



for General Fund. Some of your fund balance is restricted by State Statute. This includes \$674,000 and smaller amounts for transportation and culture and recreation. You also have non-spendable amounts that you have already paid, like insurance and then you have land for sale. Then you are left with unassigned fund balance. This means you have no constraints. It is available at your discretion to use. This leaves \$908,000, which is 45% of 2021 actual expenditures and 53% of 2022 budgeted expenditures. Remember you have a fund balance policy of 25%, which you are well within. This year you had a number of projects that you spent on to decrease your margin, but you are still within the 25% fund balance policy.

Your general fund revenues were a little over \$2 million. The biggest portion being ad valorem taxes of \$915,000 and then you had your unrestricted amount of \$763,000 in intergovernmental revenues, along with \$324,000 in restricted intergovernmental revenues and \$62,000 for all other revenues. Your revenues were up by \$322,000 or 18% from 2020. Most of that was from the grants. The Town received CARES Act money, along with FEMA money. These don't come every year. You came in about \$23,000 over budget, which is under one percent.

Your General Fund expenditures were \$2 million, with the areas in general government and public safety. You had an increase of \$314,000, due to grant money that was received. You had capital outlay on the Carolina Drive Culvert and the purchase of vehicles. You also had an increase in salaries and benefits, the number one thing that keeps going up. You were under budget by \$126,000 which is about six percent. Because of COVID you might have delayed some of the projects.

Your Fire Department Fund had a decrease in fund balance of approximately \$69,000. The revenues were \$588,000 and expenditures were \$657,000. It was primarily used for salaries and benefits.

The Harmon Field Fund had a decrease in fund balance of approximately \$1,000. The revenues and expenditures netted against each other.

The Water & Sewer Fund had a decrease in fund balance of approximately \$400,000. Revenues were \$1.6 million and expenditures were \$2 million. Normal operating expenditures.

The Sanitation Fund had a decrease in fund balance of approximately \$2,000. Revenues were \$252,000 and expenditures were \$254,000.

With salaries, contracted services, expenses going up, the only way to recoup the money is to raise rates.

Your capital assets, not only what people can see, but what is below ground also. Total capital assets were \$9.6 million. Additions were \$450,000. This consisted of \$264,000 for culvert repair, guard rails and a donated dog park. Construction in progress on water and sewer project \$48,000. The acquisition of two vehicles cost \$84,000 and the acquisition of other equipment cost \$54,000. He explained depreciation, say you buy a pumper truck for \$100,000 with a life span of ten years, you depreciate \$100,000 each year. So, every time you buy something, then we begin to depreciate it.

There is a prior period adjustment of \$754,000 in governmental activities and \$72,000 in Water and Sewer fund that were unrecorded. These items were not listed in the capital asset system that needed to be researched and added. That took a month or so for Susan to research and add.

Total debt obligations outstanding were \$2.6 million. This decreased \$300,000 from prior year. Total debt service payments for FY2022 are expected to be \$345,000.

He needs to remind you about the COVID outbreak. There is a risk if something like this happens again. Your revenues will decrease. You need to be aware.

There is a new lease requirement. They want you to treat it like debt. You have to setup a liability and an asset.

The management letter requires communications to management:

1. Proper review and approval-sign and date
2. Fraud risk management program-what is the protocol if someone has a suspicion that someone is committing fraud
3. Cash flows are getting low-if you don't raise rates these will continue to drop
4. Monthly financial reports-you need to make sure that everything is tying back to the ledger
5. Debt payments-need to be tracked to make sure you know what is coming for the future and to make sure someone is investigating if debt does not match up

Compliance-six audit findings were noted:

1. Year end closing process-you were in the midst of a system accounting conversion, this past year, switching accountants this year. There were some adjustments that needed to be made and sometimes they have to help with those. His hope is with the new contract accountant, she will be good and he hopes those type of adjustments will be made before they come out and do the audit.
2. Monthly reconciliations-again he just wants to make sure they are being done and signed off on.
3. Prior period adjustments related to capital assets-need to make sure these are being done.
4. Town purchasing and State preaudit requirements-need to make sure these are being done. It is very tough for a small entity. They just want to make sure there is money to cover the expense.
5. Unallowable investments-in the Fire Fund you had some stock and in the State of North Carolina it is not allowed. You have liquidated that now. It was not a big balance, but needed to be liquidated.
6. Expenditures in excess of appropriations-you always need to make sure the funds are there to cover the expenses. State wants you to formally amend your budget before expenses are exceeded.

Unmodified opinion:

The General Fund is in good financial condition. The Enterprise funds you need to work on. The staff is really good to work with. When you are small, you face challenges. You don't have the staff to do the things needed, such as finance. It makes it harder for you. A big organization may have a finance director, a controller, a payroll director and all these other positions. You just don't have all of that. So, you have one person wearing tons of hats and they can't do everything. That's why you are trying to bring in the contract accountant to help in some of those areas.

Questions:

Commissioner Armbrust asked when is the FY22 financial audit due. Manager Ollis answered, it is due officially in October. Armbrust asked when will we have a preliminary report for FY22. Mr. Phillips replied, unfortunately for them, like everyone else, they have had massive turnover and he told Zach the earliest they could start would be December. Mayor Peoples asked if we get our stuff done on time and your people can't get it done, we get dinged, not you. Mr. Phillips responded we have told Zach and gave him names, but the thing is everyone is already booked. They have additional requirements now. Zach has to fill out a FPIC report now on the findings. This year the state requires the auditor to make sure that he has communicated everything to the board. It just keeps getting more difficult. Armbrust explained that it misrepresents to our citizens the state of our fiscal affairs. Mr. Phillips understands and told them the state of South Carolina is different than the state of North Carolina. They have no deadlines, no requirements, you just have to turn their report in. It's just different.

Mayor Peoples thanked Mr. Phillips for his report.

### **PUBLIC HEARING: BUDGET ORDINANCE FY22/23**

Mayor Peoples opened the public hearing. Town Manager Ollis presented the budget message outlining what we are projecting. The General Fund we are projecting \$1.7 million, Powell Bill \$68,000, Fire Fund \$761,000, which includes the two-cent tax increase, Harmon Field \$251,000, Tourism \$35,000, Water & Sewer \$1.1 million and Sanitation at \$258,000. Basically, we have not raised taxes, we have as the auditor's recommended raised water rates along with sanitation rates. We are putting ARPA money into our budget. Also, you have the meeting dates. This is what we have been discussing for months. Again, the state mandates a higher rate for pension. He thanked Susan for all she has done throughout the year, it was a little stressful today, thank you for all you do, not just for the budget, but for the town as a whole. He thanked the department heads. Randall sat through the budget this year. He's taking the reigns over in the coming months. He thanked Jody for keeping everything in line. He thanked Walton for taking over the Fire Department and doing really well. Travis is doing well at Harmon Field. He thanked everyone in the office.

Mayor Peoples asked about the retirement increase. Ollis explained they passed the increases about two years ago. Rates are going up a percentage point every year.

Mayor Peoples asked if there were anymore questions. Being none, he closed the public hearing.

### **BUDGET ORDINANCE ADOPTION**

Mayor Peoples entertained a motion to approve the Budget Ordinance for FY22/23. Commissioner Armbrust so moved. The motion carried unanimously.

### **APPOINTMENT(S) TO HARMON FIELD BOARD**

Town Manager Ollis reported there is a position open on the Harmon Field Board. Currently Miguel Santibanez holds that position and request to be reappointed. Mayor Peoples entertained a motion to approve. Commissioner Ingham so moved. The motion carried unanimously. Stephen Nelson holds the 2-year appointment currently held by Town of Tryon and he will need to be appointed by the Polk County Commissioners this year.

### **APPOINTMENT(S) TO TRYON TOURISM DEVELOPMENT AUTHORITY**

Town Manager Ollis reported there is openings on the Tourism Board. Commissioner Bill Crowell holds the Board of Commissioners representative. Mayor Peoples entertained a motion to reappoint Commissioner Crowell to the Tourism Board. Commissioner Armbrust so moved. The motion carried unanimously. Michelle Newman, Melanie Jackson and Maria Mason-Freeman are all requesting to be reappointed. Mayor Peoples entertained a motion to appoint Michelle Newman and Melanie Jackson for two-year terms from July 1, 2022 to June 30, 2024 and Maria Mason-Freeman to a one-year term from July 1, 2022 to June 30, 2023. Commissioner Ingham so moved. The motion carried unanimously.

#### **REVISED FINANCE POLICY-PURCHASE ORDER**

Town Manager Ollis reported this policy has been updated to reflect two things. The purchase order amount has been increased. The new policy for making on-line payments. Mayor Peoples entertained a motion to approve the revised finance policy. Commissioner Armbrust so moved. The motion carried unanimously.

#### **COMPREHENSIVE LAND USE PLAN**

Town Manager turned the Comprehensive Land Use Plan over to Mr. Ayers and Mr. Daniels. Planning Director Daniels reported before you, is the Comprehensive Land Use Plan for adoption. He thanked James for all the help he has given us, the citizens who have rendered their opinions to us, through the hearings, meetings and surveys. This is the fruits of all that work. Attorney Morgan responded that if you want to continue to do zoning, you have to adopt one of these. Mayor Peoples entertained a motion to adopt. Commissioner Armbrust so moved. The motion carried unanimously.

#### **MINIMUM HOUSING**

Planning Director Daniels reported:

1. 136 Cleveland Road-he inspected it and informed the owner of the procedure. The back of the house, the foundation is in bad condition. The hearing is set for July 12.
2. 144 Cleveland Road-he has spoken to the owner. He has started moving materials around and getting them off the property. The official inspection will be happening in the very near future. In talking to him, he will probably take what he can out of the house and just knock it down.
3. 161 Peake Street-he's cleaned up the property. The inspection is scheduled for July 5<sup>th</sup>. They are in discussions, he may just donate the property, because every time he does something the property, something gets damaged or stolen.
4. Business owners have approached him about extending their canopy to the curbs edge, which is not allowed at this time. Commissioner Armbrust replied he would not be in favor of this. That building is in the Historic District and you must follow their rules.

#### **TDDA UPDATE**

Town Manager Ollis will be doing the report for TDDA until the final decision is made about the replacement of Paige. He will be asking for one of you to sit on the hiring committee.

#### **TOWN MANAGER'S REPORT/TOWN PROJECT PRIORITIZATION, AND CITIZEN INPUT**

Town Manager Ollis thanked Randall, Tim, Josh and Jody for all of their help, beyond their typical duties this past month getting everything done. He is very grateful to be working alongside you guys.

## **COUNCIL/MAYOR REPORT**

Commissioner Ingham thanked the staff for working hard, he does appreciate it.

Commissioner Armbrust thanked everyone for coming out tonight and participating. He thanked the Town of Tryon employees. He reported the Nina Simone birthplace was approved last week for National Register designation. It will come under the National Park Service.

Mayor Pro Tem Booker thanked everyone. She went in one morning to work and saw everyone working outside. It reminded her of a movie scene, where people were out working in their flowers. Kind of like in New York. She appreciated that morning and she still appreciates it.

Mayor Peoples thanked everyone. He had nine track state champions this year. Of those nine, seven of them have signed on with a college.

## **CITIZEN COMMENTS & RESPONSES**

John Vining asked the Town to rethink their advisory committees. He is on the Parks Committee and Crys brought up something in the work session that he didn't know anything about. Maybe the Town doesn't need all of the committees. The committees don't serve in an advisory capacity. Mayor Peoples asked if the committee takes minutes for the meetings. Mr. Vining stated Meg used to take minutes. One member of the council used to sit on the committee. The new awning at Rogers Park is a good example. When he was volunteering to do some pruning at the park is when he found out about it. He took it back to the committee and no one knew anything about the awning. Another thing, is getting people to give their vision of Tryon, maybe every two years the town could hold a meeting. Mayor Peoples responded we did that with one of the previous managers and it go to where people didn't come. Took us eight years to get water in the cemetery. Government moves slow.

Lilly reported that she has a vision of Tryon based on what it was when she was younger. Young people don't have a place to go and do things, such as a bowling alley or find a large building for a skating rink. Youth program that offers plays and recreation. The middle class needs something to do without driving to Spartanburg or Hendersonville. A climbing wall would be something for them to do. Mayor Peoples replied that we have a climbing wall, little theater and things at Harmon Field. It would probably take a million dollars to build a bowling alley.

Randy Jackson sent an email and she is not sure that anyone got it. Mayor Peoples replied that he received it and after reading it he got mad. The restaurants closed and didn't let us know and so we contacted you. Zach found out very late about the restaurant being closed. Ms. Jackson responded people have been harassing us on Facebook. We are part of this community and we are all doing this because we care about this community. She knows they are trying to protect businesses here in town, but she is taking a hit from this. She was asked to bring her truck into town. Mayor Peoples replied that it was very unfortunate. The lady from L'Gaule was flying to Spain, the hot dog place was going to be closed and Huckleberry's was closing and taking everyone with them to Alaska. He is tired of this and we are better than that. She would like to be invited again. There are people here that approve of them. Please let people know that it comes from their heart. We are working with them, not against them.

Mayor Peoples apologized to Ms. Jackson. She and the Toasted Cuban truck are taking a beating. They would just like some help to make people understand they were asked to be in Tryon. There is no need for people to be so hateful.

### **RECESS TO JUNE 28, 2022 AT 5:00**

Mayor Peoples entertained a motion to recess to June 28, 2022 at 5:00 p.m. here in the McCown Room. Commissioner Armbrust so moved. The motion carried unanimously.

### **RECONVENE JUNE 21, 2022**

Mayor Peoples reconvened the meeting.

Town Manager Ollis reported this is the last budget amendment for the year and we are trying to cover everything. All of our tax revenues have come in over projection. Some of our projected expenses need to be increased. Contracted services due to our new accounting firm need to be increased, along with fuel cost and other expenses. We are pulling \$32,000 from the Fire Department that was not pulled last year. The water & sewer should put a little money back. Tourism is good. Water & Sewer we are hoping with transferring the ARPA money that will help. With the inspection of the Dam and the Braewick project, it is costing us a lot. We are transferring money to Sanitation to cover their shortfall in the audit. The FY22 audit is coming up, we are looking fairly descent, but when they get done with it, we are not sure. That's the reason we need to keep increasing the water rates.

On the water and sewer, you will see -\$257,348 in expenditures. We are not recognizing ARPA money as revenue. The state wants us to recognize this as money going out, not what we have made. Mayor Pro Tem Booker replied you and Susan both agree on this. Greg Isley accountants say that we need to do this.

General fund is putting money back, water and sewer is putting a little bit back and sanitation is in the hole. Town Clerk Bell stated we are transferring money to them. Ollis replied everything is the same, we just need to find out how to put the ARPA money in there.

Mayor Peoples entertained a motion to adopt the budget amendment as presented. Commissioner Crowell so moved. The motion carried unanimously.

Mayor Peoples asked to talk about Harmon Field to redo the exhaust and stuff for the concession stand. He can only sell hot dogs at this time. Town Manager Ollis has a number to call and get another quote. Mayor Peoples hasn't found anything less than \$22,000. He told him the lease might need to be extended to cover this cost and he is willing to. Commissioner Crowell reported this is for fire suppression, everything. Commissioner Ingham replied we need to move forward. Ollis replied we need to fix, so that we can start making money or just let him sell hot dogs. We need a hood, fire suppression and all the air vents. The system now has to be shot up through the roof. The old system shot over the sidewalk and we can't do that anymore. Ingham wanted to go up to \$25,000. Ollis will try to get in touch with someone. Ingham responded if you find someone under that amount then move on with it.

Mayor Peoples entertained a motion to authorize Zach to spend up to \$25,000 on the fire suppression, exhaust system and whatever needed for the concession stand. Commissioner Ingham so moved. The motion carried unanimously.

Mayor Peoples entertained a motion to adjourn. Commissioner Ingham so moved. The motion carried unanimously.

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J. Alan Peoples, Mayor

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Susan B. Bell, Town Clerk