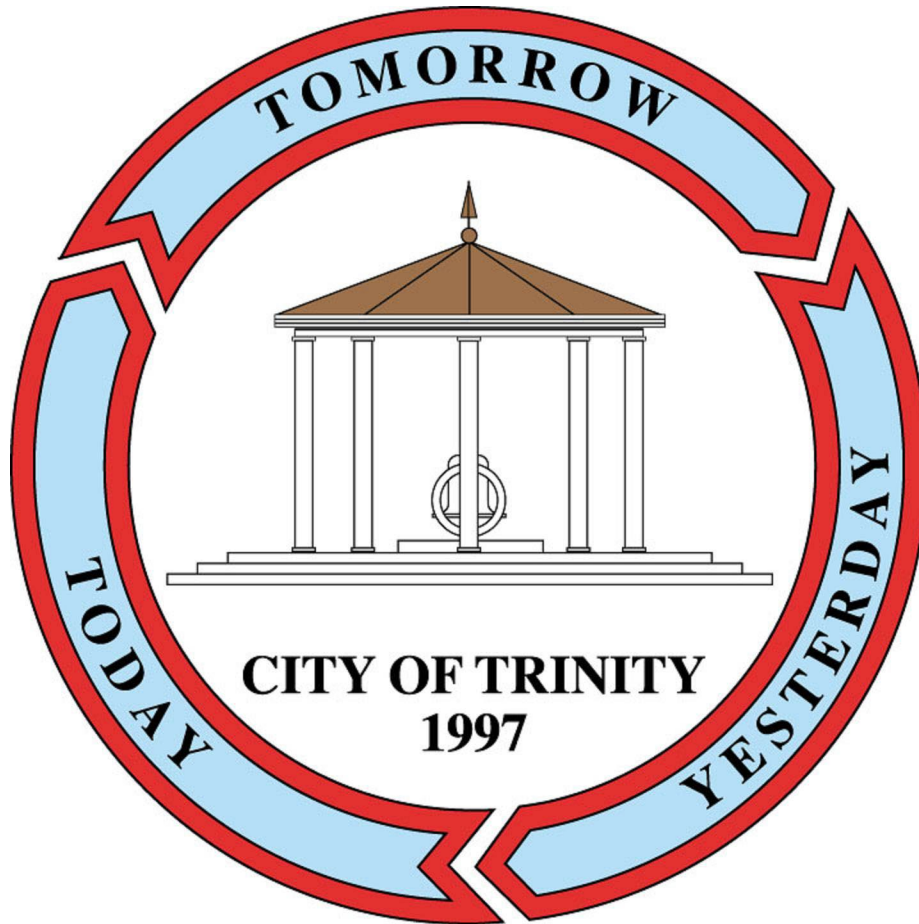


CITY OF TRINITY

NORTH CAROLINA



ANNUAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED
JUNE 30, 2022



CITY OF TRINITY, NORTH CAROLINA

ANNUAL FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2022

CITY OF TRINITY
1997

CITY OF TRINITY

NORTH CAROLINA
Fiscal Year Ended June 30, 2022

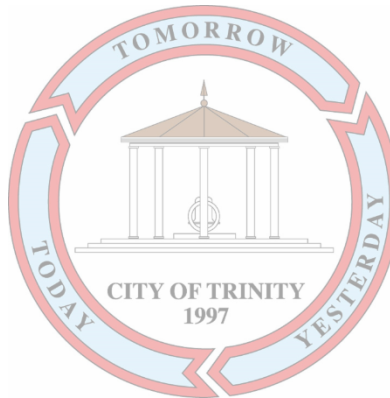
MEMBERS OF CITY COUNCIL

Richard McNabb, Mayor

Bob Hicks, Mayor Pro Temp

Ed Lohr
Jack Carico

Tommy Johnson
Robbie Walker



CITY MANAGER

Stevie Cox

FINANCE DIRECTOR

Crystal Postell

City of Trinity, North Carolina
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June 30, 2022

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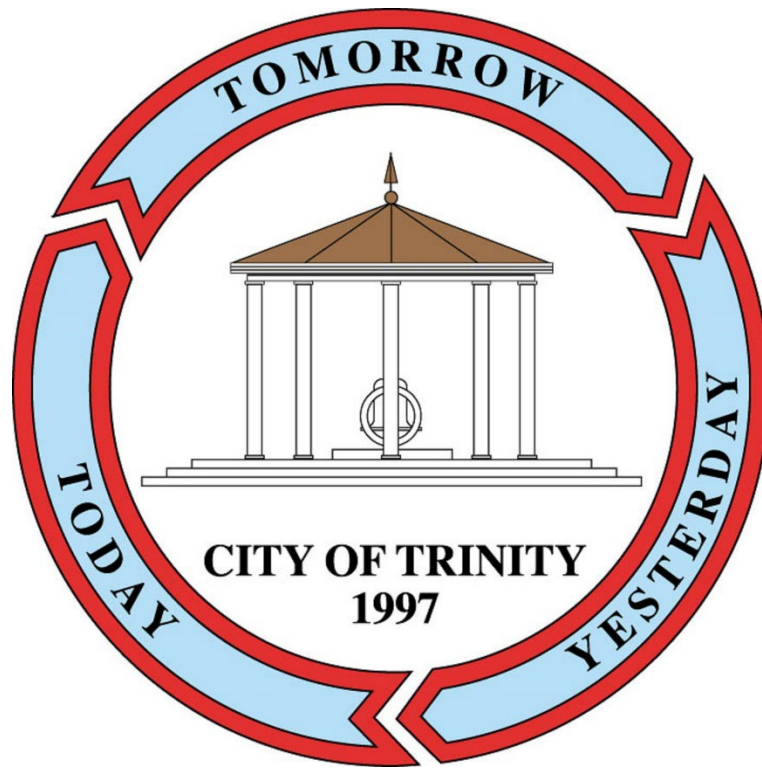
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FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Trinity, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinity, North Carolina as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise City of Trinity's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Trinity as of June 30, 2022, 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.

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 City of Trinity and to meet our other 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.

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; and for 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 City of Trinity's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, 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 is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or 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 City of Trinity'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 City of Trinity'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 identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 48 through 49, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 consist 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.

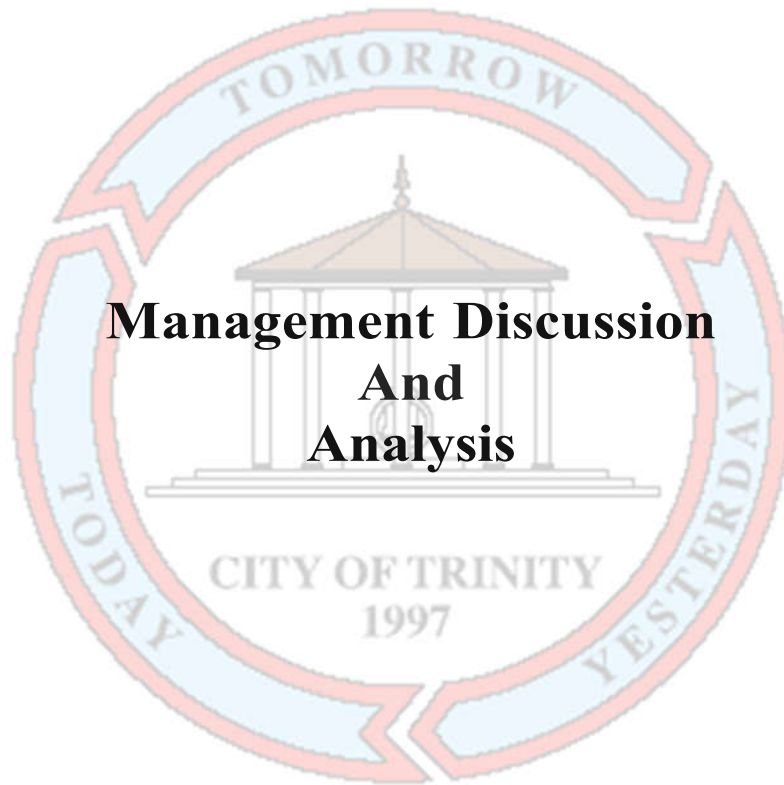
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Trinity's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules, are presented for purposes 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, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the City of Trinity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 the effectiveness of City of Trinity's 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 City of Trinity's internal control over financial reporting and compliance.

Winston-Salem, North Carolina
November 18, 2022



Management Discussion And Analysis

Management's Discussion and Analysis

As management of the City of Trinity, we offer readers of the City of Trinity's financial statements this narrative overview and analysis of the financial activities of the City of Trinity for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

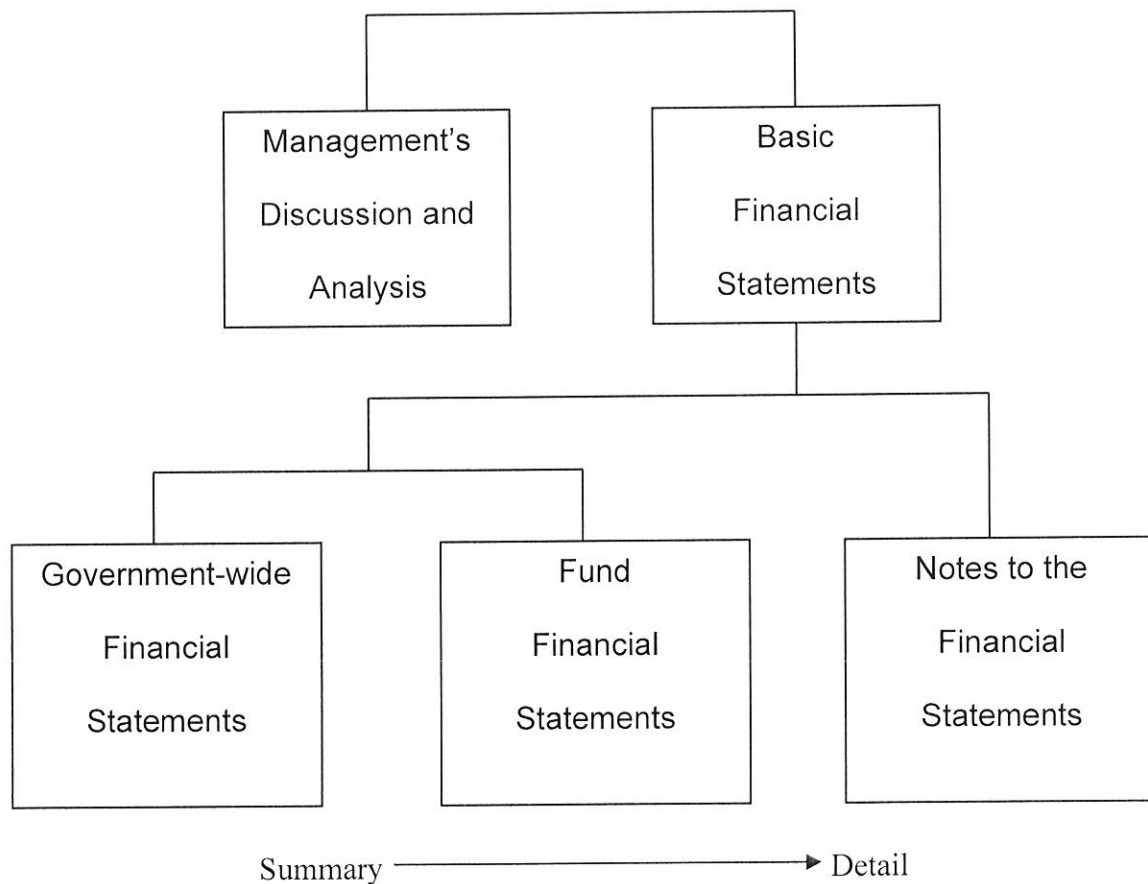
- The assets and deferred outflows of resources of the City of Trinity exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,533,353 (*net position*).
- The government's total net position increased by \$1,060,371, primarily due to increases in the governmental type and business-type activities net position.
- As of the close of the current fiscal year, the City of Trinity's governmental funds reported combined ending fund balances of \$10,953,549 with a net increase of \$869,407 in fund balance. Approximately 27.41% of this total amount or \$3,002,745 is non-spendable or restricted and committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,500,624, or 229.43% of total general fund expenditures for the fiscal year.
- The City of Trinity's total debt decreased by \$404,002 (3.24%) during the current fiscal year. The key factor in this decrease was the payments on the debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Trinity's basic financial statements. The City'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 City 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 City of Trinity.

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 City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City'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 City's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Management Discussion and Analysis
City of Trinity

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City'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 City'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 City's basic services such as public safety, public works (streets, sanitation and stormwater), code enforcement, parks and recreation, and general administration. Sales and property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the sewer services offered by the City of Trinity.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City'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 City of Trinity, 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 City's budget ordinance. All of the funds of City of Trinity 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 City'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 City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management Discussion and Analysis

City of Trinity

The City of Trinity 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 City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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 council; 2) the final budget as amended by the council; 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 Fund – The City of Trinity has a proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Trinity uses the enterprise fund to account for its sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Trinity's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 48 of this report.

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

Management Discussion and Analysis
City of Trinity

Government-Wide Financial Analysis

City of Trinity's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 12,085,396	\$ 10,166,666	\$ 892,598	\$ 431,568	\$ 12,977,994	\$ 10,598,234
Capital assets	2,831,948	2,947,172	22,947,476	23,433,723	25,779,424	26,380,895
Deferred outflows of resources	86,643	74,701	37,701	19,476	124,344	94,177
Total assets and deferred outflows of resources	15,003,987	13,188,539	23,877,775	23,884,767	38,881,762	37,073,306
Long-term liabilities outstanding	50,652	120,180	11,675,694	12,003,558	11,726,346	12,123,738
Other liabilities	1,138,574	103,537	372,400	361,956	1,510,974	465,493
Deferred inflows of resources	77,407	8,799	33,682	2,294	111,089	11,093
Total liabilities and deferred inflows of resources	1,266,633	232,516	12,081,776	12,367,808	13,348,409	12,600,324
Net position:						
Net investment in capital assets	2,831,948	2,947,172	10,975,251	11,151,927	13,807,199	14,099,099
Restricted	2,927,829	2,791,392	-	-	2,927,829	2,791,392
Unrestricted	7,977,577	7,217,459	820,748	365,032	8,798,325	7,582,491
Total net position	\$ 13,737,354	\$ 12,956,023	\$ 11,795,999	\$ 11,516,959	\$ 25,533,353	\$ 24,472,982

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 City of Trinity exceeded liabilities and deferred inflows by \$25,533,353 as of June 30, 2022. The City's net position increased by \$1,060,371 for the fiscal year ended June 30, 2022. However, the largest portion (54.08%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Trinity uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Trinity'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 City of Trinity's net position, \$2,927,829 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,798,325 is unrestricted.

Some particular aspects of the City of Trinity's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by Randolph County in maintaining a tax collection rate of 99.31% in 21-22, which was better than the statewide average of 99.12%.
- Continued diligence in monitoring and evaluating options for reducing expenditures without adversely affecting services.

Management Discussion and Analysis
City of Trinity

City of Trinity's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 507,555	\$ 500,230	\$ 1,137,617	\$ 950,086	\$ 1,645,172	\$ 1,450,316
Operating grants and contributions	285,269	299,095	7,893	62,061	293,162	361,156
Capital grants and contributions	-	-	293,715	-	293,715	-
General revenues:						
Property taxes	675,463	658,672	-	-	675,463	658,672
Other taxes	40,380	23,935	-	-	40,380	23,935
Grants and contributions not restricted to specific programs	2,621,406	2,241,195	-	-	2,621,406	2,241,195
Other	8,900	4,581	1,119	546	10,019	5,127
Total revenues	4,138,973	3,727,708	1,440,344	1,012,693	5,579,317	4,740,401
Expenses:						
General government	767,969	677,887	-	-	767,969	677,887
Public safety	171,316	166,271	-	-	171,316	166,271
Public works	909,818	733,995	-	-	909,818	733,995
Economic development	111,000	6,000	-	-	111,000	6,000
Special appropriations	20,126	23,165	-	-	20,126	23,165
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	2,538,717	2,637,687	2,538,717	2,637,687
Total expenses	1,980,229	1,607,318	2,538,717	2,637,687	4,518,946	4,245,005
Increase (decrease) in net position before transfers	2,158,744	2,120,390	(1,098,373)	(1,624,994)	1,060,371	495,396
Transfers	(1,377,413)	(1,097,775)	1,377,413	1,097,775	-	-
Increase (decrease) in net position	781,331	1,022,615	279,040	(527,219)	1,060,371	495,396
Net position, beginning	12,956,023	11,933,408	11,516,959	12,044,178	24,472,982	23,977,586
Net position, June 30	\$ 13,737,354	\$ 12,956,023	\$ 11,795,999	\$ 11,516,959	\$ 25,533,353	\$ 24,472,982

Governmental activities. Governmental activities increased the City's net position by \$781,331. Key elements of this increase are as follows:

- Governmental activities reflect a net increase of \$2,158,744 prior to transfers to the Sewer Fund. The net increase of \$781,331 is a result of General Fund savings of revenues collected over expenditures after transfers and well as the receipt of the American Rescue Plan Act (ARPA) Funding.

Business-type activities. Business-type activities increased the City of Trinity's net position by \$279,040. Key elements of this increase are as follows:

- Transfer of Sales and Use Tax to offset the shortfall in revenues to cover the cost of Wastewater operational activities.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Trinity's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Trinity's financing requirements.

The general fund is the chief operating fund of the City of Trinity. At the end of the current fiscal year, the City of Trinity's fund balance available in the General Fund was \$7,500,624, while total fund balance reached \$10,878,633. The City currently has an available fund balance of 229.43% of general fund expenditures, and total fund balance represents 332.76% of the same amount.

At June 30, 2022, the governmental funds of the City of Trinity reported a combined fund balance of \$10,953,549 with a net increase in fund balance of \$869,407. Included in this change in fund balance is an increase in fund balance in the General Fund of \$867,456 and an increase in the Parks and Recreation Fund of \$1,803.

General Fund Budgetary Highlights. During the fiscal year, the City 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 Funds. The City of Trinity's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$820,748. The total increase in net position for the fund was \$279,040. The major changes in net position in the Sewer Fund are a result of increase in charges for services and grants received.

Management Discussion and Analysis
City of Trinity

Capital Asset and Debt Administration

Capital assets. The City of Trinity's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$25,779,424 (net of accumulated depreciation). These assets include land, construction in progress, buildings, sewer lines, equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Steeplegate Forcemain Project

**City of Trinity's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2021	2021	2021	2021	2021
Land	\$ 680,672	\$ 680,672	\$ 14,186	\$ 14,186	\$ 694,858	\$ 694,858
Building and improvements	956,225	996,894	3,492	3,638	959,717	1,000,532
Land improvements	56,904	58,546	-	-	56,904	58,546
Furniture and equipment	57,407	87,256	7,824	15,808	65,231	103,064
Sewer system	-	-	22,531,391	23,301,390	22,531,391	23,301,390
Construction in progress	13,665	13,665	379,073	85,358	392,738	99,023
Vehicles	28,283	35,124	11,510	13,343	39,793	48,467
Infrastructure	1,038,792	1,075,015	-	-	1,038,792	1,075,015
Total	\$ 2,831,948	\$ 2,947,172	\$ 22,947,476	\$ 23,433,723	\$ 25,779,424	\$ 26,380,895

Additional information on the City's capital assets can be found in Note II.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2022, the City of Trinity had total debt outstanding of \$20,939 for compensated absences, \$11,499,093 for general obligation bonds, \$473,132 for a Sewer AARA note payable, and \$72,692 of net pension liability. These are backed by the full faith and credit of the City.

City of Trinity's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 20,939	\$ 36,549	\$ -	\$ -	\$ 20,939	\$ 36,549
Sewer AARA note payable	-	-	473,132	525,703	473,132	525,703
General obligation bond	-	-	1,468,000	1,503,000	1,468,000	1,503,000
General obligation bond	-	-	3,351,919	3,438,919	3,351,919	3,438,919
General obligation bond	-	-	4,027,609	4,114,609	4,027,609	4,114,609
General obligation bond	-	-	2,651,565	2,699,565	2,651,565	2,699,565
Net pension liability	50,652	120,180	22,040	31,333	72,692	151,513
Total	\$ 71,591	\$ 156,729	\$ 11,994,265	\$ 12,313,129	\$ 12,065,856	\$ 12,469,858

City of Trinity's Outstanding Debt

The City of Trinity's total debt decreased by \$404,002 (3.24%) during the past fiscal year, primarily due to the payment of bonds.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Trinity is \$53,349,668.

Additional information regarding the City of Trinity's long-term debt can be found in Note III.B.5 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Continued residential growth in the City of Trinity.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: For the eighteenth consecutive year, the property tax rate will remain at \$.10/\$100 property valuation. The greatest source of revenue comes from sales and use tax which is expected to total \$1,714,878.

For the seventeenth consecutive year, 75% of sales tax revenue, or about \$1,286,150 will be restricted to pay costs and debt service on sewer projects funded in part by GO bonds.

Management Discussion and Analysis
City of Trinity

Requests for Information

This report is designed to provide an overview of the City'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 Crystal Postell, Finance Director, City of Trinity, PO Box 50, 5978 NC Highway 62, Trinity, NC 27370; (336) 431-2180; cpostell@trinity-nc.gov ; www.trinity-nc.gov.



Basic Financial Statements

City of Trinity, North Carolina
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,643,055	\$ 1,574,342	\$ 10,217,397
Taxes receivables (net)	14,212	-	14,212
Accounts receivable (net)	-	109,018	109,018
Due from other governments	588,371	359,147	947,518
Internal balances	1,149,909	(1,149,909)	-
Restricted cash and cash equivalents	1,689,849	-	1,689,849
Total current assets	<u>12,085,396</u>	<u>892,598</u>	<u>12,977,994</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	694,337	393,259	1,087,596
Other capital assets, net of depreciation	2,137,611	22,554,217	24,691,828
Total capital assets	<u>2,831,948</u>	<u>22,947,476</u>	<u>25,779,424</u>
Total assets	<u>14,917,344</u>	<u>23,840,074</u>	<u>38,757,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	86,643	37,701	124,344
Total deferred outflows of resources	<u>86,643</u>	<u>37,701</u>	<u>124,344</u>
LIABILITIES			
Current liabilities:			
Accounts payable	64,977	53,829	118,806
Unearned revenue	1,052,658	-	1,052,658
Current portion of long-term liabilities	20,939	318,571	339,510
Total current liabilities	<u>1,138,574</u>	<u>372,400</u>	<u>1,510,974</u>
Long-term liabilities:			
Net pension liability	50,652	22,040	72,692
Due in more than one year	-	11,653,654	11,653,654
Total liabilities	<u>1,189,226</u>	<u>12,048,094</u>	<u>13,237,320</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	77,407	33,682	111,089
Total deferred inflows of resources	<u>77,407</u>	<u>33,682</u>	<u>111,089</u>
NET POSITION			
Net investment in capital assets	2,831,948	10,975,251	13,807,199
Restricted for:			
Stabilization by State Statute	2,290,638	-	2,290,638
Streets	637,191	-	637,191
Unrestricted	7,977,577	820,748	8,798,325
Total net position	<u>\$ 13,737,354</u>	<u>\$ 11,795,999</u>	<u>\$ 25,533,353</u>

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

City of Trinity, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 767,969	\$ -	\$ -	\$ -	\$ (767,969)	\$ -	\$ (767,969)
Public safety	171,316	-	-	-	(171,316)	-	(171,316)
Public works	909,818	504,255	185,269	-	(220,294)	-	(220,294)
Economic development	111,000	3,300	100,000	-	(7,700)	-	(7,700)
Special appropriations	20,126	-	-	-	(20,126)	-	(20,126)
Total governmental activities	1,980,229	507,555	285,269	-	(1,187,405)	-	(1,187,405)
Business-type activities:							
Sewer	2,538,717	1,137,617	7,893	293,715	-	(1,099,492)	(1,099,492)
Total business-type activities	2,538,717	1,137,617	7,893	293,715	-	(1,099,492)	(1,099,492)
Total government	\$ 4,518,946	\$ 1,645,172	\$ 293,162	\$ 293,715	(1,187,405)	(1,099,492)	(2,286,897)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					675,463	-	675,463
Other taxes					40,380	-	40,380
Unrestricted intergovernmental revenues					2,621,406	-	2,621,406
Unrestricted investment earnings					3,889	1,119	5,008
Miscellaneous					5,011	-	5,011
Total general revenues not including transfers					3,346,149	1,119	3,347,268
Transfers					(1,377,413)	1,377,413	-
Total general revenues and transfers					1,968,736	1,378,532	3,347,268
Change in net position					781,331	279,040	1,060,371
Net position, beginning					12,956,023	11,516,959	24,472,982
Net position, ending					\$ 13,737,354	\$ 11,795,999	\$ 25,533,353

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

City of Trinity, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund		
ASSETS				
Cash and cash equivalents	\$ 8,521,150	\$ 148	\$ 121,757	\$ 8,643,055
Restricted cash and cash equivalents	637,191	1,052,658	-	1,689,849
Receivables, net:				
Taxes	14,212	-	-	14,212
Due from other governments	588,371	-	-	588,371
Due from other funds	1,702,267	-	-	1,702,267
Total assets	<u>11,463,191</u>	<u>1,052,806</u>	<u>121,757</u>	<u>12,637,754</u>
LIABILITIES				
Accounts payable and accrued liabilities	64,977	-	-	64,977
Unearned revenue	-	1,052,658	-	1,052,658
Due to other funds	505,369	-	46,989	552,358
Total liabilities	<u>570,346</u>	<u>1,052,658</u>	<u>46,989</u>	<u>1,669,993</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	14,212	-	-	14,212
Total deferred inflows of resources	<u>14,212</u>	<u>-</u>	<u>-</u>	<u>14,212</u>
FUND BALANCES				
Restricted				
Stabilization by State statute	2,290,638	-	-	2,290,638
Streets	637,191	-	-	637,191
Committed				
Parks and Recreation	-	-	74,768	74,768
Special Revenue Funds	-	148	-	148
Assigned				
Subsequent year's expenditures	450,180	-	-	450,180
Unassigned	7,500,624	-	-	7,500,624
Total fund balances	<u>10,878,633</u>	<u>148</u>	<u>74,768</u>	<u>10,953,549</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,463,191</u>	<u>\$ 1,052,806</u>	<u>\$ 121,757</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

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

Gross capital assets at historical cost	\$ 3,987,178	
Accumulated depreciation	<u>(1,155,230)</u>	2,831,948
Deferred outflows of resources related to pensions are not reported in the funds		86,643
Earned revenues considered deferred inflows of resources in fund statements.		14,212

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.

Compensated absences		(20,939)
Net pension liability		(50,652)
Deferred inflows of resources related to pensions are not reported in the funds		(77,407)
Net position of governmental activities		<u>\$ 13,737,354</u>

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

City of Trinity, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Act Special Revenue Fund		
REVENUES				
Ad valorem taxes	\$ 676,787	\$ -	\$ -	\$ 676,787
Other taxes and licenses	40,380	-	-	40,380
Unrestricted intergovernmental	2,621,406	-	-	2,621,406
Restricted intergovernmental	285,269	-	-	285,269
Sales and services	504,255	-	-	504,255
Investment earnings	3,537	148	204	3,889
Miscellaneous	5,011	-	3,300	8,311
Total revenues	4,136,645	148	3,504	4,140,297
EXPENDITURES				
Current:				
General government	715,738	-	1,701	717,439
Public safety	171,316	-	-	171,316
Public works	873,596	-	-	873,596
Economic development	111,000	-	-	111,000
Special appropriations	20,126	-	-	20,126
Total expenditures	1,891,776	-	1,701	1,893,477
Excess (deficiency) of revenues over expenditures	2,244,869	148	1,803	2,246,820
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(1,377,413)	-	-	(1,377,413)
Total other financing sources (uses)	(1,377,413)	-	-	(1,377,413)
Net change in fund balance	867,456	148	1,803	869,407
Fund balances, beginning	10,011,177	-	72,965	
Fund balances, ending	\$ 10,878,633	\$ 148	\$ 74,768	

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

(cont)

City of Trinity, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds		\$ 869,407
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay expenditures which were capitalized	\$ -	
Depreciation expense for governmental assets	<u>(115,224)</u>	(115,224)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		29,832
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		(1,324)
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		15,610
Pension expense		<u>(16,970)</u>
Total changes in net position of governmental activities		<u>\$ 781,331</u>

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

City of Trinity, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 626,200	\$ 626,200	\$ 676,787	\$ 50,587
Other taxes and licenses	17,000	17,000	40,380	23,380
Unrestricted intergovernmental	2,130,710	2,130,710	2,621,406	490,696
Restricted intergovernmental	165,870	213,198	285,269	72,071
Sales and services	485,000	485,000	504,255	19,255
Investment earnings	2,500	2,500	3,537	1,037
Miscellaneous	100	100	5,011	4,911
Total revenues	3,427,380	3,474,708	4,136,645	661,937
Expenditures:				
Current:				
General government	777,045	811,045	715,738	95,307
Public safety	168,264	171,316	171,316	-
Public works	912,675	961,356	873,596	87,760
Economic development	11,000	111,000	111,000	-
Special appropriations	180,983	71,583	20,126	51,457
Total expenditures	2,049,967	2,126,300	1,891,776	234,524
Revenues over expenditures	1,377,413	1,348,408	2,244,869	896,461
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(1,377,413)	(1,377,413)	(1,377,413)	-
Total other financing sources (uses)	(1,377,413)	(1,377,413)	(1,377,413)	-
Fund balance appropriated	-	29,005	-	(29,005)
Net change in fund balance	\$ -	\$ -	867,456	\$ 867,456
Fund balances, beginning			10,011,177	
Fund balances, ending			<u>\$ 10,878,633</u>	

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

City of Trinity, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2022

	Major Enterprise Fund	
	Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,574,342	\$ 1,574,342
Accounts receivable, net	109,018	109,018
Due from other governments	359,147	359,147
Due from other funds	681,534	681,534
Restricted cash and cash equivalents	-	-
Total current assets	2,724,041	2,724,041
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets	393,259	393,259
Other capital assets, net of depreciation	22,554,217	22,554,217
Total capital assets	22,947,476	22,947,476
Total noncurrent assets	22,947,476	22,947,476
Total assets	25,671,517	25,671,517
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	37,701	37,701
Total deferred outflows of resources	37,701	37,701
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	53,829	53,829
Due to other funds	1,831,443	1,831,443
Sewer AARA note payable - current	52,571	52,571
General obligation bonds payable - current	266,000	266,000
Total current liabilities	2,203,843	2,203,843
Noncurrent liabilities:		
Net pension liability	22,040	22,040
Sewer AARA note payable - noncurrent	420,561	420,561
General obligation bonds payable - noncurrent	11,233,093	11,233,093
Total noncurrent liabilities	11,675,694	11,675,694
Total liabilities	13,879,537	13,879,537
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	33,682	33,682
Total deferred inflows of resources	33,682	33,682
NET POSITION		
Net investment in capital assets	10,975,251	10,975,251
Unrestricted	820,748	820,748
Total net position	\$ 11,795,999	\$ 11,795,999

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

City of Trinity, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	Major Enterprise Fund	
	Sewer Fund	Total
OPERATING REVENUES		
Charges for services	\$ 945,266	\$ 945,266
Tap fees	192,351	192,351
Miscellaneous	-	-
Total operating revenues	<u>1,137,617</u>	<u>1,137,617</u>
OPERATING EXPENSES		
Other operating expenses	1,332,376	1,332,376
Depreciation	779,962	779,962
Total operating expenses	<u>2,112,338</u>	<u>2,112,338</u>
Operating income (loss)	<u>(974,721)</u>	<u>(974,721)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,119	1,119
Interest and other charges	(426,379)	(426,379)
Total nonoperating revenue (expenses)	<u>(425,260)</u>	<u>(425,260)</u>
Income (loss) before contributions and transfers	<u>(1,399,981)</u>	<u>(1,399,981)</u>
Capital contributions	301,608	301,608
Transfers from other funds	1,377,413	1,377,413
Change in net position	<u>279,040</u>	<u>279,040</u>
Total net position, beginning	11,516,959	11,516,959
Total net position, ending	<u>\$ 11,795,999</u>	<u>\$ 11,795,999</u>

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

City of Trinity, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Major Enterprise Fund	
	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,140,460	\$ 1,140,460
Cash paid to suppliers	(1,350,195)	(1,350,195)
Net cash provided (used) by operating activities	(209,735)	(209,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Decrease in due to (from) other funds	57,898	57,898
Transfers from other funds	1,377,413	1,377,413
Net cash flows provided (used) by noncapital financing activities	1,435,311	1,435,311
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(270,582)	(270,582)
Principal paid on bond maturities	(257,000)	(257,000)
Principal paid on Sewer AARA note payable	(52,571)	(52,571)
Capital contributions	6,072	6,072
Interest paid on bonds	(426,379)	(426,379)
Net cash provided (used) by capital and related financing activities	(1,000,460)	(1,000,460)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	1,119	1,119
Net increase (decrease) in cash and cash equivalents	226,235	226,235
Balance, beginning	1,348,107	1,348,107
Balance, ending	<u>\$ 1,574,342</u>	<u>\$ 1,574,342</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions by accounts receivable	<u>\$ 301,608</u>	<u>\$ 301,608</u>
Purchases of capital assets by accounts payable	<u>\$ 23,133</u>	<u>\$ 23,133</u>

cont.

City of Trinity, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Major Enterprise Fund	
	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (974,721)	\$ (974,721)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	779,962	779,962
Changes in assets and liabilities:		
Decrease in accounts receivable	2,843	2,843
(Increase) in deferred outflows of resources - pensions	(18,225)	(18,225)
(Decrease) in net pension liability	(9,293)	(9,293)
Increase in deferred inflows of resources - pensions	31,388	31,388
(Decrease) in accounts payable and accrued liabilities	(21,689)	(21,689)
Total adjustments	764,986	764,986
Net cash provided (used) by operating activities	<u>\$ (209,735)</u>	<u>\$ (209,735)</u>

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

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The accounting policies of the City of Trinity 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 City of Trinity is a municipal corporation that is governed by an elected mayor and a five-member council.

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

Fund Financial Statements: The fund financial statements provide information about the City'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.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

The City reports the following major governmental funds:

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

American Rescue Plan Act Special Revenue Fund. This fund accounts for the transactions related to the American Rescue Plan Funds.

The City reports the following non-major governmental fund:

Parks and Recreation Capital Projects Fund. This fund is used to account for funds to be used for the construction of a city park.

The City reports the following major enterprise fund:

Sewer Fund. This fund is used to account for the City's sewer operations. A sewer capital projects fund has been consolidated into the sewer fund for financial reporting purposes. The budgetary comparison for the sewer capital projects fund has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City 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 City 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.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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

Sales taxes and certain intergovernmental revenues, such as the utilities sales tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Trinity because the tax is levied by Randolph 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 City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general fund, parks and recreation fund and the sewer fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the ARPA Special revenue fund and the sewer capital projects fund. The enterprise fund project is consolidated with its respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City 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 City's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

City of Trinity Restricted Cash

Governmental Activities		
General Fund	Streets	\$ 637,191
ARPA Special Revenue Fund	Unassigned proceeds	1,052,658
Total governmental activities		<u>\$ 1,689,849</u>
Business-type Activities		
Water and Sewer Fund		-
Total Business-type Activities		<u>-</u>
Total Restricted Cash		<u><u>\$ 1,689,849</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City 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. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's general fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Minimum capitalization costs are as follows:

Asset Class	Cost
Land	\$ 1
Sewer easements, lines and improvements	1
General buildings and improvements	2,500
Computers and equipment	1,500
Furnishings and vehicles	2,000
Sewer buildings and equipment	5,000
Streets and infrastructure	20,000

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. 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.

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

Asset Class	Estimated Useful Lives
Sewer easements, lines and improvements	40
General buildings and improvements	30
Computers and equipment	4
Furnishings and vehicles	10
Sewer buildings and equipment	40
Streets and infrastructure	40

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, pension deferrals in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for this category - property taxes receivable and pension deferrals.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the City provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the City's government-wide fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City 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 City'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 City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$2,105,315 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,052,658 was received in July 2021. The second installment will be received in July 2022. The City of Trinity city council has elected to use \$10,400 of the ARPA funds for premium pay and \$2,094,915 of the funds for a sewer capital project. The City plans on using all of the funds in Fiscal Year 2023. The funds will be transferred to the appropriate funds once the intended use of the funds is determined.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of three 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:

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

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

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

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for economic development. This amount represents the balance of the total unexpended revitalization grant proceeds.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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

Committed for Parks and Recreation – portion of fund balance that has been budgeted by the Board for parks and recreation.

Committed for American Rescue Plan Act Special Revenue Fund – This grant project ordinance accounts for the funds received under the American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds.

Assigned fund balance – portion of fund balance that City of Trinity intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

12. Defined Benefit Cost-Sharing Plans

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

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the unit's name. 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 City, these deposits are considered to be held by the City's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. 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 City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the City's deposits had a carrying amount of \$10,265,222 and a bank balance of \$10,316,650. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the City's petty cash fund totaled \$125.

2. Investments

At June 30, 2022, the City of Trinity had \$1,641,899 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The City has no policy regarding credit risk.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 680,672	\$ -	\$ -	\$ 680,672
Construction in progress	13,665	-	-	13,665
Total capital assets not being depreciated	694,337	-	-	694,337
Capital assets being depreciated:				
Buildings and improvements	1,308,854	-	-	1,308,854
Land improvements	65,698	-	-	65,698
Furniture and equipment	371,895	-	-	371,895
Vehicles	97,499	-	-	97,499
Infrastructure	1,448,895	-	-	1,448,895
Total capital assets being depreciated	3,292,841	-	-	3,292,841
Less accumulated depreciation for:				
Buildings and improvements	311,960	40,669	-	352,629
Land improvements	7,152	1,642	-	8,794
Furniture and equipment	284,639	29,849	-	314,488
Vehicles	62,375	6,841	-	69,216
Infrastructure	373,880	36,223	-	410,103
Total accumulated depreciation	1,040,006	115,224	-	1,155,230
Total capital assets being depreciated, net	2,252,835			2,137,611
Governmental activity capital assets, net	<u>\$ 2,947,172</u>			<u>\$ 2,831,948</u>

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

General government	\$ 79,002
Public Works	36,222
Total depreciation expense	<u>\$ 115,224</u>

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 14,186	\$ -	\$ -	\$ 14,186
Construction in progress	85,358	293,715	-	379,073
Total capital assets not being depreciated	99,544	293,715	-	393,259
Capital assets being depreciated:				
Sewer system	30,799,951	-	-	30,799,951
Buildings	4,367	-	-	4,367
Equipment	117,980	-	-	117,980
Vehicles	31,057	-	-	31,057
Total capital assets being depreciated	30,953,355	-	-	30,953,355
Less accumulated depreciation for:				
Sewer system	7,498,561	769,999	-	8,268,560
Buildings	729	146	-	875
Equipment	102,172	7,984	-	110,156
Vehicles	17,714	1,833	-	19,547
Total accumulated depreciation	7,619,176	779,962	-	8,399,138
Total capital assets being depreciated, net	23,334,179			22,554,217
Sewer Fund capital assets, net	\$ 23,433,723			\$ 22,947,476

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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. City of Trinity employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Trinity's contractually required contribution rate for the year ended June 30, 2022, was 11.35% for general employees, 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 City of Trinity were \$42,813 for the year ended June 30, 2022.

Refunds of Contributions – City 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.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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

At June 30, 2022, the City reported a liability of \$72,692 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2021, the City's proportion was 0.00474%, which was an increase of 0.00050% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$33,820. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,126	\$ -
Changes of assumptions	45,669	-
Net difference between projected and actual earnings on pension plan investments	-	103,856
Changes in proportion and differences between City contributions and proportionate share of contributions	12,736	7,233
City contributions subsequent to the measurement date	42,813	-
Total	<u>\$ 124,344</u>	<u>\$ 111,089</u>

\$42,813 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 7,778
2024	(700)
2025	(4,855)
2026	(31,780)
2027	-
Thereafter	-

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions. The total pension liability in the December 31, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the 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, 2017 are summarized in the following table:

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 2.50%. All rates of return and inflation are annualized.

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 City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City'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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 282,186	\$ 72,692	\$ (99,709)

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

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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

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

	LGERS	Total
Pension Expense	\$ 33,820	\$ 33,820
Pension Liability	72,692	72,692
Proportionate share of the net pension liability	0.00474%	
Deferred of Outflows of Resources		
Differences between expected and actual experience	23,126	23,126
Changes of assumptions	45,669	45,669
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,736	12,736
Benefit payments and administrative costs paid subsequent to the measurement date	42,813	42,813
Deferred of Inflows of Resources		
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	103,856	103,856
Changes in proportion and differences between contributions and proportionate share of contributions	7,233	7,233

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

2. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 42,813
Differences between expected and actual experience	23,126
Changes of assumptions	45,669
Net difference between projected and actual	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,736
Total	<u>\$ 124,344</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 14,212
Differences between expected and actual experience	103,856	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,233	-
Total	<u>\$ 111,089</u>	<u>\$ 14,212</u>

3. Risk Management

The City 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 City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

The City 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 City is eligible to and has purchased limited commercial flood insurance for \$5,000,000 of maximum coverage.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$125,000.

4. Commitments

The City has entered into an agreement with the City of Thomasville which operates their wastewater system to pay for the cost of a wastewater treatment plant upgrade. The City of Trinity's payment (which is approximately 29.3% of the total debt service cost) began in May 2009 and will be approximately \$500,000 annually for 20 years. Total payments to the City of Thomasville for the year were \$498,168.

The City has entered into an agreement for solid waste collection expiring in December 2025 for approximately \$335,000 per year.

5. Long-Term Obligations

a. Sewer AARA Note Payable

In November 2009, the City issued a \$2,403,400 promissory note to the Clean Water Revolving Fund as part of the American Recovery and Reinvestment Act of 2009 (AARA) to help with construction of its sanitary sewer project. As part of the AARA, the unpaid principal (total of \$2,102,823) was immediately reduced at the completion of the project by one-half of the loan amount. The amount of principal forgiveness was \$1,051,412 bringing the unpaid amount of the note to \$1,051,411. Interest accrues at the rate of 0% on the unpaid principal. The principal is being repaid in 20 annual installments of \$52,571 beginning May 1, 2012. \$473,132

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

Year Ending June 30	Principal	Interest
2023	\$ 52,571	\$ -
2024	52,571	-
2025	52,571	-
2026	52,571	-
2027	52,571	-
2028-2031	210,277	-
Total	<u>\$ 473,132</u>	<u>\$ -</u>

b. General Obligation Indebtedness

\$14,877,000 of the City's general obligation bonds have been issued to finance the construction of the sewer system and will be retired by its resources and will be reported as long-term debt in the sewer fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest payments will be appropriated when due.

General Obligation Bonds outstanding at June 30, 2022

\$1,824,000 2008 USDA Sanitary Sewer Bond issued April 21, 2008, and due in annual installments plus interest at 4.375%.

\$1,468,000

Year Ending June 30	Principal	Interest
2023	\$ 36,000	\$ 64,225
2024	38,000	62,650
2025	40,000	60,988
2026	41,000	59,238
2027	43,000	57,444
2028-2032	245,000	257,250
2033-2037	304,000	198,713
2038-2042	376,000	126,219
2043-2047	345,000	38,717
Total	<u>\$ 1,468,000</u>	<u>\$ 925,444</u>

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

\$5,000,000 2010 USDA Sanitary Sewer Bond issued February 22, 2010, and due in annual installments plus interest at 4.00%.

\$3,351,919

Year Ending June 30	Principal	Interest
2023	\$ 90,000	\$ 168,440
2024	94,000	164,840
2025	97,000	161,080
2026	101,000	157,200
2027	105,000	153,160
2028-2032	594,000	699,080
2033-2037	722,000	382,999
2038-2042	878,000	-
2043-2046	670,919	-
Total	<u>\$ 3,351,919</u>	<u>\$ 1,886,799</u>

\$4,953,000 Sanitary Sewer Bond, Series 2013 issued March 25, 2013, and due in annual installments plus interest at 3.125%.

\$4,027,609

Year Ending June 30	Principal	Interest
2023	\$ 90,000	\$ 135,219
2024	92,000	132,406
2025	95,000	129,531
2026	98,000	126,563
2027	101,000	123,500
2028-2032	556,000	568,063
2033-2037	650,000	475,469
2038-2042	757,000	367,438
2043-2047	882,000	58,988
2048-2051	706,609	-
Total	<u>\$ 4,027,609</u>	<u>\$ 2,117,177</u>

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

\$3,100,000 2014 USDA Sanitary Sewer Bond issued October 20, 2014, and due in annual installments plus interest at 3.50%.

\$2,651,565

Year Ending June 30	Principal	Interest
2023	\$ 50,000	\$ 99,225
2024	52,000	97,475
2025	53,000	95,655
2026	55,000	93,800
2027	57,000	91,875
2028-2032	317,000	428,015
2033-2037	377,000	368,480
2038-2042	446,000	297,850
2043-2047	531,000	138,618
2048-2052	631,000	-
2053	82,565	-
Total	<u>\$ 2,651,565</u>	<u>\$ 1,710,993</u>

c. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the general fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Compensated absences	\$ 36,549	\$ -	\$ 15,610	\$ 20,939	\$ 20,939
Net pension liability (LGRS)	120,180	-	69,528	50,652	-
Governmental activity long-term liabilities	<u>\$ 156,729</u>	<u>\$ -</u>	<u>\$ 85,138</u>	<u>\$ 71,591</u>	<u>\$ 20,939</u>
Business-type activities:					
General obligation bond - USDA 2008	\$ 1,503,000	\$ -	\$ 35,000	\$ 1,468,000	\$ 36,000
General obligation bond - USDA 2010	3,438,919	-	87,000	3,351,919	90,000
General obligation bond - Series 2013	4,114,609	-	87,000	4,027,609	90,000
General obligation bond - USDA 2014	2,699,565	-	48,000	2,651,565	50,000
Sewer AARA note payable	525,703	-	52,571	473,132	52,571
Net pension liability (LGRS)	31,333	-	9,293	22,040	-
Business-type activity long-term liabilities	<u>\$ 12,313,129</u>	<u>\$ -</u>	<u>\$ 318,864</u>	<u>\$ 11,994,265</u>	<u>\$ 318,571</u>

At June 30, 2022, the City of Trinity had a legal debt margin of \$53,349,668.

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2022, consist of the following:

Due to the general fund for expenditures paid on behalf of the sewer fund	\$ 1,149,909
Due to the general fund for expenditures paid on behalf of the Parks and Recreation Fund	(46,989)
Due from the Parks and Recreation Fund for expenditures paid by the general fund	46,989
Total	<u>\$ 1,149,909</u>

Transfers to/from other funds at June 30, 2022, consist of the following:

From the General Fund to the Sewer Fund for operating expenditures	<u>\$ 1,377,413</u>
Total	<u><u>\$ 1,377,413</u></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.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 2,831,948	\$ 22,947,476
less: long-term debt	-	11,972,225
Net investment in capital asset	<u>\$ 2,831,948</u>	<u>\$ 10,975,251</u>

City of Trinity, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

E. 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	\$ 10,878,633
Less:	
Stabilization by State Statute	2,290,638
Streets - Powell Bill	637,191
Appropriated Fund Balance in 2022/2023 Budget	450,180
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	7,500,624

III. Jointly Governed Organization

The City, in conjunction with twelve counties and sixty-one other municipalities, participates in the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. The City paid membership fees of \$1,391 to the Council during the fiscal year ended June 30, 2022.

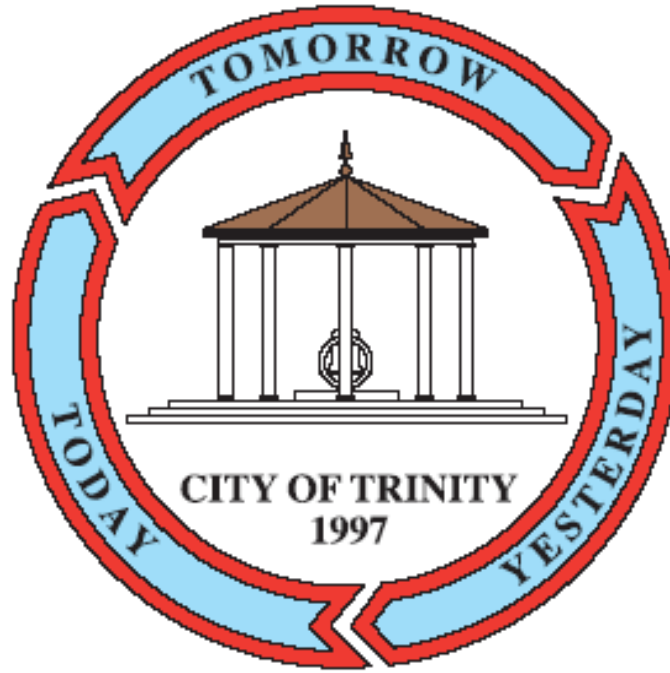
IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City 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 moneys.

V. Subsequent Events

Subsequent events have been evaluated through November 18, 2022, which is the date the financial statements were available to be issued.



**REQUIRED
SUPPLEMENTAL
FINANCIAL DATA**

City of Trinity, North Carolina
City of Trinity's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years *

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trinity's proportion of the net pension liability (asset) (%)	0.00474%	0.00424%	0.00533%	0.00440%	0.00516%	0.00439%	0.00320%	0.00410%	0.00330%
Trinity's proportion of the net pension liability (asset) (\$)	\$ 72,692	\$ 151,513	\$ 145,558	\$ 104,383	\$ 78,831	\$ 93,171	\$ 14,361	\$ (24,180)	\$ 39,778
Trinity's covered payroll	\$ 346,433	\$ 373,473	\$ 354,525	\$ 345,793	\$ 344,967	\$ 299,753	\$ 226,148	\$ 281,949	\$ 275,839
Trinity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.98%	40.57%	41.06%	30.19%	22.85%	31.08%	6.35%	(8.58%)	14.42%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

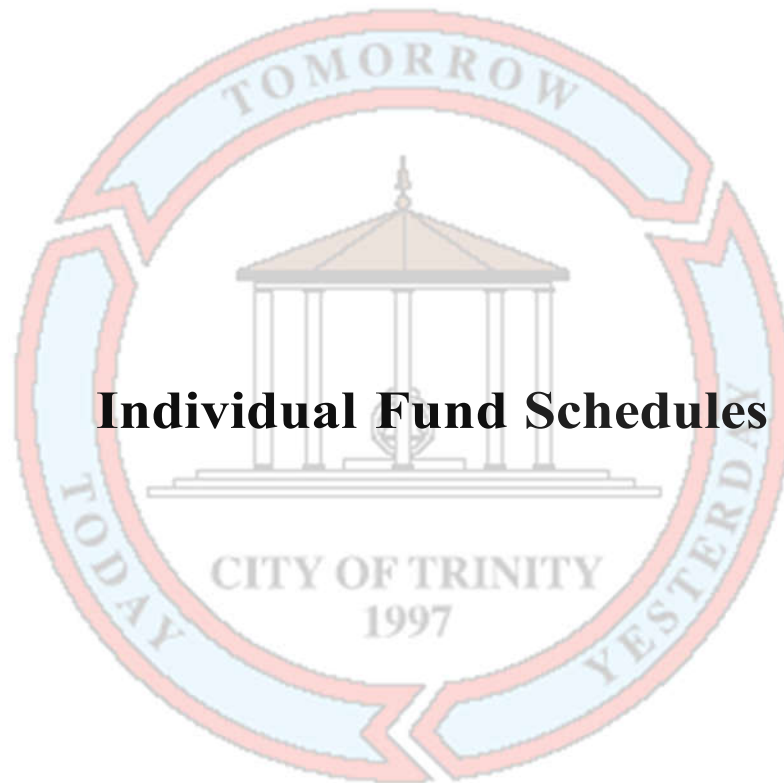
* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

City of Trinity, North Carolina
City of Trinity's Contributions
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 42,813	\$ 35,519	\$ 32,220	\$ 27,411	\$ 25,935	\$ 24,399	\$ 18,909	\$ 15,989	\$ 19,758
Contributions in relation to the contractually required contribution	42,813	35,519	32,220	27,411	25,935	24,399	18,909	15,989	19,758
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Trinity's covered-employee payroll	\$ 412,006	\$ 346,433	\$ 373,473	\$ 354,525	\$ 345,793	\$ 344,967	\$ 299,753	\$ 226,148	\$ 281,949
Contributions as a percentage of covered-employee payroll	10.39%	10.25%	8.63%	7.73%	7.50%	7.07%	6.31%	7.07%	7.01%



Individual Fund Schedules

City of Trinity, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 673,917	\$
Penalties and interest		2,870	
Total	626,200	676,787	50,587
Other taxes and licenses:			
Permits and fees		40,380	
Total	17,000	40,380	23,380
Unrestricted intergovernmental:			
Local option sales taxes		2,285,594	
Beer and wine tax		27,841	
Telecommunications sales tax		12,887	
Utility sales tax		254,978	
Video franchise fee		40,106	
Total	2,130,710	2,621,406	490,696
Restricted intergovernmental:			
Powell Bill allocation		175,976	
Powell Bill assessment revenue		4,004	
Building reuse grant		100,000	
Solid waste disposal tax		5,289	
Total	213,198	285,269	72,071
Sales and services:			
Solid waste fees		504,255	
Total	485,000	504,255	19,255
Investment earnings	2,500	3,537	1,037
Miscellaneous:			
Other		5,011	
Total	100	5,011	4,911
Total revenues	3,474,708	4,136,645	661,937
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		11,303	
Professional services		12,805	
Travel and training		370	
Dues and subscription		8,309	
Insurance		4,265	
Contributions and donations		819	
Elections		2,133	
Materials and supplies		974	
Total	55,500	40,978	14,522

cont.

City of Trinity, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		342,353	
Professional services		13,399	
Supplies and materials		28,045	
Telephone and postage		15,136	
Information technology		41,327	
Utilities		17,846	
Travel and training		4,858	
Leases		11,580	
Newsletter		5,096	
Dues and subscription		926	
Insurance		14,328	
Capital outlay		-	
Total	534,515	494,894	39,621
Governmental buildings:			
Supplies		612	
Professional services		23,773	
Miscellaneous		4,792	
Capital outlay		-	
Total	48,770	29,177	19,593
Finance:			
Professional services		24,290	
Supplies and materials		29	
Tax collection fees		8,406	
Total	40,390	32,725	7,665
Planning and zoning:			
Salaries and employee benefits		45,891	
Supplies		1,128	
Professional services		64,762	
Travel and training		-	
Leases		5,566	
Advertising		617	
Capital outlay		-	
Total	131,870	117,964	13,906
Total general government	811,045	715,738	95,307
Public safety:			
Police and animal control:			
Contract services		161,196	
Total	161,196	161,196	-
Fire inspection:			
Contract services		10,120	
Total	10,120	10,120	-
Total public safety	171,316	171,316	-

cont.

City of Trinity, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Public works:			
Streets			
Salaries and employee benefits		1,477	
Professional services		16,398	
Supplies and materials		273,407	
Capital outlay		-	
Total	340,128	291,282	48,846
Stormwater			
Salaries and employee benefits		34,335	
Supplies and materials		-	
Professional services		24,023	
Contract services		16,721	
Travel and training		350	
Total	92,528	75,429	17,099
Sanitation			
Billing fees		35,184	
Tipping fees		114,872	
Contract services		354,888	
Supplies and materials		1,941	
Total	528,700	506,885	21,815
Total public works	961,356	873,596	87,760
Economic development	111,000	111,000	-
Special appropriations			
Library contributions		5,000	
Archdale/Trinity Chamber		5,000	
RC Seniors		10,126	
Total special appropriations	71,583	20,126	51,457
Total expenditures	2,126,300	1,891,776	234,524
Revenues over (under) expenditures	1,348,408	2,244,869	896,461
Other financing sources (uses):			
Transfers from other funds:			
Parks and Recreation fund	-	-	-
Transfers to other funds:			
Parks and Recreation fund	-	-	-
Sewer Capital Projects fund	-	-	-
Sewer fund	(1,377,413)	(1,377,413)	-
Total other financing uses	(1,377,413)	(1,377,413)	-
Fund balance appropriated	29,005	-	(29,005)
Net change in fund balance	\$ -	867,456	\$ 867,456
Fund balances, beginning		10,011,177	
Fund balances, ending		<u>\$ 10,878,633</u>	

City of Trinity, North Carolina
American Rescue Plan Act Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
American Rescue Plan Act funds	\$ 2,105,315	\$ -	\$ -	\$ -	\$ (2,105,315)
Investment earnings	-	-	148	148	148
Total revenues	<u>2,105,315</u>	<u>-</u>	<u>148</u>	<u>148</u>	<u>(2,105,167)</u>
Expenditures:					
Unassigned ARPA funding	<u>2,105,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,105,315</u>
Total expenditures	<u>2,105,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,105,315</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>	<u>148</u>
Other financing sources (uses):					
Transfers to other funds:					
General Fund	-	-	-	-	-
Sewer Capital Project Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>148</u>	<u>\$ 148</u>	<u>\$ 148</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 148</u>		

City of Trinity, North Carolina
Balance Sheet
Non-Major Governmental Fund
June 30, 2022

	Parks and Recreation Fund	Total Non-Major Governmental Fund
Assets		
Cash and cash equivalents	\$ 121,757	\$ 121,757
Due from other funds	-	-
Total assets	<u>\$ 121,757</u>	<u>\$ 121,757</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	46,989	46,989
Total liabilities	<u>46,989</u>	<u>46,989</u>
Fund balances:		
Committed for Parks and Recreation	74,768	74,768
Total liabilities and fund balances	<u>\$ 121,757</u>	<u>\$ 121,757</u>

City of Trinity, North Carolina
Parks and Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Non-Major Governmental Fund
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Open space fees	\$ -	\$ -	\$ -
Rental income	3,300	3,300	-
Investment earnings	100	204	104
Total revenues	<u>3,400</u>	<u>3,504</u>	<u>104</u>
Expenditures:			
Capital outlay	-	-	-
Other operating expenditures	3,400	1,701	1,699
Total expenditures	<u>3,400</u>	<u>1,701</u>	<u>1,699</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,803</u>	<u>1,803</u>
Other financing sources (uses):			
Transfer from other funds:			
General Fund	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>1,803</u>	<u>\$ 1,803</u>
Fund balance, beginning		72,965	
Fund balance, ending		<u>\$ 74,768</u>	

City of Trinity, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services		\$ 945,266	
Tap fees		192,351	
Total	\$ 1,015,000	1,137,617	\$ 122,617
Nonoperating revenues:			
Interest	275	1,119	844
Total revenues	1,015,275	1,138,736	123,461
Expenditures:			
Other operating expenditures	1,728,560	1,328,506	400,054
Capital Outlay	84,354	-	84,354
	1,812,914	1,328,506	484,408
Debt service:			
Interest and other charges	476,520	426,379	50,141
Principal retirement	309,571	309,571	-
Total Debt service	786,091	735,950	50,141
Total Expenditures	2,599,005	2,064,456	534,549
Revenues over (under) expenditures	(1,583,730)	(925,720)	658,010
Other financing sources (uses):			
Transfers to other funds:			
Sewer capital projects fund	-	-	-
Transfers from other funds:			
General Fund	1,377,413	1,377,413	-
Total other financing sources (uses)	1,377,413	1,377,413	-
Fund balance appropriated	206,317	-	(206,317)
Revenues and other sources over (under) expenditures and other uses	\$ -	451,693	\$ 451,693
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		-	
Increase in deferred outflows of resources - pensions		18,225	
Decrease in net pension liability		9,293	
Increase in deferred inflows of resources- pensions		(31,388)	
Principal retirement		309,571	
Depreciation		(779,962)	
Capital Contributions		301,608	
Total reconciling items		(172,653)	
Change in net position		\$ 279,040	

City of Trinity, North Carolina
Sewer Capital Projects Fund - Steeplegate Lift Station
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Year Ended June 30, 2022

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues - Sewer Project:					
Restricted intergovernmental:					
ARPA - Coronavirus State and Local Fiscal Recovery Funds	\$ 1,930,000	\$ -	\$ -	\$ -	\$ (1,930,000)
ARPA - State Fiscal Recovery Funds	5,994,000	55,989	293,715	349,704	(5,644,296)
Total restricted intergovernmental revenues	7,924,000	55,989	293,715	349,704	(7,574,296)
Expenditures:					
Steeplegate Lift Station					
Construction	7,747,575	-	15,492	15,492	7,732,083
Technical and engineering	454,525	55,989	274,843	330,832	123,693
Administration	308,475	-	3,380	3,380	305,095
Construction contingency	713,425	-	-	-	713,425
Total	9,224,000	55,989	293,715	349,704	8,874,296
Total expenditures	9,224,000	55,989	293,715	349,704	8,874,296
Excess of revenues over (under) expenditures	(1,300,000)	-	-	-	1,300,000
Other financing sources :					
Transfers from other funds:					
From Sewer Fund	-	-	-	-	-
State Revolving Loan	1,300,000	-	-	-	(1,300,000)
Total other sources	1,300,000	-	-	-	(1,300,000)
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -



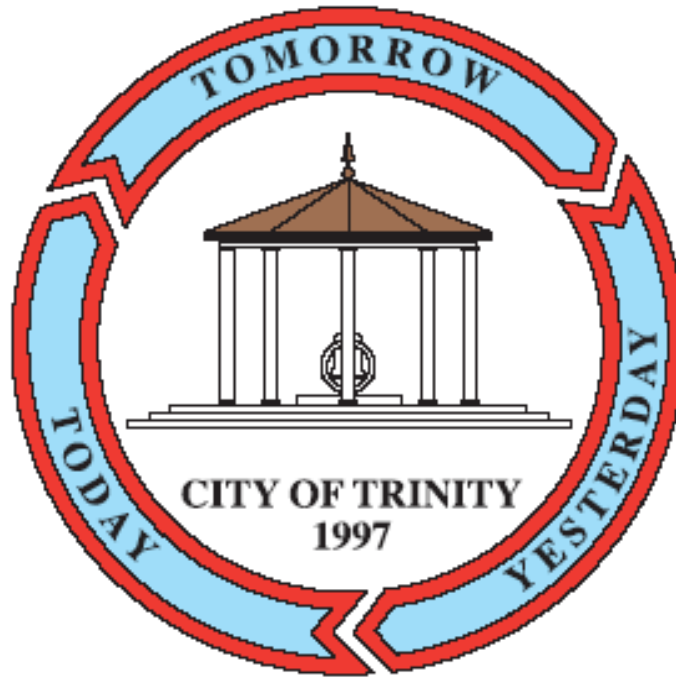
Other Schedules

City of Trinity, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 672,785	\$ 668,139	\$ 4,646
2020-2021	4,337		2,348	1,989
2019-2020	2,383		909	1,474
2018-2019	1,458		527	931
2017-2018	941		83	858
2016-2017	1,025		120	905
2015-2016	787		202	585
2014-2015	699		212	487
2013-2014	1,358		236	1,122
2012-2013	1,421		206	1,215
2011-2012	1,127		1,127	-
	<u>15,536</u>	<u>672,785</u>	<u>674,109</u>	<u>14,212</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 14,212</u>
<u>Reconcilement to revenues:</u>				
Ad valorem taxes - General Fund				\$ 676,787
Reconciling items:				
Penalties and interest collected				(2,870)
Taxes written off				1,127
Adjustments				(935)
Subtotal				<u>(2,678)</u>
Total collections and credits				<u>\$ 674,109</u>

City of Trinity, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
June 30, 2022

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 681,042,000	.10	\$ 681,042	\$ 596,809	\$ 84,233
Discoveries - current and prior years	-	.10	-	-	-
Releases	(8,257,000)		(8,257)	(8,257)	-
Total property valuation	<u>\$ 672,785,000</u>				
Net levy			672,785	588,552	84,233
Unpaid (by taxpayer) taxes at June 30, 2022			<u>(4,646)</u>	<u>(4,646)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 668,139</u>	<u>\$ 583,906</u>	<u>\$ 84,233</u>
Current levy collection percentage			<u>99.31%</u>	<u>99.21%</u>	<u>100.00%</u>



COMPLIANCE SECTION

**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 Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Trinity, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinity, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the City of Trinity's basic financial statements, and have issued our report thereon dated November 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Trinity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Trinity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Trinity'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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Winston-Salem, North Carolina
November 18, 2022