



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, 2016 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 begin this presentation with Exhibit 3 on page 18. This exhibit presents a "snapshot" or reflection of the Town of Tryon's financial position as of June 30<sup>th</sup> 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 2015 year, the total assets of the combined funds decreased by \$27.5 thousand from 2015 to 2016 with the decrease being primarily attributable to cash. Liabilities are more than the previous year, reflecting an increase of \$37.4 thousand. The end result is that the combined fund balance is approximately \$64.3 thousand less than at June 2015.

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 amount of unassigned fund balance at the end of the year in comparison to total expenditures in that fund for the year. Some of the inter-fund activities in these financial statements have 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 \$979.4 thousand of which \$769.3 thousand is either restricted or assigned and the remaining \$210.1 thousand is unassigned. This unassigned amount is the equivalent of approximately 13.6% of the total General Fund expenditures for the year and reflects a decrease of \$306.8 thousand compared to the unassigned amount at June 30, 2015. This decrease is due in part to transfers of \$118.6 thousand from the General Fund to the Fire Department to eliminate accumulated deficits in that fund and the appropriation of fund balance in the 2016-2017 budget. Prior to the transfers, the General Fund reported a surplus of \$36.2 thousand.

Exhibit 4 on page 20 of the report summarizes revenues and expenditures for the governmental funds. Revenues in the General Fund decreased by approximately \$204.9 thousand compared to the prior year, primarily with intergovernmental revenues and the Main Street Program grant that was received in the 2014-2015 year. Ad valorem taxes make up 57.6% of total

revenue for the General Fund and intergovernmental revenues make up 38.8% of the total. The Fire Department Fund revenue is more than the previous year due to an increase in ad valorem tax revenue. 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 2016 year is about \$32.8 thousand less than in the 2014-2015 year, primarily due to less capital outlay expenditures in the General Fund. General Fund expenditures reflect a decrease of more than \$112.1 thousand, the Fire Department Fund an increase of \$93.7 thousand, and the Harmon Field Fund a decrease of \$14.3 thousand in comparison to the previous year.

Overall the governmental funds report a \$64.3 thousand decrease to fund balance, with an \$82.4 thousand decrease in the General Fund, an \$8.6 thousand increase in the Fire Department Fund, and a \$9.4 thousand increase in the Harmon Field Fund. As noted earlier, the results of both the General Fund and the Fire Department Fund are due to the \$118.6 thousand transfer from the General Fund to the Fire Department Fund during the 2015-2016 year.

Exhibit 5 on pages 22 through 24 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 and making necessary budget amendments during the course of the fiscal year.

Exhibits 6, 7, and 8 beginning on page 25 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 negative change in net position of \$600 while the Sanitation Fund reports a decrease in its' net position of \$22.2 thousand, resulting in a total negative net position of \$21.8 thousand that will need to be addressed during the current year.

Following the exhibits, beginning on page 30 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 81 and 82 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 decreased by a little more than \$1.5 million from the prior year. The overall collection percentage was 98.2% compared to 98.4% for the previous year. The current collection percentage for real property was 98.1% and for vehicles the amount was 98.2%.

Exhibit 1 on page 14 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 and debt are reported which causes assets, liabilities, 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 and the Proprietary Funds in exhibit 7. In this statement the full accrual change in net assets is a negative amount as is the net change in fund balance as presented in Exhibit 4 and the change in net position in exhibit 7.

In our letter to the Mayor and Town Council we noted areas that we consider to be material weaknesses or significant deficiencies, and we have reviewed these with management. The Town should consider improvements with financial reporting, regular reconciliations of accounting records, stricter controls over the use of the Town's credit cards and charge accounts, and more attention be given to 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.

In addition, we have recommended a change, as we have previously, to the way that operating expenses of the individual funds are budgeted so that the activities reported for each fund are an accurate representation of each fund's financial standing on an ongoing basis. Also as mentioned earlier, the General Fund cannot continue to be relied upon to support the activities of the other funds of the Town. The Fire Department and Sanitation Funds in particular, have been supplemented by the General Fund in the past, and as a result the unassigned fund balance in the General Fund has dropped to a balance of \$210.1 thousand or 13.6% of the annual expenditures in the General Fund. In 2014 this amount stood at 40.2% and in 2015 the amount was 31.1%.

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

## **QUESTIONS**

There were no questions. Mayor Peoples stated that we understand the problem and we have Town Manager Ollis here to fix it.

### **TRACK TRAIL PARTNERSHIP**

Town Manager Ollis stated the Track Trail Partnership is a program that works with the Blue Ridge Parkway Foundation that provides grant funding for parks. He has taken this idea to the Parks Committee and they agree with the idea. You get a passport, hike the different trails and as you complete them you get prizes such as bandanas, a magnifying glass, etc. They are looking at Woodland Park. There is a draft Memorandum of Understanding that needs to be signed and agreed upon. The Foundation will pay \$8,000 and the Town will pay \$400 a year and maintain the facilities. If the board is okay with this he can get started within the month. He would like to get the Elementary School involved.

Commissioner Ingham made a motion to move on with this. The motion carried unanimously.

### **TDDA-APRIL FOOLS DAY ALCOHOL**

Town Manager Ollis stated that Jamie Carpenter is here to ask permission to sell alcohol on the plaza for the April Fools Day event. Ms. Carpenter stated she is looking to sell alcohol to help offset the cost of the event. Commissioner Crowell is helping with the oysters. She also needs help to restring the ties to hang on the street. Marilyn Doheny asked about selling wine. Ms. Carpenter stated no, because the shops can sell wine. Ms. Carpenter stated they will be using beer from the brewery in Columbus.

Mayor Pro Tem Armbrust made a motion to approve TDDA selling alcohol on the plaza at the April Fools Day event. The motion carried unanimously.

### **TDDA FUNDING REQUEST**

Town Manager Ollis stated this is going to be a funding request for TDDA. TDDA was told last year to return to council to ask for additional monies. Ms. Carpenter is here asking for an additional \$7,800 for the remainder of the year. Commissioner Ingham asked if the money was available. Ollis stated there is money built in, in contingency where we can pull this money from. Ingham stated he feels the Town has an obligation to them. Mayor Pro Tem Armbrust stated he is more comfortable with this if we have further discussions and the funding for three months instead of six months. Ingham stated he has no issue with this. Armbrust stated future discussions would be about the benefits to the municipality for the use of these funds. He asked if Ms. Carpenter was agreeable to a work session with Paula and select board members. Ms. Carpenter stated yes.

Mayor Peoples entertained a motion to approve the funds for three months at this time and come back at a later date for discussion. Mayor Pro Tem Armbrust so moved. The motion carried unanimously.

### **MONTHLY PRIORITIZATION UPDATE**

Town Manager Ollis stated he is keeping a running list of items that citizens and councilmen want to see done. The Town has a great public works crew. They have had a number of issues with water and sewer leaks. They are behind on the leaf pickup, but it is not all their fault. There is a lot of work to be done. They have moved the fence at the Depot, finished painting some crosswalks, still have sign straightening all over town, the side arm mower is repaired we just need to get it installed again. They are still trying to find out the contact for the kudzu. Someone mentioned the Nina Simone area, which is being taken care of by one of our great citizens, who has been donating his time for years to keep that area looking

good. We should at least try to help out. There is still the speedbumps that need to be installed at Peake and East Howard Street. The Vaughn Creek Greenway bench work is being coordinated with the High School through John Vining. He is contacting the railroad about the overgrown tracks. He is looking at new street signs and working on a Town cleanup day with staff, council and volunteers. Still working on bicycle racks and still throwing the idea of a Town flag project with the elementary school around. He is not trying to make excuses, they have just had a number of issues this month. Commissioner Ingham asked about Shepherd Street. Ollis stated that will be worked on next week. Mayor Pro Tem Armbrust asked about the sidewalk section on Melrose. Ollis stated he had spoken with the guys and they are also going to work on that as well.

### **TOWN MANAGER'S REPORT**

Town Manager Ollis stated that Travis has outfitted the disc golf at Harmon Field now to be an eighteen hole course. Travis is going to hold a disc golf tournament and there will be an Easter egg hunt. Ms. Carpenter stated they are getting a band to play for the April Fools Day event. They are planning a scavenger hunt with the stores with an April Fools twist for early afternoon on Saturday. TTDA Chairman Cowles stated that their board is in the process of updating the website and making it mobile friendly. They have partnered with TDDA on an ad campaign for spring and summer with local businesses. The board has also been working on something with UGO Tours.

### **COUNCIL/MAYOR REPORT**

Commissioner Ingham thanked everyone for being here tonight and asked Jamie about the first Thursday. Ms. Carpenter stated the businesses are starting to stay open later on the first Thursday of each month. They are hoping to have music and some of the businesses are staying open on Sunday from 1-3. Ingham commended Stott's Ford for their commitment to the Town. They have done a beautiful job with their building.

Commissioner Crowell thanked staff, Ms. Carpenter with TDDA and Ms. Cowles with TTDA for trying to get more people in town and trying to get our retail more healthy. He also thanked everyone for coming out tonight.

Mayor Pro Tem Armbrust thanked everyone for being here. This is a process that requires your input and your comments are appreciated in making decisions. It gives us context to make our decisions. This is the best attempt to make the best decision that we can, given the context of our discussions. He wished you would come to all meetings. This is the place to make your voice known. He commended the downtown for how it is beginning to look. The process has been accomplished by many individuals.

Mayor Peoples stated a couple of new businesses are coming to town over the next four to six weeks. Balsamic Vinagrette is going in where Daniel Dry Goods used to be. He and his wife did a fact finding test recently. They followed Interstate 74 to Wilmington and stopped into as many small towns as possible. He saw towns that were on the edge of being called a ghost town. They visited the most beautiful train station located in a museum but there was no one there. In Burgaw, there were about 30 empty store fronts. He did buy a book. Chairman of the Cemetery Jerry Soderquist stated they are holding a cemetery cleanup on March 11<sup>th</sup> and asked for volunteers to help. They have had about 25 stumps taken out of the cemetery. Mayor Peoples stated he is leaving in a few minutes to go to a legislative meeting to look for money for infrastructure. He is also going to ask about raising funds in

our small towns. Landrum has a hospitality tax and that has to have legislature to back this. Again he reminded everyone that this is the best place he has ever lived.

### **CITIZEN COMMENTS & RESPONSES**

Wim Woody stated he assumes that it is the state guys trimming the sides of the road toward the state line today and if there is anything the town can do to help them continue, he would appreciate it.

Sam Lovelace stated she doesn't understand why Roy Miller is not here and why he is still on the council. He has admitted that he doesn't live in this county or town. The tax office has said that he doesn't live in town. He has committed Social Security fraud, charged and convicted of credit card fraud and his name is still on the board and she would like to understand why. Attorney Nager stated that as a matter of North Carolina law the governing body does not have the ability to remove a commissioner. The board member can remove themselves or being convicted of a felony, he could be removed. Ms. Lovelace stated he was convicted of an EBT case. Mayor Peoples stated the only way to remove a board member is by a recall vote, conviction or resignation. Commissioner Ingham stated there is still an on-going investigation. Marilyn Doheny stated Ms. Lovelace mentioned that he doesn't live in town. Mayor Peoples stated that has not been verified. Ms. Lovelace stated that the tax office knows it and have known it all along. Ingham stated that he knows he is still there, but he may not live there all the time. Mayor Peoples stated you were told there is an investigation going on. Ms. Lovelace asked what can be done to help facilitate this. Mayor Peoples stated nothing.

Warren Carson stated that he was speaking on behalf of the Eastside. At the last meeting, Wanda May gave an option to address the numerous concerns and not to come back to the meeting without some answers. So far they have heard a little on the speedbumps and some on the very dangerous and continual deteriorating Shepherd Street. On February 10<sup>th</sup> he delivered on behalf of the Eastside committee to the Mayor, Commissioners and Town Manager a list of his concerns. He has received no response. He had spoken to Chief Arrowood last week about speeding cars. He had taken Commissioner Ingham on a tour of the Eastside on the 14<sup>th</sup>. These are not frivolous concerns that he brings to you. Dr. Carson stated that neighbors and friends don't ignore each other when in need. Joyce Kimpton stated speeding and inaction doesn't just happen on the Eastside, because it happens on Godshaw Hill also. Drivers speeding, flying over speedbumps, flying through stop signs, continuously. Good luck with the speed bumps, they just bottom out and keep on going. You can't get an officer there, but there are officers that go up Pookie Lane where no one lives hardly.

Marilyn Doheny asked what kind of noise they need to make to get help. The Tryon Daily Bulletin has nearly been shut down to their letters. Mayor Peoples stated send me your letters. He has Dr. Carson's letter. Ollis stated that his letter is on him and he had gotten busy and forgot. Ms. Doheny stated there has been discussion for 2 hours on 108 and she can't find anything out about the misappropriation of funds. Commissioner Ingham stated it's under investigation. Mayor Peoples stated he had been eating this since September and was told what he could and could not do and he understood. The system is working. Ms. Doheny stated that it looks like the system is not working. Peoples stated it may not be working as fast as she would like for it to. Ingham stated we have told you that this is under investigation and he has just recently talked with the SBI. He has been told not to speak and we can't give you an answer and we can't do anything about this right now. We can't break the law. Call the State Bureau of Investigation. Peter Piacente asked if there is an ongoing investigation, why someone would be fired or terminated and not laid off or suspended and did the firing have the blessing of the Mayor, the Board and Town Attorney. Mayor Peoples stated the Fire Chief works for the Manager. He

doesn't need our blessing. Mr. Piacente stated then at the Town Manager's discretion he could fire him, but why would he be fired and not laid off. Ingham stated that there is enough information and there is an ongoing investigation. Mayor Peoples stated that we have told you what we can tell you. Ollis stated that he has no comment and you should wait on the investigation to play itself out. He knows that there are a lot of hurt feelings and a lot of issues going on in town and he is trying to move the Town forward along with the Fire Department. Mr. Piacente asked if the Town owns the Nina Simone property and is it legal for the Town to spend taxpayer money on Norfolk Southern property and not on the properties of the Eastside. Ingham stated it is relatively low maintenance and we have properties on the Eastside that need to be cleared and maintained. Mr. Piacente asked if we could setup a cleanup day. Dr. Carson stated the Eastside does one every year. Mr. Piacente asked for them to share the date.

Marie Littlejohn stated that someone on Markham Road recently had a cookout and placed the garbage where it should be and it hasn't been picked up yet. Ingham stated they will address the issue. Sybil Simpson asked why when the trash is picked up the cans can't be put back on the side of the drive.

Emily Clark asked when Dr. Carson will have a schedule to get things taken care of. Ollis stated some of the items are on his list. He will come up with a plan and work with those dates. The Town needs more manpower. Ms. Clark stated volunteers can help. It appears the Town of Tryon doesn't care and she knows that's not true. Volunteers can help. She recognizes the manpower issue. Commissioner Crowell stated to tear down dilapidated houses it cost approximately \$10,000 and that comes from tax dollars. On Whitney Ms. Day purchased the vacant lot and cleaned it up. Someone could buy the properties on the Eastside and take care of them. There are properties in Gillette Woods that are overgrown and the people don't pay their taxes. Peoples stated it is all about the money. Ms. Clark stated that needs to be made known. Commissioner Ingham stated one of the streets are on the schedule for next week.

Anne Day thanked the Fire Department, Police Department and the First Responders on the call last night. They handled it great and thank you for responding so quickly. The neighbors were pleased with the turnout.

Marilyn Doheny asked if recycling was profitable. A private citizen comes through twenty minutes before the town and picks hers up and has for seven years.

Billy Moss worked for the city for thirty years with streets, garbage, water and sewer. They always took care and sit the cans back with the lids on them. The Town has no public works director to make them do the job. They have put the responsibility on the Town Manager. He knows that they see it as saving a lot of money. The Town Manager can't be everywhere to take care of the Town. He asked how we do a recall vote. Crowell stated a recall vote doesn't exist in North Carolina. At the end of your term you can be voted out.

Jonathan Gerst asked what it takes to get a Children at Play sign. Ollis asked him to send him an e-mail. The Town has a great public works crew. They are out picking up your garbage on all holidays. The water and sewer crew work weekends and are called out at night. Some instances they are not there early enough, but also if they come out too early, then he receives complaints. They are people too that have families that they have to leave to take care of the Town. His door is always open if you need to complain. There is a lot of stuff that is needed and the Town doesn't have the manpower or the staff.

Billy Moss stated that the crews do a remarkable job. There used to be seven men on water and sewer and seven on the street. Ollis stated that now we have three and three. We can't expect things to be done with the workforce. Mr. Moss stated you have also lost one meter reader because of the electronic meter readers.

**ADJOURN**

Mayor Pro Tem Armbrust thanked everyone for coming tonight and entertained a motion to adjourn the meeting. Commissioner Crowell so moved. The motion carried unanimously.

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J. Alan Peoples, Mayor

Attest:

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Susan B. Bell, Town Clerk