

**TOWN OF TRYON
BOARD OF COMMISSIONERS
FEBRUARY 19, 2015 10:00 A.M.
TRYON FIRE STATION**

Present: Mayor Jim Wright, Mayor Pro Tempore Roy Miller

Commissioners: George Baker, Bill Ingham

Absent: Commissioner Happy McLeod

Staff Present: Town Manager Joey Davis

Town Clerk Susan Bell

Chief of Police Jeff Arrowood

Town Attorney Bailey Nager

CALL TO ORDER

Mayor Wright called the meeting to order. Mayor Pro Tem Miller led the invocation. Howard Greene led the Pledge of Allegiance.

PROCLAMATION FOR JOHN VINING

Mayor Wright then presented John Vining with a Proclamation thanking him for his service to Tryon and Polk County. Mr. Vining retired October 31, 2014 from Polk County Extension Office Director after 32.5 years.

AGENDA ADOPTION

Town Manager Davis wanted to add item 10a. Resolution for South Mountains Regional Hazard Mitigation Plan and item 10b. Street closure for Super Saturday, March 21. Mayor Wright entertained a motion to adopt the amended agenda. Commissioner Ingham so moved. The motion carried unanimously.

CONSENT AGENDA

Commissioner Baker had several clerical errors in the minutes. Mayor Wright entertained a motion to adopt the Consent Agenda with corrections to the minutes, tax releases (Elaine Murray \$298.66, William Moxley \$29.75, David Condon \$8.35, \$2.16, \$2.16, Charles Ducharm \$17.07, Nextel/Spring \$2.17, topnotch Hard Surface Cleaning \$28.09 and U SAVE IT PHARMACY \$21.02, \$2.21), and the 2014 Tax Advertisement. Commissioner Baker so moved. The motion carried unanimously.

FY 06/30/14 AUDIT PRESENTATION

Town Manager Davis introduced Terry Anderson with Carland & Anderson, Inc. the auditor's for this year. Mr. Andersen then gave the following report.

He thanked the Board for the opportunity to provide audit services to the Town of Tryon and to review his firm's audit of the Town of Tryon's financial records for the 2013-2014 fiscal year.

The report begins on Page 1 with my firm's letter to the Mayor and Town Council. This states our opinion, formed at the conclusion of our audit, that the financial statements contained in this report are a fair and accurate representation of the Town's financial position as of June 30, 2014 and the results of its operations for the year ended.

Following the opinion letter, beginning on Page 4 is Management's Discussion and Analysis, providing additional details and explanations of the financial information included in this report.

The Basic Financial Statements that follow these two letters include all of the required statements for the funds and activities of the Town of Tryon presented in the format required by Governmental Accounting Standards. These statements begin on page 14 with Exhibit 1.

I would like to focus this discussion beginning with Exhibit 3 on page 18. This exhibit presents a "snapshot" or reflection of the Town of Tryon's financial position as of June 30th for the governmental funds, which include the General Fund, the Fire Department Fund, and the Harmon Field Fund. This statement details the assets and liabilities as well as the fund balance or equity position for the governmental funds of the Town. To provide you with some comparative information to the June 2013 year, the total assets of the combined funds increased by more than \$150.2 thousand from 2013 to 2014 with the increase being primarily attributable to cash. Liabilities are more than the previous year, reflecting an increase of \$35.3 thousand. The end result is that the combined fund balance is approximately \$123.6 thousand more than at June 2013.

As you are aware, in the past the Local Government Commission has issued comments concerning the available amounts of fund balance that the Town holds for future operations. A good indicator of the financial stability of a governmental entity, is to look at the breakdown of the fund balance at the end of the year in comparison to total expenditures in that fund for the year. Some of the inter-fund activity in these financial statements has been restated, from the way it is budgeted, to reflect a more accurate accounting of each fund's expenditures. In the General Fund, the Town's total fund balance is \$1.039 million of which \$499.7 thousand is reserved and the remaining \$539.6 thousand is unassigned. This unassigned amount is the equivalent of approximately 40.2% of the total General Fund expenditures for the year and reflects an increase of \$162.5 thousand compared to June 30, 2013. Without the reallocation of the inter-fund expenditures in previous years this percentage has been in the 20% to 25% range, a level that causes the Local Government Commission to be concerned.

Exhibit 4 on page 20 of the report summarizes revenues and expenditures for the governmental funds. Revenues in the General Fund increased by approximately \$53.2 thousand compared to the prior year, primarily with ad valorem tax revenue. Ad valorem taxes make up 61.2% of total revenue for the General Fund and intergovernmental revenues make up 35.5% of the total. The Fire Department Fund revenue is greater due to an increase in ad valorem tax revenue in comparison to the previous year. The revenue in the Harmon Field Fund remained relatively consistent with the previous year.

On the expenditure side the total for the governmental funds for the June 2014 year is about \$303.1 thousand less than in the 2012-2013 year, primarily due to the change noted in the presentation of the inter-fund transfers. General Fund expenditures reflect a decrease of more than \$336 thousand, the Fire Department Fund an increase of \$18.5 thousand, and the Harmon Field Fund an increase of \$14.6 thousand in comparison to the previous year. Overall the governmental funds report a \$123.6 thousand increase to fund balance, with a \$137.3 thousand increase in the General Fund, a \$16.1 thousand decrease in the Fire Department Fund, and a \$2.4 thousand increase in the Harmon Field Fund.

One area of concern is the continuing deficit fund balance reported in the Fire Department Fund.

Exhibit 5 on page 22 presents the General Fund, Fire Department Fund, and the Harmon Field Fund, revenues and expenditures compared to the original and final budgets.

Overall, these funds performed over budget on revenues and under budget on expenditures. There are still some improvements that can be made in the Town's budget administration as far as validating that spending is not more than has been appropriated.

Exhibits 6, 7, and 8 beginning on page 24 present information for the Water and Sewer Fund and the Sanitation Fund. These funds are proprietary or enterprise funds, reported on the full accrual basis of accounting, and are presented separately from the governmental funds since these funds are financed in whole or in part by user fees. The Water and Sewer Fund reflects a positive change in net position of \$354 thousand while the Sanitation Fund reports an increase in its' net position of \$12.5 thousand.

Following the exhibits, beginning on page 29 are the Notes to the Financial Statements which provide additional narrative information related to the Town's operations and provides supplementary information to support the financial statements and schedules.

On pages 72 and 73 are schedules detailing the Town's taxes receivable as well as an analysis of the current year tax levy and collection percentages. The Town's total property valuation increased by a little more than \$3 million from the prior year. The overall collection percentage remained constant at 96.99% compared to 96.19% for the previous year. The current collection percentage for property was 96.83% and for vehicles the amount was 98.58%.

Exhibits 1 and 2 beginning on pages 14 and 15 are the statements specifically required by Governmental Accounting Standards. Exhibit 1 is the Statement of Net Assets which is the full accrual version of the Balance Sheet presented in Exhibit 3. Under the modified accrual method, what is generally shown are only those assets and liabilities that are considered current, those that can be realized or will become due within the next year.

Under the full accrual method shown in Exhibit 1 all of the assets and all of the liabilities of the Town, whether short-term or long-term, are presented. Under the full accrual method in Exhibit 1, the principal difference is that all of the capital assets are reported which causes total assets and the net assets to be significantly higher than amounts reported in Exhibit 3.

Exhibit 2 on pages 16 and 17, titled the Statement of Activities, is a full accrual equivalent to the Statement of Revenues, Expenditures, and Changes in Fund Balance that is presented in Exhibit 4. In this statement the full accrual change in net assets is a positive amount as is the net change in fund balance as presented in Exhibit 4.

In our letter to the Mayor and Town Council we mentioned areas that the Town needs to improve upon with financial reporting, regular reconciliations of accounting records, and with budget administration so that both Council and Town management can be assured that the financial information presented is a fair presentation of the Town's financial standing at all times.

On behalf of my firm, I would like to thank you for the opportunity to provide our services to the Town and I would like to express my thanks to the Town's management and staff for their expertise and cooperation.

Commissioner Baker asked about the deficit in the Fire Department. Town Manager Davis stated that he didn't think the budget amendments were entered and some of his grants were not recorded. Baker asked when the last payment to the Fire Department was made from General Fund. Davis stated two years ago.

Mayor Wright entertained a motion to adopt the financial statements for FY 06/30/14. Commissioner Ingham so moved. The motion carried unanimously.

AMENDMENT TO THE TOURISM AUTHORITY BYLAWS

Town Manager Davis stated that the Tourism Board would like to change their meetings to bi-monthly instead of biweekly. Mayor Wright entertained a motion to approve the amendment to the bylaws changing their meetings to bi-monthly. Commissioner Baker so moved. The motion carried unanimously.

INTERCONNECT LITIGATION SETTLEMENT

Attorney Nager stated that a settlement has been reached with the interconnect litigation. The terms are that the engineer will pay \$300,000 to the towns. Nager wanted the Board to be aware that the Town of Columbus will agree to the terms, but will not put any more money into the repairs. Mayor Pro Tem Miller asked if the \$300,000 included attorney fees. Nager stated that you could use it to offset the attorney fees. He then stated that the towns are going to have to get together to decide who can do the repairs and who will be the engineer. There is also a non-disparaging clause (meaning no one can say anything bad about Mr. Wood).

Mayor Wright entertained a motion to accept the interconnect settlement. Mayor Pro Tem Miller so moved. The motion carried unanimously.

ABC BUILDING DISCUSSION

Commissioner Baker stated that the ABC Board would like to purchase the building that they are in for a mortgage payment of \$1,100 a month. They are currently paying \$1,000 a month for rent. There are two other entities in the building (one empty space and Nana's Kitchen). The problem is that the ABC Board can't collect rent. He would like the Board to discuss the

option of purchasing the building. This would give the ABC Store a permanent home. This would also give the town the \$10,000 back that was loaned to the ABC Board. ABC Board member Dennis Durham stated that the owner would be much happier dealing with the Town. Mayor Wright asked how much longer the lease is. Mr. Durham stated one and one half years. The Town owned the building (82 N. Trade St.) that the ABC Store was located in at one time and sold it. Baker stated that the Town was in financial trouble at one time and sold the property.

Mayor Wright asked if there had been an inspection done on the building. Durham stated no. There are some issues, but nothing major. Town Manager Davis will ask Nana's Kitchen on Friday if they are having any issues with the building.

Mayor Wright stated that the Board is having a budget retreat on Saturday and they will discuss this then. All agreed.

APPOINTMENT(S) TO PARKS COMMITTEE

Town Manager Davis stated that John Salmon had filed an application for the Parks Committee. Mayor Wright entertained a motion to appoint John Salmon to the Parks Committee. Commissioner Ingham so moved. The motion carried unanimously.

SOUTH MOUNTAINS REGIONAL HAZARD MITIGATION PLAN RESOLUTION

Town Manager Davis stated that this is an update to the regional hazard mitigation plan that has been worked on by the County Fire Marshal and Tryon's Fire Chief. It is 600 pages long so he didn't include the entire package. Mayor Wright entertained a motion to approve the resolution. Commissioner Baker so moved. The motion carried unanimously.

STREET CLOSURE FOR SUPER SATURDAY MARCH 21, 2015

Town Manager Davis stated that Super Saturday will be March 21, 2015 and they have requested that Melrose Avenue be closed during the event in front of the Tryon Fine Arts Center and the Lanier Library. Mayor Wright entertained a motion to approve the street closure. Commissioner Baker so moved. The motion carried unanimously.

MANAGER'S REPORT

Town Manager Davis reminded everyone of the Budget Retreat this Saturday morning. The Tryon Fire Department Ladies Night Awards Banquet is Tuesday, February 24. TDDA is having a retreat on Friday, February 27 at FENCE. He thanked the Police, Fire, and Public Works for their work done on the recent cleanup during the ice/snow storm. He thanked Kim Pack for cooking for them. He thanked the audience for attending the meeting after rescheduling because of the weather.

Mayor Wright asked if TDDA wanted to meet with them on March 6th. Davis stated yes to give you the results from their retreat.

COUNCIL/MAYOR REPORT

Commissioner Baker stated that he didn't hold his "Corner the Commissioner" this week because of the weather. He thanked employees for their work done during the ice/snow storm. They couldn't do it without them. He is glad the police cameras are in place.

Commissioner Ingham commended PWD Walker and stated we have real people doing great things.

Mayor Pro Tem Miller thanked the crews for work during the ice/snow storm. He asked where things stood on the Howard Street mitigation. Davis stated that would be discussed on Saturday. Miller thanked everyone for coming out this morning.

Mayor Wright stated that he couldn't say anything that hasn't already been said about the crews and their work on the roads during the ice/snow storm. He thanked everyone who turned out this morning.

CITIZEN COMMENTS & RESPONSES

Nowell Guffey stated that the ABC deal sounds like a good deal, but can't see that the building is worth the amount they are asking.

Anne Day thanked the crews for work done during the ice/snow storm.

MOTION TO CONVENE TO CLOSED SESSION

Mayor Wright entertained a motion to convene to closed session for attorney-client privilege pursuant to N.C.G.S. 143-318.1(a)(3) and to approve closes session minutes. Mayor Pro Tem Miller so moved. The motion carried unanimously.

ADJOURN

Commissioner Baker made a motion to adjourn. The motion carried unanimously.

Jim T. Wright, Mayor

Attest:

Susan B. Bell, Town Clerk