for the use of a Toshiba copier. An initial lease liability was recorded in the amount of \$17,356. As of 06/30/2023, the value of the lease liability is \$4,456. Town of Troutman is required to make quarterly fixed payments of \$563. The lease has an interest rate of 2.93%. The value of the right to use asset as of 06/30/2023 of \$17,356 with accumulated amortization of \$13,016 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Town of Troutman entered into a 48-month lease as Lessee for the use of a Toshiba copier. An initial lease liability was recorded in the amount of \$4,648. As of 06/30/2023, the value of the lease liability is \$2,427. Town of Troutman is required to make quarterly fixed payments of \$100. The lease has an interest rate of 2.55%. The value of the right to use asset as of 06/30/2023 of \$4,648 with accumulated amortization of \$2,324 is included with Equipment on the Lease Class activities table found below.

On 11/29/2022, Town of Troutman entered into a 60 month lease as Lessee for the use of Toshiba Equipments. An initial lease liability was recorded in the amount of \$104,348. As of 06/30/2023, the value of the lease liability is \$91,175. Town of Troutman is required to make monthly fixed payments of \$1,889. The lease has an interest rate of 3.45%. The value of the right to use asset as of 06/30/2023 of \$104,348 with accumulated amortization of \$12,290 is included with Equipment on the Lease Class activities table found below.

**Amount of Lease Assets by Major Classes of Underlying Asset**

Asset Class	As of Fiscal Year-End	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 126,353	\$ 27,630
Total Leases	<u>\$ 126,353</u>	<u>\$ 27,630</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 25,456	\$ 2,920	\$ 28,376
2025	21,728	2,143	23,871
2026	21,365	1,408	22,773
2027	22,005	668	22,673
2028	7,504	54	7,558
Total Leases	<u>\$ 98,058</u>	<u>\$ 7,193</u>	<u>\$ 105,251</u>

**b. Subscriptions**

For the year ended June 30, 2023, the Town implemented the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

On 07/01/2022, the Town entered into a 38 month subscription for the use of 2020 Taser 7 Certification Bundle. An initial subscription liability was recorded in the amount of \$35,340. As of 06/30/2023, the value of the subscription liability is \$23,929. The Town is required to make annual fixed payments of \$12,298. The subscription has an interest rate of 1.85%. The value of the right to use asset as of 06/30/2023 of \$35,340 with accumulated amortization of \$11,160 is included with Software on the Subscription Class activities table found below.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

On 07/01/2022, The Town entered into a 26 month subscription for the use of Cybersecurity Subscription. An initial subscription liability was recorded in the amount of \$33,106. As of 06/30/2023, the value of the subscription liability is \$24,281. The Town is required to make monthly fixed payments of \$1,241. The subscription has an interest rate of 2.19%. The value of the right to use asset as of 06/30/2023 of \$33,106 with accumulated amortization of \$15,067 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 68,446	\$ 26,227
Total Leases	<u>\$ 68,446</u>	<u>\$ 26,227</u>

The future minimum lease obligations and the net present value of these minimum subscription payments as of June 30, 2023, were as

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 31,226	\$ 781	\$ 32,007
2025	16,984	241	17,225
Total Leases	<u>\$ 48,210</u>	<u>\$ 1,022</u>	<u>\$ 49,232</u>

c. Installment Purchases

**Governmental Activities:**

2.60% direct borrowing note due in monthly installments of principal and interest of \$25,510, including interest, with a maturity date of May 20, 2031. The note is secured by property.	\$ 648,000
4.68% direct borrowing note in quarterly installments of \$53,285, including interest, with a final payment due December 2023; refinanced June 2013, and reduced interest rate to 2.22%, with quarterly payments of \$41,683, plus interest. This note is secured by property.	83,366
2.21 % direct borrowing note due in quarterly installments of \$26,927, including interest, with a final payment due October 2025. This note is secured by property.	269,268
2.59% direct borrowing note due in quarterly installments of \$25,627, including interest, with a final payment due September 2029. This note is secured by property.	640,663
2.60% direct borrowing note due in monthly installments of principal and interest of \$8,541, including interest, with a maturity date of June 9, 2031. The note is secured by property.	246,053
2.17% direct borrowing note due in quarterly installments of principal and interest of \$8,500, plus interest, with a maturity date of June 30, 2032. The note is secured by property.	289,000
2.99% direct borrowing note due in quarterly installments of principal and interest of \$10,156, including interest, with a maturity date of June 30, 2032. The note is secured by property.	<u>319,503</u>
Total	<u>\$ 2,495,853</u>

**Business-Type Activities:**

2.265% direct borrowing note in annual installments of \$76,888, principal plus semi-annual declining interest payments, with a final payment due May 2029. This note is secured by a pledge of user fees and future State distributions.	\$ 461,327
2.265% direct borrowing note in annual installments of \$33,769, including interest, with a final payment due May 2029. This note is secured by a pledge of user fees and future State distributions.	270,152
Interest free direct borrowing note in annual installments of \$35,172, with a final payment due December 2035. This note is secured by a pledge of user fees and future State distributions.	422,065
1.75% direct placement note due in annual installments of principal and interest of \$62,610, with a maturity date of May 1, 2040. The note is secured by property.	527,056

**Town of Troutman  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

Interest free direct borrowing note in annual installments of \$5,940, with a final payment due May 2030. This note is secured by a pledge of user fees and future State distributions.

41,579

Total

\$ 1,722,179

Annual debt service requirements to maturity for the Town's direct borrowing and direct placement notes are as follows:

**Governmental Activities:**

Year Ending June 30	Principal		Interest		Total
2024	\$	468,038	\$	58,730	\$ 526,768
2025		386,359		48,471	434,830
2026		334,240		39,007	373,247
2027		282,170		31,178	313,348
2028		284,005		26,051	310,056
2029-2033		741,041		39,311	780,352
	\$	2,495,853	\$	242,748	\$ 2,738,601

**Business-Type Activities:**

Year Ending June 30	Principal		Interest		Total
2024	\$	182,772	\$	25,792	\$ 208,564
2025		182,772		22,743	205,515
2026		182,772		19,694	202,466
2027		182,772		16,645	199,417
2028		182,772		13,596	196,368
2029-2033		520,951		33,459	554,410
2034-2038		225,361		13,564	238,925
2039-2043		62,007		1,628	63,635
	\$	1,722,179	\$	147,121	\$ 1,869,300

**d. Changes in Long-Term Liabilities**

The following is a summary of changes in the Town's governmental activities long-term debt:

Governmental Activities:	Balance			Balance June 30, 2023	Current Portion
	July 1, 2022	Increases	Decreases		
Installment Purchases	\$ 3,045,618	\$ -	\$ 549,765	\$ 2,495,853	\$ 468,038
Lease liability	14,526	104,348	20,816	98,058	25,456
IT subscription liability	-	68,446	20,236	48,210	31,226
Compensated absences	158,173	-	197	157,976	-
Net pension liability (LGERS)	267,070	921,285	-	1,188,355	-
Net pension liability (LEOSSA)	712,361	-	105,485	606,876	-
Total OPEB liability	194,898	-	5,131	189,767	-
Total governmental activities	\$ 4,392,646	\$ 1,094,079	\$ 701,630	\$ 4,785,095	\$ 524,720

The following is a summary of changes in the Town's business-type activities long-term debt:

Business-type Activities:	Balance			Balance June 30, 2023	Current Portion
	July 1, 2022	Increases	Decreases		
Installment Purchases	\$ 1,904,951	\$ -	\$ 182,772	\$ 1,722,179	\$ 182,772
Compensated absences	33,005	-	1,916	31,089	-
Total OPEB liability	44,324	-	1,165	43,159	-
Net pension liability (LGERS)	65,107	224,592	-	289,699	-
Total business-type activities	\$ 2,047,387	\$ 224,592	\$ 185,853	\$ 2,086,126	\$ 182,772

Compensated absences, other post-employment benefits, and pension obligations typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO (first-in, first-out) basis.

At June 30, 2023, the Town had a legal debt margin of \$60,486,002.

**Town of Troutman**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

IV. 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

V. Significant Economic Dependence

The Enterprise Fund is dependent upon another governmental entity, the Town of Mooresville, for sewer transportation services. The Town purchased sewer capacity in the amount of \$456,440 from the Town of Mooresville in fiscal year 2023, for a total sewer capacity of \$1,389,320 as of June 30, 2023.

VI. Inter-Fund Accounts

The Town Council has established three capital reserve funds to accrue monies for Facilities, Economic Development and Industrial Recruitment. Monies are appropriated in the General Fund and transferred to these funds annually. At June 30, 2023, there were no interfund due to/from balances as a result of these transactions.

VII. Transfers

Transfers to and from other funds at June 30, 2023 consist of the following:

From the General Fund to the ESC Park Fund to fund the capital project construction	\$ 325,000
From the General Fund to the Downtown Sidewalk Fund to fund the capital project construction	234,246
Total	<u>\$ 559,246</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

VIII. Fund Balance

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

Total fund balance - General Fund	\$ 5,342,471
Less:	
Nonspendable	8,919
Stabilization by State Statute	922,405
Streets - Powell Bill	138,808
Remaining Fund Balance	<u>\$ 4,272,339</u>

The Town had no outstanding encumbrances at year-end.

IX. Significant Effects of Subsequent Events

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

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

Schedule of Contributions to Local Government Employees' Retirement System

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

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

Schedule of Changes in the Total OPEB Liability

**Town of Troutman  
Town of Troutman's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Nine Fiscal Years\***

**Local Government Employees' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability (asset) (%)	0.02620%	0.02166%	0.01991%	0.02142%	0.02035%
Town's proportion of the net pension liability (asset) (\$)	\$1,478,054	\$ 332,177	\$ 711,469	\$ 584,963	\$ 482,772
Town's covered payroll	\$1,936,645	\$1,407,370	\$1,603,568	\$1,436,285	\$1,312,584
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.32%	23.60%	44.37%	40.73%	36.78%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's proportion of the net pension liability (asset) (%)	0.01967%	0.02113%	0.02402%	-0.02315%	
Town's proportion of the net pension liability (asset) (\$)	\$ 300,446	\$ 448,449	\$ 107,800	\$ (136,526)	
Town's covered payroll	\$1,272,813	\$1,203,892	\$1,200,786	\$1,180,164	
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.60%	37.25%	8.98%	-11.57%	
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	

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

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

**Town of Troutman  
Town of Troutman's Contributions  
Required Supplementary Information  
Last Nine Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 305,583	\$ 227,542	\$ 79,590	\$ 64,092	\$ 56,474
Contributions in relation to the contractually required	305,583	227,542	79,590	64,092	56,474
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 2,423,979	\$ 1,936,645	\$ 1,407,370	\$ 1,603,568	\$ 1,436,285
Contributions as a percentage of covered payroll	12.61%	11.75%	5.66%	4.00%	3.93%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 50,382	\$ 98,329	\$ 84,313	\$ 87,939	
Contributions in relation to the contractually required contribution	50,382	98,329	84,313	87,939	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 1,312,584	\$ 1,272,813	\$ 1,203,892	\$ 1,200,786	
Contributions as a percentage of covered payroll	3.84%	7.73%	7.00%	7.32%	



**Town of Troutman**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Seven Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning Balance	\$712,361	\$708,266	\$502,998	\$426,673
Service Cost	33,620	34,810	19,212	17,437
Interest on the total pension liability	15,875	13,538	16,175	15,330
Changes on benefit terms	-	-	-	-
actual experience in the measurement of the total pension liability	(20,208)	(10,326)	(32,941)	37,865
Changes of assumptions or other inputs	(121,132)	(20,287)	216,462	16,710
Benefit payments	(13,640)	(13,640)	(13,640)	(11,017)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$606,876</u>	<u>\$712,361</u>	<u>\$708,266</u>	<u>\$502,998</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Beginning Balance	\$434,870	\$367,590	\$348,549	
Service Cost	18,571	16,982	17,634	
Interest on the total pension liability	13,742	14,189	12,443	
Changes on benefit terms	-	-	-	
actual experience in the measurement of the total pension liability	(21,456)	-	-	
Changes of assumptions or other inputs	(19,054)	36,109	(11,036)	
Benefit payments	-	-	-	
Other changes	-	-	-	
Ending balance of the total pension liability	<u>\$426,673</u>	<u>\$434,870</u>	<u>\$367,590</u>	

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

**Town of Troutman**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 606,876	\$ 712,361	\$ 708,266	\$ 502,998
Covered payroll	759,871	780,215	674,093	713,433
Total pension liability as a percentage of payroll	79.87%	91.30%	105.07%	70.50%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Total pension liability	\$ 426,673	\$ 434,870	\$ 367,590	
Covered payroll	654,160	673,021	663,359	
Total pension liability as a percentage of payroll	65.22%	64.61%	55.41%	

Notes to the schedules:

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

**Town of Troutman**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Last Six Fiscal Years**

<b>Total OPEB Liability</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 15,295	\$ 17,367	\$ 13,394	\$ 20,094	\$ 20,493	\$ 21,657
Interest	5,473	6,196	8,014	14,758	12,786	10,434
Changes in benefit terms	-	-	-	(205,600)	-	-
Difference between expected and actual experience	1,289	(50,615)	(2,426)	2,447	(3,084)	-
Changes of assumptions or other inputs	(26,065)	3,295	28,423	4,482	(9,948)	(19,574)
Benefit payments	(2,288)	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(6,296)</b>	<b>(23,757)</b>	<b>47,405</b>	<b>(163,819)</b>	<b>20,247</b>	<b>12,517</b>
<b>Total OPEB Liability - beginning</b>	<b>239,222</b>	<b>262,979</b>	<b>215,574</b>	<b>379,393</b>	<b>359,146</b>	<b>346,629</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 232,926</b>	<b>\$ 239,222</b>	<b>\$ 262,979</b>	<b>\$ 215,574</b>	<b>\$ 379,393</b>	<b>\$ 359,146</b>
<b>Covered payroll</b>	<b>\$ 1,214,302</b>	<b>\$ 1,214,302</b>	<b>\$ 1,222,299</b>	<b>\$ 1,222,299</b>	<b>\$ 1,210,956</b>	<b>\$ 1,210,956</b>
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>19.18%</b>	<b>19.70%</b>	<b>21.52%</b>	<b>17.64%</b>	<b>31.33%</b>	<b>29.66%</b>

**Notes to the Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

## **Individual Fund Statements and Schedules**

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This section contains additional information on the Governmental and Proprietary Funds (budget and actual comparison).

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**Town of Troutman  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 4,112,695	\$ 4,155,600	\$ 42,905
Penalties and interest	10,000	5,122	(4,878)
Total ad valorem taxes	<u>4,122,695</u>	<u>4,160,722</u>	<u>38,027</u>
Other taxes and licenses			
Local option sales tax	978,113	1,359,403	381,290
Hold harmless tax	190,000	270,758	80,758
Solid waste disposal tax	2,300	3,159	859
Occupancy Tax	1,500	2,830	1,330
Total other taxes and licenses	<u>1,171,913</u>	<u>1,636,150</u>	<u>464,237</u>
Unrestricted intergovernmental:			
Utility franchise tax	246,000	277,838	31,838
Video programming	22,000	26,837	4,837
Beer and wine tax	12,210	18,782	6,572
Telecommunications sales tax	10,000	9,365	(635)
Gasoline tax refunds	7,000	14,816	7,816
Total unrestricted intergovernmental	<u>297,210</u>	<u>347,638</u>	<u>50,428</u>
Restricted intergovernmental:			
Powell bill allocation	107,831	120,294	12,463
Other grants	130,000	130,000	-
American rescue plan act funds	-	882,514	882,514
Total restricted intergovernmental	<u>237,831</u>	<u>1,132,808</u>	<u>894,977</u>
Permits and fees			
Zoning permits	38,000	44,866	6,866
Recycling collection fees	223,000	207,932	(15,068)
Other fees	314,500	369,292	54,792
Court cost fees	3,000	1,438	(1,562)
Total permits and fees	<u>578,500</u>	<u>623,528</u>	<u>45,028</u>

(continued)

**Town of Troutman  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Charge for services:			
Police revenues	22,856	28,313	5,457
Passport revenues	5,000	11,310	6,310
Reimbursements	358,270	358,270	-
ABC profit distribution	45,000	44,400	(600)
Total charge for services	<u>431,126</u>	<u>442,293</u>	<u>11,167</u>
Investment earnings	<u>62,000</u>	<u>90,606</u>	<u>28,606</u>
Miscellaneous:			
Rental income	8,000	33,152	25,152
Other	116,500	159,907	43,407
Total miscellaneous	<u>124,500</u>	<u>193,059</u>	<u>68,559</u>
<b>Total revenues</b>	<u>7,025,775</u>	<u>8,626,804</u>	<u>1,601,029</u>
<b>Expenditures:</b>			
<b>General government:</b>			
Governing body:			
Salaries and benefits	26,600	26,484	116
Other operating expenditures	127,285	124,554	2,731
Total Governing Board	<u>153,885</u>	<u>151,038</u>	<u>2,847</u>
Administration:			
Salaries and benefits	484,142	449,822	34,320
Other operating expenditures	346,467	316,336	30,131
Capital outlay	76,872	83,401	(6,529)
Total Administration	<u>907,481</u>	<u>849,559</u>	<u>57,922</u>
Insurance:			
Insurance & bonds	<u>110,000</u>	<u>108,299</u>	<u>1,701</u>

(continued)

**Town of Troutman  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Public buildings:			
Salaries and benefits	325,309	294,559	30,750
Other operating expenditures	369,320	350,498	18,822
Capital outlay	1,030,620	1,020,336	10,284
<b>Total Public Buildings</b>	<b>1,725,249</b>	<b>1,665,393</b>	<b>59,856</b>
<b>Total general government</b>	<b>2,896,615</b>	<b>2,774,289</b>	<b>122,326</b>
<b>Public safety:</b>			
Police:			
Salaries and benefits	1,803,111	1,719,974	83,137
Other operating expenditures	369,156	407,690	(38,534)
Capital outlay	494,757	487,621	7,136
<b>Total police</b>	<b>2,667,024</b>	<b>2,615,285</b>	<b>51,739</b>
<b>Total public safety</b>	<b>2,667,024</b>	<b>2,615,285</b>	<b>51,739</b>
<b>Streets and public works:</b>			
Street maintenance:			
Salaries and benefits	351,196	336,179	15,017
Other operating expenditures	500,000	448,025	51,975
Capital outlay	27,781	27,781	-
<b>Total street maintenance</b>	<b>878,977</b>	<b>811,985</b>	<b>66,992</b>
Environmental protection:	395,000	383,158	11,842
<b>Total streets and public works</b>	<b>1,273,977</b>	<b>1,195,143</b>	<b>78,834</b>
<b>Cultural and recreational:</b>			
Salaries and benefits	229,633	193,624	36,009
Other operating expenditures	144,825	133,316	11,509
Capital outlay	135,000	124,116	10,884
<b>Total cultural and recreational</b>	<b>509,458</b>	<b>451,056</b>	<b>58,402</b>

(continued)

**Town of Troutman  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
<b>Debt service:</b>			
Principal retirement	549,995	549,765	230
Interest and fees	76,207	72,224	3,983
<b>Total debt service</b>	<u>626,202</u>	<u>621,989</u>	<u>4,213</u>
<b>Total expenditures</b>	<u>7,973,276</u>	<u>7,657,762</u>	<u>315,514</u>
<b>Revenues over (under) expenditures</b>	<u>(947,501)</u>	<u>969,042</u>	<u>1,916,543</u>
Other financing sources (uses):			
Transfer from (to) other funds	(630,000)	(559,246)	70,754
Sale of capital assets	13,385	10,372	(3,013)
IT subscription liability issued	-	68,446	68,446
Appropriated fund balance	1,564,116	-	(1,564,116)
Total	<u>947,501</u>	<u>(480,428)</u>	<u>(1,427,929)</u>
Net change in fund balance	<u>\$ -</u>	<u>488,614</u>	<u>\$ 488,614</u>
Fund balances, beginning		<u>4,853,857</u>	
Fund balances, ending		<u>\$ 5,342,471</u>	



**Town of Troutman  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2023**

	<b>Capital Project Funds</b>				
	<b>Street Improve- ments</b>	<b>ESC Park</b>	<b>South Iredell High School Greenway</b>	<b>Downtown Sidewalk Project</b>	<b>Total</b>
<b>Assets:</b>					
Cash and investments	\$ 480	\$ 365,170	\$ 91,748	\$ 235,000	\$ 692,398
Other receivables	-	2,808	358	-	3,166
Total assets	480	367,978	92,106	235,000	695,564
<b>Liabilities:</b>					
Accounts payable	-	19,575	-	866	20,441
Deposits	-	5,000	-	-	5,000
Due to other funds	-	-	-	235,000	235,000
Total liabilities	-	24,575	-	235,866	260,441
<b>Fund Balances:</b>					
Assigned for Streets	480	-	92,106	-	92,586
Committed for Cultural and Recreational	-	343,403	-	-	343,403
Unassigned	-	-	-	(866)	(866)
Total fund balances	480	343,403	92,106	(866)	435,123
Total liabilities and fund balances	\$ 480	\$ 367,978	\$ 92,106	\$ 235,000	\$ 695,564

**Town of Troutman**  
**Combining Statement of Revenues, Expenditures, and Change in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Capital Project Funds</b>				
	<b>Street Improve- ments</b>	<b>ESC Park</b>	<b>South Iredell High School Greenway</b>	<b>Downtown Sidewalk Project</b>	<b>Total</b>
<b>Revenues</b>					
Donations	\$ -	\$ 11,600	\$ -	\$ -	\$ 11,600
Total revenues	-	11,600	-	-	11,600
<b>Expenditures:</b>					
Admin and engineering	-	-	-	235,112	235,112
Construction and capital spending	-	65,907	-	-	65,907
Total expenditures	-	65,907	-	235,112	301,019
Revenues over (under) expenditures	-	(54,307)	-	(235,112)	(289,419)
<b>Other financing sources (uses):</b>					
Transfer from (to) other funds	-	325,000	-	234,246	559,246
Total other financing sources (uses)	-	325,000	-	234,246	559,246
Net change in fund balance	-	270,693	-	(866)	269,827
Fund balances, beginning	480	72,710	92,106	-	165,296
Fund balances, ending	\$ 480	\$ 343,403	\$ 92,106	\$ (866)	\$ 435,123

**Town of Troutman**  
**Street Improvements Fund - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
Admin and engineering	54,086	54,033	-	54,033	53
Construction and capital spending	990,974	990,547	-	990,547	427
Total expenditures	<u>1,045,060</u>	<u>1,044,580</u>	<u>-</u>	<u>1,044,580</u>	<u>480</u>
Revenues over (under) expenditures	<u>(1,045,060)</u>	<u>(1,044,580)</u>	<u>-</u>	<u>(1,044,580)</u>	<u>480</u>
<b>Other financing sources (uses):</b>					
Long-term debt issued	1,025,060	1,025,060	-	1,025,060	-
Transfer from (to) other funds	20,000	20,000	-	20,000	-
Total other financing sources (uses)	<u>1,045,060</u>	<u>1,045,060</u>	<u>-</u>	<u>1,045,060</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 480</u>	<u>-</u>	<u>\$ 480</u>	<u>\$ 480</u>
Fund balances, beginning			<u>480</u>		
Fund balances, ending			<u>\$ 480</u>		

**Town of Troutman**  
**ESC Park Fund - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Donations	477,560	469,293	11,600	480,893	3,333
Investment income	-	62	-	62	62
Total revenues	<u>977,560</u>	<u>969,355</u>	<u>11,600</u>	<u>980,955</u>	<u>3,395</u>
<b>Expenditures:</b>					
Construction and capital spending	2,180,185	2,099,270	65,907	2,165,177	15,008
Total expenditures	<u>2,180,185</u>	<u>2,099,270</u>	<u>65,907</u>	<u>2,165,177</u>	<u>15,008</u>
Revenues over (under) expenditures	<u>(1,202,625)</u>	<u>(1,129,915)</u>	<u>(54,307)</u>	<u>(1,184,222)</u>	<u>18,403</u>
<b>Other financing sources (uses):</b>					
Long-term debt issued	250,000	250,000	-	250,000	-
Transfer from (to) other funds	952,625	952,625	325,000	1,277,625	325,000
Total other financing sources (uses)	<u>1,202,625</u>	<u>1,202,625</u>	<u>325,000</u>	<u>1,527,625</u>	<u>325,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 72,710</u>	270,693	<u>\$ 343,403</u>	<u>\$ 343,403</u>
Fund balances, beginning			<u>72,710</u>		
Fund balances, ending			<u>\$ 343,403</u>		

**Town of Troutman**  
**South Iredell High School Greenway Fund - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 480,000	\$ 400,192	\$ -	\$ 400,192	\$ (79,808)
Donations	69,894	75,000	-	75,000	5,106
Miscellaneous income	-	3,000	-	3,000	3,000
Total revenues	<u>549,894</u>	<u>478,192</u>	<u>-</u>	<u>478,192</u>	<u>(71,702)</u>
<b>Expenditures:</b>					
Admin and engineering	291,789	291,422	-	291,422	367
Construction and capital spending	480,000	416,559	-	416,559	63,441
Total expenditures	<u>771,789</u>	<u>707,981</u>	<u>-</u>	<u>707,981</u>	<u>63,808</u>
Revenues over (under) expenditures	<u>(221,895)</u>	<u>(229,789)</u>	<u>-</u>	<u>(229,789)</u>	<u>(7,894)</u>
<b>Other financing sources (uses):</b>					
Transfer from (to) other funds	<u>221,895</u>	<u>321,895</u>	<u>-</u>	<u>321,895</u>	<u>100,000</u>
Total other financing sources (uses)	<u>221,895</u>	<u>321,895</u>	<u>-</u>	<u>321,895</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 92,106</u>	<u>-</u>	<u>\$ 92,106</u>	<u>\$ 92,106</u>
Fund balances, beginning			<u>92,106</u>		
Fund balances, ending			<u>\$ 92,106</u>		

**Town of Troutman**  
**Downtown Sidewalk Fund - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Restricted intergovernmental	\$1,387,000	\$ -	\$ -	\$ -	\$ (1,387,000)
Total revenues	<u>1,387,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,387,000)</u>
<b>Expenditures:</b>					
Admin and engineering	511,000	-	235,112	235,112	275,888
Construction and capital spending	1,623,000	-	-	-	1,623,000
Total expenditures	<u>2,134,000</u>	<u>-</u>	<u>235,112</u>	<u>235,112</u>	<u>1,898,888</u>
Revenues over (under) expenditures	<u>(747,000)</u>	<u>-</u>	<u>(235,112)</u>	<u>(235,112)</u>	<u>511,888</u>
<b>Other financing sources (uses):</b>					
Transfer from (to) other funds	747,000	-	234,246	234,246	(512,754)
Total other financing sources (uses)	<u>747,000</u>	<u>-</u>	<u>234,246</u>	<u>234,246</u>	<u>(512,754)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(866)</u>	<u>\$ (866)</u>	<u>\$ (866)</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ (866)</u>		

**Town of Troutman  
Water and Sewer Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2023**

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 4,690,126	\$ 6,102,886	\$ 1,412,760
Water and sewer taps	101,000	74,330	(26,670)
Other operating revenues	102,120	179,646	77,526
Total operating revenues	<u>4,893,246</u>	<u>6,356,862</u>	<u>1,463,616</u>
Non-operating revenues:			
Interest earnings	50	1,023	973
Total non-operating revenues	<u>50</u>	<u>1,023</u>	<u>973</u>
<b>Total revenues</b>	<u>4,893,296</u>	<u>6,357,885</u>	<u>1,464,589</u>
<b>Expenditures:</b>			
Water and Sewer Administration:			
Salaries and benefits	246,800	234,633	12,167
Operating expenses	226,000	155,885	70,115
Total administration	<u>472,800</u>	<u>390,518</u>	<u>82,282</u>
Water and Sewer Operations:			
Salaries and benefits	395,478	325,561	69,917
Water purchases	650,000	564,000	86,000
Sewer treatments	690,000	697,202	(7,202)
Repairs and maintenance	238,000	219,484	18,516
Other operating expenses	885,776	873,974	11,802
Capital outlay	988,265	984,987	3,278
Purchase of sewer capacities	466,420	456,420	10,000
Total operations	<u>4,313,939</u>	<u>4,121,628</u>	<u>192,311</u>
Debt Service			
Principal repayment	214,207	182,772	31,435
Interest	27,570	27,570	-
Total debt service	<u>241,777</u>	<u>210,342</u>	<u>31,435</u>
<b>Total expenditures</b>	<u>5,028,516</u>	<u>4,722,488</u>	<u>306,028</u>
Revenues over (under) expenditures	<u>(135,220)</u>	<u>1,635,397</u>	<u>1,770,617</u>
Other financing sources (uses):			
Transfer from other funds	58,170	100,000	41,830
Transfer to other funds	(100,000)	(100,000)	-
Sale of fixed assets	2,000	92,266	90,266
Appropriated fund balance	175,050	-	(175,050)
Total other financing sources (uses)	<u>135,220</u>	<u>92,266</u>	<u>(42,954)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,727,663</u>	<u>\$ 1,727,663</u>

(continued)

**Town of Troutman  
Water and Sewer Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2023**

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**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Reconciling items	
Depreciation and amortization	(622,723)
Capital outlay	901,769
Purchase of sewer capacities	456,420
Sale of fixed assets	(92,266)
Repayment of long-term debt	182,772
Pension expense	9,410
(Increase) decrease in deferred outflows of resources - pensions	(155,774)
(Increase) decrease in deferred outflows of resources - OPEB	(501)
Increase (decrease) in net pension liability	224,592
Increase (decrease) in net OPEB liability	(1,165)
Increase (decrease) in deferred inflows of resources - pensions	(24,967)
Increase (decrease) in deferred inflows of resources - OPEB	2,637
Capital Contribution (Exhibit D-1B)	594,051
Total reconciling items	<u>1,474,255</u>
Change in net position	<u>\$ 3,201,918</u>



**Town of Troutman**  
**Mill Village Sewer Project Fund - Capital Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Expenditures:</b>					
Admin and engineering	\$ 165,427	\$ 137,611	\$ -	\$ 137,611	\$ 27,816
Construction and capital spending	935,000	539,107	-	539,107	395,893
Total expenditures	<u>1,100,427</u>	<u>676,718</u>	<u>-</u>	<u>676,718</u>	<u>423,709</u>
Revenues over (under) expenditures	<u>(1,100,427)</u>	<u>(676,718)</u>	<u>-</u>	<u>(676,718)</u>	<u>423,709</u>
<b>Other financing sources (uses):</b>					
Long-term debt issued	1,078,850	620,066	-	620,066	(458,784)
Transfer from (to) other funds	21,577	-	-	-	(21,577)
Total other financing sources (uses)	<u>1,100,427</u>	<u>620,066</u>	<u>-</u>	<u>620,066</u>	<u>(480,361)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (56,652)</u>	<u>\$ -</u>	<u>\$ (56,652)</u>	<u>\$ (56,652)</u>

**Town of Troutman**  
**CHA Sewer Project Fund - Capital Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total Project To Date	Variance Favorable (Unfavorable)
<b>Expenditures:</b>					
Admin and engineering	\$ 114,120	\$ 82,914	\$ 5,377	\$ 88,291	\$ 25,829
Construction and capital spending	759,000	106,449	498,183	604,632	154,368
Total expenditures	<u>873,120</u>	<u>189,363</u>	<u>503,560</u>	<u>692,923</u>	<u>180,197</u>
Revenues over (under) expenditures	<u>(873,120)</u>	<u>(189,363)</u>	<u>(503,560)</u>	<u>(692,923)</u>	<u>180,197</u>
<b>Other financing sources (uses):</b>					
County reimbursement	856,000	-	594,051	594,051	(261,949)
Transfer from (to) other funds	17,120	-	-	-	(17,120)
Total other financing sources (uses)	<u>873,120</u>	<u>-</u>	<u>594,051</u>	<u>594,051</u>	<u>(279,069)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ (189,363)</u>	<u>\$ 90,491</u>	<u>\$ (98,872)</u>	<u>\$ (98,872)</u>

## **OTHER SUPPLEMENTARY INFORMATION**

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This section contains additional information required on property taxes.

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Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

**Town of Troutman**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2023**

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections And Credits	Uncollected Balance June 30, 2023
2023	\$ -	\$ 4,167,641	\$ 4,102,923	\$ 64,718
2022	53,074	-	27,526	25,548
2021	12,011	-	7,534	4,477
2020	3,888	-	1,063	2,825
2019	1,387	-	728	659
2018	1,083	-	167	916
2017	2,545	-	11	2,534
2016	920	-	11	909
2015	848	-	10	838
2014	2,646	-	10	2,636
2013	5,251	-	5,251	-
	<u>\$ 83,653</u>	<u>\$ 4,167,641</u>	<u>\$ 4,145,234</u>	<u>106,060</u>
Less: allowance for doubtful accounts - taxes				<u>(2,261)</u>
Ad valorem taxes receivable -- net				<u>\$ 103,799</u>

Reconciliation with revenues:

Ad valorem taxes -- General Fund \$ 4,160,722

Reconciling items:

Interest collected 5,122

Taxes written off 5,251

Adjustments/releases/collection fees (25,861)

Total collections and credits \$ 4,145,234

**Town of Troutman  
Analysis of Current Tax Levy  
Town-Wide Levy  
For the Year Ended June 30, 2023**

	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	\$ 789,101,538	0.52	\$ 4,103,328	\$ 3,763,851	\$ 339,477
Penalties	113,846	0.52	592	592	-
Total	<u>789,215,385</u>		<u>4,103,920</u>	<u>3,764,443</u>	<u>339,477</u>
Discoveries:	12,254,038	0.52	<u>63,721</u>	<u>63,721</u>	<u>-</u>
Total property valuation	<u>\$ 801,469,423</u>				
Net levy			\$ 4,167,641	\$ 3,828,164	\$ 339,477
Uncollected Taxes at June 30, 2023			<u>(64,718)</u>	<u>(64,718)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 4,102,923</u>	<u>\$ 3,763,446</u>	<u>\$ 339,477</u>
Current levy collection percentage			<u>98.45%</u>	<u>98.31%</u>	<u>100.00%</u>

# Compliance Section

Town of  
*Troutman*  
Enjoy Lake Norman...Naturally





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**Report On Internal Control Over Financial Reporting And On Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
*Government Auditing Standards***

**Independent Auditors' Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Troutman, North Carolina

We have audited, in accordance with the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Troutman, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Town of Troutman's basic financial statements, and have issued our report thereon dated December 1, 2023. Our report includes a reference to other auditors who audited the financial statements of the Town of Troutman ABC Board, as described in our report on the Town of Troutman's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Troutman ABC Board were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Troutman'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Troutman's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

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deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Troutman's financial statements are free from material misstatement, we 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters<sup>6</sup> that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
December 1, 2023





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**Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Troutman, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Troutman, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Troutman's major federal programs for the year ended June 30, 2023. Town of Troutman's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Troutman complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Troutman and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Troutman's compliance with the compliance requirements referred to above.

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### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Troutman federal programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Troutman's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Troutman's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Troutman's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Troutman's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Troutman's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Thompson, Price, Scott, Adams & Co., P.A.*

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
December 1, 2023

**TOWN OF TROUTMAN, NORTH CAROLINA**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2023

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Section I. Summary of Auditor's Results

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**Financial Statements**

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

Internal control over financial reporting:

- Material Weakness(es) identified? \_\_\_ yes   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses \_\_\_yes   none reported

Noncompliance material to financial statements noted \_\_\_yes   no

**Federal Awards**

Internal control over major federal programs:

- Material Weakness(es) identified? \_\_\_yes   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses \_\_\_yes   none reported

Noncompliance material to federal awards \_\_\_yes   no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_yes   no

Identification of major federal programs:

Assistance Listing No.	<u>Program Name</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_ yes   no

**TOWN OF TROUTMAN, NORTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

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Section II. Financial Statement Findings

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None reported.

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Section III. Federal Award Findings and Questioned Costs

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None Reported.

**TOWN OF TROUTMAN, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2023

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Finding: 2022-001

Status: Corrected

Finding: 2022-002

Status: Corrected

**TOWN OF TROUTMAN, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal AL CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to subrecipients</u>
<b>Federal Grants:</b>					
<b>Cash Programs:</b>					
<u>U.S. Department of Transportation</u>					
Passed-through NC Department of Transportation Highway Planning and Construction	20.205	47695.1.1	\$ 115,017	\$ -	\$ -
<u>U.S. Department of Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds	21.027		882,514	-	-
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Commerce</u>					
Building Reuse Grant			-	125,000	125,000
<u>N.C. Department of Environmental Quality</u>					
Asset Inventory and Assessment Grants				65,869	
<u>N.C. Department of Transportation</u>					
Powell Bill			-	94,436	-
Total assistance - State programs			-	285,305	125,000
Total assistance			\$ 997,531	\$ 285,305	\$ 125,000

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SFSA) includes the federal and state grant activity of the Town of Troutman under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Troutman, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Troutman.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

The Town of Troutman has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.