

**TOWN OF TRYON, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**TOWN OF TRYON, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICERS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Mayor**

Jim T. Wright

**Town Council**

Roy Miller, Mayor Pro Tempore

George Baker

Bill Ingham

Happy McLeod

**Town Officials**

Joey Davis, Town Manager

Susan Bell, Town Clerk

Pamela Justice, Tax Collector

Jeffrey Arrowood, Police Chief

Joey Davis, Fire Chief / Town Planner

Joel Burrell, Public Works Director

**Accountant**

William Crook

**Attorney**

A. Bailey Nager

**TOWN OF TRYON, NORTH CAROLINA**  
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307 NORTH CHURCH STREET • HENDERSONVILLE, NC 28792

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Tryon, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Tryon, North Carolina's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Tryon Alcoholic Beverage Control Board and the Town of Tryon Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Tryon, North Carolina as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and the Fire Department Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages four through thirteen and sixty-three through sixty-six, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tryon, North Carolina's basic financial statements. The individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards 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 30, 2015 on our consideration of the Town of Tryon, North Carolina'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tryon, North Carolina's internal control over financial reporting and compliance.

*Carland & Anderson, Inc.*

Hendersonville, North Carolina  
November 30, 2015



## **Town of Tryon, North Carolina Management's Discussion and Analysis**

As management of the *Town* of Tryon, we offer readers of the Town of Tryon's financial statements this narrative overview and analysis of the financial activities of the Town of Tryon for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets of the Town of Tryon exceeded its liabilities at the close of the fiscal year by \$7,490,547 (*net position*).
- The government's total net position increased by \$460,718.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,069,228. This amount represents an increase of \$44,004 in comparison with the prior year. Approximately 48.1% of this total amount, or \$514,822, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$516,928, or 31.1% of total general fund expenditures for the fiscal year.
- The Town of Tryon's total debt increased by \$39,811 for the General Fund during the current fiscal year. The Town's total debt decreased by \$229,164 for the Proprietary Funds during the current fiscal year.

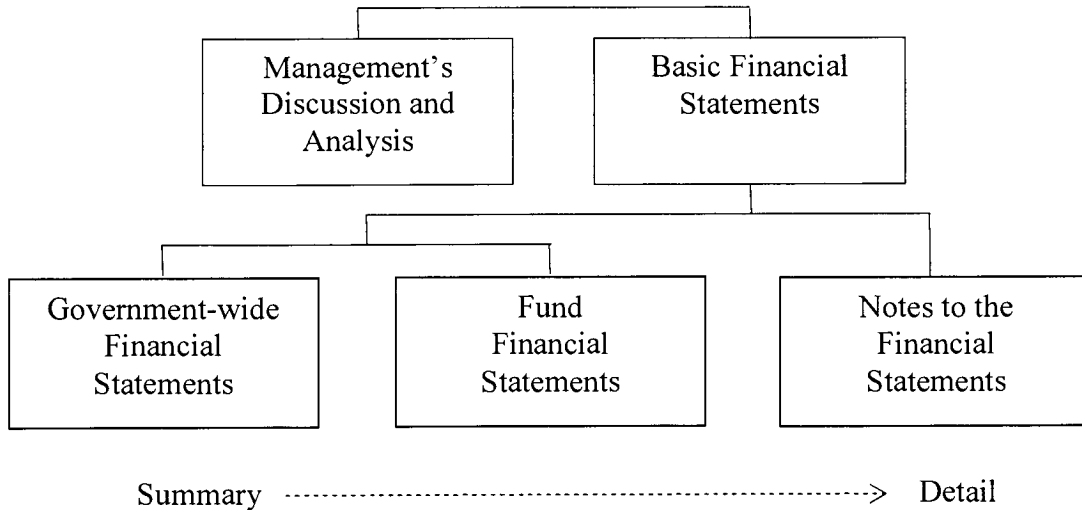
### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Tryon's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Tryon.

# Town of Tryon, North Carolina Management's Discussion and Analysis

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the agency fund statement.

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

# **Town of Tryon, North Carolina Management's Discussion and Analysis**

## **Government-wide Financial Statements**

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and sanitation services offered by the Town of Tryon. The final category are the component units. Although legally separate from the Town, the ABC Board and the Tourism Development Authority are important to the Town. The Town exercises control over the ABC Board by appointing its members and the Board is required to distribute its profits to the Town. The Town also exercises control over the Tourism Development Authority by appointing its members.

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 Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Tryon, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Tryon can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

## **Town of Tryon, North Carolina Management's Discussion and Analysis**

resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Tryon adopts an annual budget for its General Fund, as required by the General Statutes. Annual budgets are also adopted for the Fire Department Fund and Harmon Field Fund, which are both Special Revenue Funds. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the governmental funds demonstrate how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. These statements show columns for: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in each of the governmental funds; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** - The Town of Tryon has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Tryon uses enterprise funds to account for its water and sewer activity and for its sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Tryon has one fiduciary fund, which is an agency fund.

**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 29 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Town of Tryon's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 62 of this report.

## Town of Tryon, North Carolina Management's Discussion and Analysis

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

### Government-Wide Financial Analysis

**Table 2  
Condensed Statement of Net Position  
as of June 30, 2015**

	Governmental Activities		Business-type Activities		Total 2015	Total 2014
	2015	2014	2015	2014		
<b>Assets</b>						
Current and other assets	\$ 1,357,736	\$ 1,191,249	\$ 1,086,763	\$ 1,182,140	\$ 2,444,499	\$ 2,373,389
Capital assets	2,986,263	2,803,295	6,743,586	6,684,349	9,729,849	9,487,644
Deferred outflows of resources	68,451		29,279		97,730	
Total assets and deferred outflows of resources	<u>\$ 4,412,450</u>	<u>\$ 3,994,544</u>	<u>\$ 7,859,628</u>	<u>\$ 7,866,489</u>	<u>\$ 12,272,078</u>	<u>\$ 11,861,033</u>
<b>Liabilities</b>						
Current liabilities	\$ 238,186	\$ 212,086	\$ 433,357	\$ 650,806	\$ 671,543	\$ 862,892
Long-term liabilities	522,120	487,162	3,260,297	3,481,150	3,782,417	3,968,312
Deferred inflows of resources	231,783		95,788		327,571	
Total liabilities and deferred inflows of resources	<u>\$ 992,089</u>	<u>\$ 699,248</u>	<u>\$ 3,789,442</u>	<u>\$ 4,131,956</u>	<u>\$ 4,781,531</u>	<u>\$ 4,831,204</u>
<b>Net position</b>						
Net investment in capital assets	\$ 2,520,244	\$ 2,373,528	\$ 3,286,147	\$ 2,998,649	\$ 5,806,391	\$ 5,372,177
Restricted net position	529,279	487,058			529,279	487,058
Unrestricted net position	370,838	434,710	784,039	735,884	1,154,877	1,170,594
Total net position	<u>\$ 3,420,361</u>	<u>\$ 3,295,296</u>	<u>\$ 4,070,186</u>	<u>\$ 3,734,533</u>	<u>\$ 7,490,547</u>	<u>\$ 7,029,829</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Tryon exceeded liabilities and deferred inflows by \$7,490,547 as of June 30, 2015. The Town's net position increased by \$460,718 for the fiscal year ended June 30, 2015. Of the total net assets, the largest portion, \$5,806,391 (77.5%), reflects the Town's net investment in capital assets. The Town of Tryon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$529,279 (7.1%) represents resources that are subject to external restrictions by other governmental agencies on how they may be used. The remaining balance of \$1,154,877 is unrestricted.

## Town of Tryon, North Carolina Management's Discussion and Analysis

Also, the Town of Tryon implemented GASB Statement 68 this year. With the new reporting change the Town is allocated its proportionate share of the Local Government Employee's Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$182,643. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Tryon's management.

**Table 3  
Condensed Statement of Revenues, Expenses, and Changes in Net Position  
as of June 30, 2015**

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Revenues:						
Program revenues						
Charges for services	\$ 92,730	\$ 65,356	\$ 1,843,210	\$ 1,858,758	\$ 1,935,940	\$ 1,924,114
Operating grants	311,117	118,024			311,117	118,024
Capital grants	19,646	30,000	209,161	368,577	228,807	398,577
General revenues						
Property taxes	1,348,380	1,323,448			1,348,380	1,323,448
Local option sales tax	245,150	211,445			245,150	211,445
Other taxes and licenses			557	927	557	927
Unrestricted						
Intergovernmental	259,142	245,759			259,142	245,759
Investment earnings	17	12	18	14	35	26
Litigation settlement			300,000		300,000	
Miscellaneous		10,608	74,755		74,755	10,608
Total revenues	<u>\$ 2,276,182</u>	<u>\$ 2,004,652</u>	<u>\$ 2,427,701</u>	<u>\$ 2,228,276</u>	<u>\$ 4,703,883</u>	<u>\$ 4,232,928</u>
Expenses:						
Governmental activities						
General government	\$ 70,703	\$ 82,858			\$ 70,703	\$ 82,858
Public safety	1,116,679	1,151,384			1,116,679	1,151,384
Economic development	4,079	5,479			4,079	5,479
Transportation	486,992	529,864			486,992	529,864
Cultural and recreational	256,061	203,593			256,061	203,593
Interest	9,367	15,131			9,367	15,131
Business-type activities						
Water and Sewer Fund			\$ 1,901,319	\$ 1,646,529	1,901,319	1,646,529
Sanitation Fund			215,322	218,316	215,322	218,316
Total Expenses	<u>\$ 1,943,881</u>	<u>\$ 1,988,309</u>	<u>\$ 2,116,641</u>	<u>\$ 1,864,845</u>	<u>\$ 4,060,522</u>	<u>\$ 3,853,154</u>
Increase (decrease) in net position before transfers	\$ 332,301	\$ 16,343	\$ 311,060	\$ 363,431	\$ 643,361	\$ 379,774
Transfer in (out)	(78,000)	(3,000)	78,000	3,000	-	-
Increase in net position	\$ 254,301	\$ 13,343	\$ 389,060	\$ 366,431	\$ 643,361	\$ 379,774
Net position, July 1 (consolidated)	3,295,296	3,281,953	3,734,533	3,368,102	7,029,829	6,650,055
Net position, beginning, restated	3,166,060	3,281,953	3,681,126	3,368,102	6,847,186	6,650,055
Ending net position	<u>\$ 3,420,361</u>	<u>\$ 3,295,296</u>	<u>\$ 4,070,186</u>	<u>\$ 3,734,533</u>	<u>\$ 7,490,547</u>	<u>\$ 7,029,829</u>

## **Town of Tryon, North Carolina Management's Discussion and Analysis**

**Governmental activities.** Governmental activities increased the Town's net position by \$254,301 following the required restatement.

**Business-type activities.** Business-type activities increased the Town's net position by \$389,060 following the required restatement.

### **Financial Analysis of the Town's Funds**

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

#### **Governmental Funds**

The focus of the Town of Tryon's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$516,928, while total fund balance reached \$1,061,782. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31.1% of total General Fund expenditures, while total fund balance represents 63.9% of that same amount.

At June 30, 2015, the governmental funds of the Town reported a combined fund balance \$1,069,228, a 4.3% increase from last year.

#### **General Fund Budgetary Highlights**

During the fiscal year, the Town revised the budget on one occasion. 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, state and local grants; and 3) increases in appropriations that become necessary to maintain services. There were several reasons the Town revised its budget. The Town's amendments related to new funding amounts, including higher operating revenues, appropriations of fund balance, grants and loan proceeds to finance capital asset (infrastructure) projects and increased operating expenditures.

## Town of Tryon, North Carolina Management's Discussion and Analysis

### Proprietary Funds

The Town's Proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$783,634, a decrease of \$30,187. The unrestricted net position of the Sanitation Fund at the end of the fiscal year amounted to \$405. This was an increase in net position from the prior year in the amount of \$78,342, a result of a \$78,000 transfer from the General Fund during the year.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Tryon's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totals \$9,729,849 (net of accumulated depreciation). These assets include land, construction in progress, buildings, water and sewer plants, infrastructure, equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Completion of sewer collection system improvements

**Table 4  
Capital Assets, Net of Depreciation  
as of June 30, 2015**

	Governmental Activities		Business-type Activities		Total 2015	Total 2014
	2015	2014	2015	2014		
Land	\$ 850,276	\$ 850,276	\$ 544	\$ 544	\$ 850,820	\$ 850,820
Construction in progress	8,680	5,037		424,694	8,680	429,731
Building	379,522	408,496	25,277	26,851	404,799	435,347
Other improvements	514,556	287,582			514,556	287,582
Equipment and furniture	797,445	811,578	260,931	304,441	1,058,376	1,116,019
Vehicles	435,784	440,326		1,084	435,784	441,410
Distribution system			6,456,834	5,926,735	6,456,834	5,926,735
Total	<u>\$ 2,986,263</u>	<u>\$ 2,803,295</u>	<u>\$ 6,743,586</u>	<u>\$ 6,684,349</u>	<u>\$ 9,729,849</u>	<u>\$ 9,487,640</u>

Additional information on the Town's capital assets can be found in Note 3.4 of the Basic Financial Statements.



**Town of Tryon, North Carolina  
Management's Discussion and Analysis**

**Long-term Debt.** As of June 30, 2014, the Town of Tryon had total installment debt outstanding of \$3,923,458, all backed by the full faith and credit of the Town.

**Table 5  
Outstanding Debt  
as of June 30, 2015**

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Installment purchases	\$ 466,019	\$ 429,768	\$ 3,457,439	\$ 3,685,704	\$ 3,923,458	\$ 4,115,47

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. As of June 30, 2015, the legal debt margin for the Town of Tryon was \$14,502,342.

Additional information regarding the Town's long-term debt can be found in Note 3.6 of this report.

**Economic Factors and Next Year's Budget and Rates**

**Economic Factors.** The following key economic indicators reflect the state of the Town:

- The Polk County unemployment rate increased from 5.4% to 5.8%. The unemployment rate for the State of North Carolina decreased from 6.5% to 5.8%. North Carolina's unemployment rate is slightly higher than the national average of 5.3%.

**Governmental Activities:**

- The Town's adopted budget for the fiscal year 2015/16 totaled \$2,314,039, which represents a 17.7% decrease from the fiscal year 2014/15 amended budget of \$2,811,668.

**Business-type Activities:**

- The Town's adopted budget for the fiscal year 2015/16 totaled \$1,861,240, which represents a 24.8% decrease from the fiscal year 2014/15 amended budget of \$2,475,127.

**Town of Tryon, North Carolina  
Management's Discussion and Analysis**

**Request for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Tryon, 301 North Trade Street, Tryon, NC 28782.

**BASIC FINANCIAL STATEMENTS**

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 778,415	\$ 947,083	\$ 1,725,498
Taxes receivable, net	74,506		74,506
Accounts receivable, net	100	94,219	94,319
Due from other governments	160,066	271	160,337
Due from component unit	14,175		14,175
Internal balances	149,054	(149,054)	
Inventories		26,672	26,672
Prepaid items	18,030	9,459	27,489
Security deposits			
Restricted cash and cash equivalents	68,289	118,811	187,100
Non-current assets:			
Net pension asset	95,101	39,302	134,403
Capital assets			
Land and construction in progress	858,956	544	859,500
Other capital assets, net of depreciation	2,127,307	6,743,042	8,870,349
Total capital assets	<u>\$ 2,986,263</u>	<u>\$ 6,743,586</u>	<u>\$ 9,729,849</u>
Total assets	<u>\$ 4,343,999</u>	<u>\$ 7,830,349</u>	<u>\$ 12,174,348</u>
<b>Deferred Outflows of Resources</b>			
Changes in proportion and contributions to pension plan in current fiscal year			
	<u>\$ 68,451</u>	<u>\$ 29,279</u>	<u>\$ 97,730</u>
Total deferred outflows of resources	<u>\$ 68,451</u>	<u>\$ 29,279</u>	<u>\$ 97,730</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 118,901	\$ 25,892	\$ 144,793
Accrued interest payable	7,257	8,331	15,588
Due to primary government			
Due to other governments		36,792	36,792
Customer deposits		118,811	118,811
Compensated absences	20,726	13,916	34,642
Current portion of long-term liabilities	<u>91,302</u>	<u>229,615</u>	<u>320,917</u>
Total current liabilities	<u>\$ 238,186</u>	<u>\$ 433,357</u>	<u>\$ 671,543</u>
Long-term liabilities:			
Due in more than one year	<u>\$ 522,120</u>	<u>\$ 3,260,297</u>	<u>\$ 3,782,417</u>
Total liabilities	<u>\$ 760,306</u>	<u>\$ 3,693,654</u>	<u>\$ 4,453,960</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	<u>\$ 231,783</u>	<u>\$ 95,788</u>	<u>\$ 327,571</u>
Total deferred inflows of resources	<u>\$ 231,783</u>	<u>\$ 95,788</u>	<u>\$ 327,571</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 2,520,244	\$ 3,286,147	\$ 5,806,391
Restricted for:			
Stabilization by State Statute	460,990		460,990
Streets	64,965		64,965
Public safety	3,324		3,324
Tourism development			
Working capital			
Unrestricted	<u>370,838</u>	<u>784,039</u>	<u>1,154,877</u>
Total net position	<u>\$ 3,420,361</u>	<u>\$ 4,070,186</u>	<u>\$ 7,490,547</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<u>Component Units</u>	
	<u>ABC Board</u>	<u>Tourism Development Authority</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,250	\$ 38,405
Taxes receivable, net		
Accounts receivable, net		2,460
Due from other governments		
Due from component unit		
Internal balances		
Inventories	53,703	
Prepaid items	1,433	
Security deposits	1,200	
Restricted cash and cash equivalents		
Non-current assets:		
Net pension asset		
Capital assets		
Land and construction in progress		
Other capital assets, net of depreciation	398	
Total capital assets	<u>\$ 398</u>	
Total assets	<u>\$ 63,984</u>	<u>\$ 40,865</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 30,181	
Accrued interest payable		
Due to primary government	10,000	\$ 4,175
Due to other governments		
Customer deposits		
Compensated absences		
Current portion of long-term liabilities	<u>6,075</u>	
Total current liabilities	<u>\$ 46,256</u>	<u>\$ 4,175</u>
Long-term liabilities:		
Due in more than one year	<u>\$ 11,904</u>	
Total liabilities	<u>\$ 58,160</u>	<u>\$ 4,175</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 398	
Restricted for:		
Stabilization by State Statute		
Streets		
Public safety		
Tourism development		\$ 36,690
Working capital	9,966	
Unrestricted	<u>(4,540)</u>	
Total net position	<u>\$ 5,824</u>	<u>\$ 36,690</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 70,703	\$ 50,730	\$ 5,638	
Public safety	1,116,679	6,732	34,778	\$ 19,646
Economic development	4,079	1,800	200,000	
Transportation	486,992		68,701	
Cultural and recreational	256,061	33,468	2,000	
Interest	9,367			
Total governmental activities	<u>\$ 1,943,881</u>	<u>\$ 92,730</u>	<u>\$ 311,117</u>	<u>\$ 19,646</u>
Business-type activities				
Water and Sewer	\$ 1,901,319	\$ 1,617,515		\$ 209,161
Sanitation	215,322	225,695		
Total business-type activities	<u>\$ 2,116,641</u>	<u>\$ 1,843,210</u>		<u>\$ 209,161</u>
Total primary government	<u>\$ 4,060,522</u>	<u>\$ 1,935,940</u>	<u>\$ 311,117</u>	<u>\$ 228,807</u>
Component Units				
ABC Board	<u>\$ 340,083</u>	<u>\$ 344,112</u>		
Tourism Development Authority	<u>\$ 9,039</u>	<u>\$ 22,791</u>		

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Total	ABC Board	Tourism Development Authority
Primary government					
Governmental Activities:					
General government	\$ (14,335)		\$ (14,335)		
Public safety	(1,055,523)		(1,055,523)		
Economic development	197,721		197,721		
Transportation	(418,291)		(418,291)		
Cultural and recreational	(220,593)		(220,593)		
Interest	(9,367)		(9,367)		
Total governmental activities	<u>\$ (1,520,388)</u>		<u>\$ (1,520,388)</u>		
Business-type activities					
Water and Sewer		\$ (74,643)	\$ (74,643)		
Sanitation		10,373	10,373		
Total business-type activities		<u>\$ (64,270)</u>	<u>\$ (64,270)</u>		
Total primary government	<u>\$ (1,520,388)</u>	<u>\$ (64,270)</u>	<u>\$ (1,584,658)</u>		
Component Units					
ABC Board				\$ 4,029	
Tourism Development Authority					<u>\$ 13,752</u>
General revenues:					
Taxes					
Property taxes, levied for general purpose	\$ 1,348,380		\$ 1,348,380		
Local option sales tax	245,150		245,150		
Other taxes and licences		\$ 557	557		
Unrestricted intergovernmental	259,142		259,142		
Investment earnings, unrestricted	17	18	35		
Litigation settlement		300,000	300,000		
Miscellaneous, unrestricted		74,755	74,755		
Total general revenues	<u>\$ 1,852,689</u>	<u>\$ 375,330</u>	<u>\$ 2,228,019</u>		
Transfers between funds	(78,000)	78,000			
Transfer from (to) component units					\$ (4,800)
Total general revenues and transfers	<u>\$ 1,774,689</u>	<u>\$ 453,330</u>	<u>\$ 2,228,019</u>		<u>\$ (4,800)</u>
Changes in net assets	<u>\$ 254,301</u>	<u>\$ 389,060</u>	<u>\$ 643,361</u>	<u>\$ 4,029</u>	<u>\$ 8,952</u>
Net position, beginning previously reported	\$ 3,295,296	\$3,734,533	\$ 7,029,829	\$ 1,795	\$ 27,738
Restatement	(129,236)	(53,407)	(182,643)		
Net position, beginning, restated	<u>\$ 3,166,060</u>	<u>\$3,681,126</u>	<u>\$ 6,847,186</u>	<u>\$ 1,795</u>	<u>\$ 27,738</u>
Net position, ending	<u>\$ 3,420,361</u>	<u>\$4,070,186</u>	<u>\$ 7,490,547</u>	<u>\$ 5,824</u>	<u>\$ 36,690</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Department Fund</u>	<u>Harmon Field Fund</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 667,416	\$ 9,301	\$ 101,698	\$ 778,415
Restricted cash	68,289			68,289
Receivables, net:				
Taxes	36,215	22,545	3,172	61,932
Accounts	100			100
Due from other governments	160,066			160,066
Due from other funds	286,649			286,649
Due from component unit	14,175			14,175
Prepaid items	12,775	4,366	889	18,030
<b>Total assets</b>	<u>\$ 1,245,685</u>	<u>\$ 36,212</u>	<u>\$ 105,759</u>	<u>\$ 1,387,656</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 109,846	\$ 4,899	4,156	\$ 118,901
Due to other funds	37,842	6,508	93,245	137,595
<b>Total liabilities</b>	<u>\$ 147,688</u>	<u>\$ 11,407</u>	<u>\$ 97,401</u>	<u>\$ 256,496</u>
<b>Deferred Inflows of Resources</b>				
Property taxes receivable	\$ 36,215	\$ 22,545	\$ 3,172	\$ 61,932
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	\$ 12,775	\$ 4,366	\$ 889	\$ 18,030
Restricted				
Stabilization by State Statute	460,990			460,990
Streets	64,965			64,965
Public safety	3,324			3,324
Cultural and recreational			4,297	4,297
Assigned				
Subsequent year's expenditures	2,800			2,800
Unassigned	516,928	(2,106)		514,822
<b>Total fund balances</b>	<u>\$ 1,061,782</u>	<u>\$ 2,260</u>	<u>\$ 5,186</u>	<u>\$ 1,069,228</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,245,685</u>	<u>\$ 36,212</u>	<u>\$ 105,759</u>	<u>\$ 1,387,656</u>

**The accompanying notes are an integral part of the basic financial statements.**



**TOWN OF TRYON, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

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

Total Fund Balance, Governmental Funds		\$ 1,069,228
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$ 5,698,083	
Accumulated depreciation	<u>(2,711,820)</u>	2,986,263
Net pension asset		95,101
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		67,264
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and, therefore, are inflows of resources in the funds.		12,574
Earned revenues considered deferred inflows of resources in the fund statements		61,932
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Gross long-term debt, beginning	\$ (594,337)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	<u>(39,811)</u>	(634,148)
Pension related deferrals		(230,596)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		<u>(7,257)</u>
Net position of governmental activities		<u><u>\$ 3,420,361</u></u>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire Department Fund</u>	<u>Harmon Field Fund</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 922,258	\$ 254,200	\$ 170,055	\$ 1,346,513
Unrestricted intergovernmental	504,292			504,292
Restricted intergovernmental	269,729	33,917		303,646
Sales and services	59,262		33,468	92,730
Investment earnings	14		3	17
Miscellaneous	7,635	1,860	17,619	27,114
	<u>\$ 1,763,190</u>	<u>\$ 289,977</u>	<u>\$ 221,145</u>	<u>\$ 2,274,312</u>
<b>Expenditures</b>				
Current:				
General government	\$ 100,632			\$ 100,632
Public safety	733,540	\$ 339,983		1,073,523
Economic development	4,079			4,079
Transportation	594,145			594,145
Cultural and recreational	194,903		\$ 207,642	402,545
Debt service:				
Principal	32,464	39,566	12,400	84,430
Interest and other charges	2,713	10,438	485	13,636
	<u>\$ 1,662,476</u>	<u>\$ 389,987</u>	<u>\$ 220,527</u>	<u>\$ 2,272,990</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 100,714</u>	<u>\$ (100,010)</u>	<u>\$ 618</u>	<u>\$ 1,322</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds		\$ 75,000		\$ 75,000
Transfers to other funds	\$ (153,000)			(153,000)
Installment purchase obligations issued	74,692	45,990		120,682
	<u>\$ (78,308)</u>	<u>\$ 120,990</u>		<u>\$ 42,682</u>
Net change in fund balance	\$ 22,406	\$ 20,980	\$ 618	\$ 44,004
Fund balance, beginning	<u>1,039,376</u>	<u>(18,720)</u>	<u>4,568</u>	<u>1,025,224</u>
Fund balance, ending	<u>\$ 1,061,782</u>	<u>\$ 2,260</u>	<u>\$ 5,186</u>	<u>\$ 1,069,228</u>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF TRYON, NORTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Net change in fund balances - total governmental funds		\$ 44,004
<p>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 capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 394,877	
Depreciation expense for governmental assets	<u>(211,909)</u>	182,968
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		67,264
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		1,865
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long term debt issued	\$ (120,681)	
Principal payments on long-term debt	84,430	
Decrease in accrued interest payable	<u>4,269</u>	(31,982)
<p>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 the governmental funds.</p>		
Change in compensated absences	\$ 10,406	
Pension expense	(6,259)	
Change in net pension obligation	<u>(13,965)</u>	<u>(9,818)</u>
Total changes in net position of governmental activities		<u>\$ 254,301</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ANNUAL BUDGET AND ACTUAL -- GENERAL FUND AND MAJOR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 839,600	\$ 917,400	\$ 922,258	\$ 4,858
Unrestricted intergovernmental	336,000	402,000	504,292	102,292
Restricted intergovernmental	210,000	268,000	269,729	1,729
Sales and services	34,680	50,305	59,262	8,957
Investment earnings	25	10	14	4
Miscellaneous	200	3,000	7,635	4,635
<b>Total revenues</b>	<u>\$ 1,420,505</u>	<u>\$ 1,640,715</u>	<u>\$ 1,763,190</u>	<u>\$ 122,475</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 468,294	\$ 483,294	\$ 78,759	\$ 404,535
Public safety	725,725	720,725	723,025	(2,300)
Economic development	4,300	4,300	4,079	221
Transportation	362,766	482,266	462,612	19,654
Cultural and recreational	16,400	16,400	13,891	2,509
<b>Debt service:</b>				
Principal retirement	32,320	32,820	32,464	356
Interest and fees	2,296	2,796	2,713	83
Capital outlay	214,000	309,000	344,933	(35,933)
<b>Total expenditures</b>	<u>\$ 1,826,101</u>	<u>\$ 2,051,601</u>	<u>\$ 1,662,476</u>	<u>\$ 389,125</u>
<b>Revenues over (under) expenditures</b>	<u>\$ (405,596)</u>	<u>\$ (410,886)</u>	<u>\$ 100,714</u>	<u>\$ 511,600</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	\$ 410,019	\$ 416,019		\$ (416,019)
Transfers from component unit	4,800	4,800		(4,800)
Transfers to other funds	(10,000)	(148,154)	\$ (153,000)	(4,846)
Installment purchase obligations issued		75,490	74,692	(798)
<b>Total other financing sources (uses)</b>	<u>\$ 404,819</u>	<u>\$ 348,155</u>	<u>\$ (78,308)</u>	<u>\$ (426,463)</u>
<b>Fund balance appropriated</b>	<u>\$ 777</u>	<u>\$ 62,731</u>		<u>\$ (62,731)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	\$ 22,406	<u>\$ 22,406</u>
<b>Fund balance, beginning</b>			<u>1,039,376</u>	
<b>Fund balance, end of year</b>			<u>\$ 1,061,782</u>	

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ANNUAL BUDGET AND ACTUAL -- GENERAL FUND AND MAJOR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Fire Department Fund</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 227,850	\$ 248,650	\$ 254,200	\$ 5,550
Restricted intergovernmental	27,271	33,917	33,917	
Miscellaneous			1,860	1,860
<b>Total revenues</b>	<b>\$ 255,121</b>	<b>\$ 282,567</b>	<b>\$ 289,977</b>	<b>\$ 7,410</b>
Expenditures:				
Current:				
Public safety	\$ 156,544	\$ 270,389	\$ 290,039	\$ (19,650)
Debt service:				
Principal retirement	36,243	36,243	39,566	(3,323)
Interest and fees	13,762	10,762	10,438	324
Capital outlay		45,000	49,944	(4,944)
<b>Total expenditures</b>	<b>\$ 206,549</b>	<b>\$ 362,394</b>	<b>\$ 389,987</b>	<b>\$ (27,593)</b>
Revenues over (under) expenditures	\$ 48,572	\$ (79,827)	\$ (100,010)	\$ (20,183)
Other financing sources (uses):				
Transfers from other funds	\$ 10,000	\$ 70,154	\$ 75,000	\$ 4,846
Transfers to other funds	(50,117)	(36,317)		36,317
Installment purchase obligations issued		45,990	45,990	
<b>Total other financing sources (uses)</b>	<b>\$ (40,117)</b>	<b>\$ 79,827</b>	<b>\$ 120,990</b>	<b>\$ 41,163</b>
Fund balance appropriated	\$ (8,455)			
Net change in fund balance	\$ -	\$ -	\$ 20,980	\$ 20,980
Fund balance, beginning			(18,720)	
Fund balance, end of year			\$ 2,260	

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Major Enterprise Fund</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 883,728	\$ 63,355	\$ 947,083
Accounts receivable, net	80,123	14,096	94,219
Due from other governments		271	271
Due from other funds	97,305		97,305
Inventories	26,672		26,672
Prepaid items	8,807	652	9,459
Restricted Cash	118,811		118,811
Total current assets	<u>\$ 1,215,446</u>	<u>\$ 78,374</u>	<u>\$ 1,293,820</u>
Noncurrent assets:			
Net pension asset	\$ 31,510	\$ 7,792	\$ 39,302
Capital assets:			
Land and construction in progress	544		544
Other capital assets, net of depreciation	6,743,042		6,743,042
Total capital assets, net	<u>\$ 6,743,586</u>		<u>\$ 6,743,586</u>
Total noncurrent assets	<u>\$ 6,775,096</u>	<u>\$ 7,792</u>	<u>\$ 6,782,888</u>
Total assets	<u>\$ 7,990,542</u>	<u>\$ 86,166</u>	<u>\$ 8,076,708</u>
<b>Deferred Outflows of Resources</b>			
Changes in proportion and contributions to pension plan	<u>\$ 22,865</u>	<u>\$ 6,414</u>	<u>\$ 29,279</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 20,646	\$ 5,246	\$ 25,892
Due to other governments	36,792		36,792
Due to other funds	179,942	66,417	246,359
Accrued interest payable	8,331		8,331
Customer deposits	118,811		118,811
Compensated absences, current	13,460	456	13,916
Installment obligations, current	229,615		229,615
Total current liabilities	<u>\$ 607,597</u>	<u>\$ 72,119</u>	<u>\$ 679,716</u>
Non-current liabilities			
Compensated absences payable	\$ 31,408	\$ 1,065	\$ 32,473
Installment obligations, non-current	3,227,824		3,227,824
Total noncurrent liabilities	<u>\$ 3,259,232</u>	<u>\$ 1,065</u>	<u>\$ 3,260,297</u>
Total liabilities	<u>\$ 3,866,829</u>	<u>\$ 73,184</u>	<u>\$ 3,940,013</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	<u>\$ 76,797</u>	<u>\$ 18,991</u>	<u>\$ 95,788</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 3,286,147		\$ 3,286,147
Unrestricted	<u>783,634</u>	<u>\$ 405</u>	<u>784,039</u>
Total net position	<u>\$ 4,069,781</u>	<u>\$ 405</u>	<u>\$ 4,070,186</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION--PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Major Enterprise Fund</b>		
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 1,614,635	\$ 216,014	\$ 1,830,649
Water and sewer taps	2,880		2,880
Other operating revenues		9,681	9,681
	<u>\$ 1,617,515</u>	<u>\$ 225,695</u>	<u>\$ 1,843,210</u>
Total operating revenues			
Operating expenses:			
Water and sewer distribution	\$ 647,866		\$ 647,866
Water plant operations	387,529		387,529
Wastewater plant operations	186,193		186,193
Water collection	185,401		185,401
Sanitation operations		\$ 215,322	215,322
Depreciation	240,931		240,931
	<u>\$ 1,647,920</u>	<u>\$ 215,322</u>	<u>\$ 1,863,242</u>
Total operating expenses			
Operating income (loss)	<u>\$ (30,405)</u>	<u>\$ 10,373</u>	<u>\$ (20,032)</u>
Nonoperating revenues (expenses):			
Investment earnings	\$ 18		\$ 18
Solid waste disposal tax		\$ 557	557
Other nonoperating revenue	56,000		56,000
Litigation Settlement	300,000		300,000
Interest and fees	(253,399)		(253,399)
	<u>\$ 102,619</u>	<u>\$ 557</u>	<u>\$ 103,176</u>
Total nonoperating revenues (expenses)			
Income (loss) before contributions and transfers	\$ 72,214	\$ 10,930	\$ 83,144
Capital contributions	209,161		209,161
Transfers from other funds		78,000	78,000
Sales of capital assets	18,755		18,755
	<u>\$ 300,130</u>	<u>\$ 88,930</u>	<u>\$ 389,060</u>
Change in net position			
Total net position, previously reported	\$ 3,812,470	\$ (77,937)	\$ 3,734,533
Restatement	(42,819)	(10,588)	(53,407)
Total net position, restated	<u>\$ 3,769,651</u>	<u>\$ (88,525)</u>	<u>\$ 3,681,126</u>
Total net position, ending	<u>\$ 4,069,781</u>	<u>\$ 405</u>	<u>\$ 4,070,186</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF TRYON, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Major Enterprise Fund</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	
Cash flows from operating activities			
Cash received from customers	\$ 1,714,160	\$ 227,889	\$ 1,942,049
Cash paid for goods and services	(1,164,288)	(118,152)	(1,282,440)
Cash paid to or on behalf of employees	(456,111)	(125,540)	(581,651)
Customer deposits received	3,766		3,766
Net cash provided (used) by operating activities	<u>\$ 97,527</u>	<u>\$ (15,803)</u>	<u>\$ 81,724</u>
Cash flows from noncapital financing activities:			
Solid waste disposal tax		\$ 557	\$ 557
Other nonoperating revenue	\$ 56,000		56,000
Litigation settlement	300,000		300,000
(Increase) decrease in due from other funds	4,499		4,499
Increase (decrease) in due to other funds	31	601	632
Transfers from other funds		78,000	78,000
Net cash provided (used) by noncapital financing activities	<u>\$ 360,530</u>	<u>\$ 79,158</u>	<u>\$ 439,688</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	\$ (300,168)		\$ (300,168)
Sale of capital assets	18,755		18,755
Capital contributions - grants	209,161		209,161
Debt principal paid	(228,261)		(228,261)
Interest and fees paid	(253,399)		(253,399)
Net cash (used) by capital and related financing activities	<u>\$ (553,912)</u>		<u>\$ (553,912)</u>
Cash flows provided by investing activities			
Interest on investments	<u>\$ 18</u>		<u>\$ 18</u>
Net increase (decrease) in cash and cash equivalents	\$ (95,837)	\$ 63,355	\$ (32,482)
Cash and cash equivalents, beginning of year	<u>1,098,376</u>		<u>1,098,376</u>
Cash and cash equivalents, end of year	<u>\$ 1,002,539</u>	<u>\$ 63,355</u>	<u>\$ 1,065,894</u>

**The accompanying notes are an integral part of the basic financial statements.**



**TOWN OF TRYON, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Major Enterprise Fund</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (30,405)	\$ 10,373	\$ (20,032)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	\$ 240,931		\$ 240,931
Pension expense	2,074	\$ 513	2,587
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	14,275	2,194	16,469
(Increase) decrease in due from other governments	82,370		82,370
(Increase) decrease in prepaid expenses	(1,744)	(27)	(1,771)
Increase (decrease) in accounts payable and accrued liabilities	(54,177)	(16,648)	(70,825)
Increase (decrease) in contracts and retainage payable	(143,965)		(143,965)
Increase (decrease) in accrued interest payable	1,886		1,886
Increase (decrease) in customer deposits	3,766		3,766
(Increase) decrease in deferred outflows of resources for pensions	(22,471)	(6,317)	(28,788)
Increase (decrease) in compensated absences	4,987	(5,891)	(904)
Total adjustments	\$ 127,932	\$ (26,176)	\$ 101,756
Net cash provided (used) by operating activities	<u>\$ 97,527</u>	<u>\$ (15,803)</u>	<u>\$ 81,724</u>

**The accompanying notes are an integral part of the basic financial statements.**

**TOWN OF TRYON, NORTH CAROLINA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
JUNE 30, 2015**

ASSETS

Cash and cash equivalents	
Rogers Park	\$ 5,411
Cemetery Project	2,193
Woodland Park	9,525
Greenway Project	265
Summer Tracks	<u>3,373</u>
 Total assets	 <u><u>\$ 20,767</u></u>

LIABILITIES

Amounts held for others	
Rogers Park	\$ 5,411
Cemetery Project	2,193
Woodland Park	9,525
Greenway Project	265
Summer Tracks	<u>3,373</u>
 Total liabilities	 <u><u>\$ 20,767</u></u>

The accompanying notes are an integral part of the basic financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Town of Tryon and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Tryon is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The discretely presented component units presented below are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Town of Tryon ABC Board

The members of the Town of Tryon ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund and Harmon Field Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the Town of Tryon ABC Board, 354 South Trade Street, Suite C, Tryon, NC 28782.

Town of Tryon Tourism Development Authority

The members of the Town of Tryon Tourism Development Authority's governing board are appointed by the Town. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). No separate financial statements for the Authority have been issued.

B. Basis of Presentation

*Government-wide Statement*:. The statement of net position and the statement of activities display information about the primary government and its component units. 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 Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (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 Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, transportation, and cultural and recreational services.

Fire Department Fund - This fund accounts for the operations of the Town's Fire Department. Taxes are levied specifically for the Fire Department.

The Town reports the following non-major governmental fund:

Harmon Field Fund - This fund accounts for the operations of Harmon Field. Taxes are levied specifically for Harmon Field

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

The Town reports the following non-major enterprise funds:

Water and Sewer Capital Projects Fund (CDBG Grant) – This fund is used to account for funds that are restricted for the development of the Town of Tryon.

Sanitation Fund - This fund accounts for the Town's sanitation operations.

The Town reports the following fund type:

Agency Fund – Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains agency funds for the following: Rogers Park, an unincorporated association, to address needs and activities of the Park; the Cemetery Project, an unincorporated association, for beautification activities of the Tryon Cemetery; Woodland Park, an unincorporated association, to address needs and activities of the Park; the Greenway Project, an unincorporated association, working to the establishment of a green walkway through the town connecting various parks; St. Luke's Plaza, an agency fund established to account for funds dedicated for improvements at St. Luke's Plaza; and Summer Tracks, an agency fund established to account for funds dedicated to the Summer Tracks program.

**C. Measurement Focus and Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements:* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within ninety days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a 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 beer and wine tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Tryon because the tax is levied by Polk County and then remitted to and distributed by the state.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire Department Fund, the Harmon Field Fund, the Water and Sewer Fund, and the Sanitation Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Water and Sewer Capital Projects Fund. This 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 fund. 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. The Agency Fund is not required to be budgeted.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.



**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit is collected.

Powell Bill funds are classified as restricted cash because it can be expended only for the purpose of maintaining, repairing, constructing, reconstruction or widening of local streets per G.S 136-41.1 through 136-41.4.

Law Enforcement seizure funds are also classified as a restricted asset because their use is restricted to benefit the public safety efforts of the Town.

Town of Tryon Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 64,965
Public Safety	3,324
Total governmental activities	<u>\$ 68,289</u>
Business-type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 118,811
Total business-type activities	<u>\$ 118,811</u>
Total Restricted Cash	<u><u>\$ 187,100</u></u>

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, Fire Department Fund and Harmon Field 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. Inventories and Prepaid Items

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

The inventory of the Town's enterprise fund and those of the ABC Board consist of materials and supplies held for consumption or resale. The cost of these inventories are recorded as an expense when consumed or sold rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. 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. Minimum capitalization cost is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior July 1, 2003 are not recorded as capital assets. 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.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	20-30 years
Vehicles	3-15 years
Equipment	5-15 years
Computer Equipment	3-5 years

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	5-10 years
Leasehold Improvements	10-20 years

**8. 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 Town has one item that meets this criterion, contributions made to the pension plan in the 2015 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 Town has two items that meets the criterion for this category – property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, governmental fund types recognize the face amount of debt issued and is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to 320 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The vacation policy of the ABC Board provides for the accumulation of up to 20 days earned vacation leave with such leave being fully vested when earned.

Both the Town and the ABC Board's sick leave policies 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 neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements 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.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid Items - portion of fund balance that is not an available resource because it represents the year end balance of prepaid items, which are not spendable resources.

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

Restricted stabilization by state statute – portion of fund balance that is restricted by state statute [G.S. 159-8(a)].

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 Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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 (adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – portion of fund balance that the Town of Tryon 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 as restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify appropriations within funds.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – continued**

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

The Town of Tryon has not formally adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. However, the Town Manager currently uses resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

12. Pensions

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

**Note 2 – Stewardship, Compliance and Accountability**

A. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2015, the Town reported expenditures within the General, Fire Department, and the Water and Sewer Funds that violated state law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance.

In the General Fund expenditures exceeded amounts appropriated in the budget by a total of \$45,972. Additional expenditures were recorded in general government and public safety but corresponding budget amendments were not approved prior to the close of the fiscal year.

In the Fire Department Fund expenditures exceeded amounts appropriated in the budget by a total of \$2,999. Additional expenditures were recorded in debt service but corresponding budget amendments were not approved prior to the close of the fiscal year.

In the Harmon Field Fund expenditures exceeded amounts appropriated in the budget by a total of \$15,184. Additional expenditures were recorded in cultural and recreational, but corresponding budget amendments were not approved prior to the close of the fiscal year.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 2 – Stewardship, Compliance and Accountability - continued**

In the Water and Sewer Fund expenditures exceeded amounts appropriated in the budget by a total of \$2,718. Additional expenditures were recorded in water plant operations but corresponding budget amendments were not approved prior to the close of the fiscal year.

Management and the Board will more closely review the budgetary reports to ensure compliance in future years.

**Note 3 – Detail Notes on All Funds**

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board 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 Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and ABC Board's agents in their names. 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 Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board 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. Neither the Town nor the ABC Board has a formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town and the ABC Board comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – (continued)**

At June 30, 2015, the Town's deposits had a carrying amount of \$1,694,050 and a bank balance of \$1,746,694. Of the bank balance, \$252,154 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Town of Tryon had \$415 cash on hand.

At June 30, 2015, the Alcoholic Beverage Control Board's deposits had a carrying amount of \$6,090 and a bank balance of \$9,141. At June 30, 2015, the Alcoholic Beverage Control Board had cash on hand of \$1,160.

At June 30, 2015, the Tryon Tourism Development Authority's deposits had a carrying amount and bank balance of \$38,405. At June 30, 2015, the Tryon Tourism Development Authority had no cash on hand.

2. Investments

At June 30, 2015, the Town had \$238,900 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town and the ABC Board have no policy for credit risk.



**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – (continued)**

**3. Receivables**

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental activities				
Taxes receivable		\$ 113,074		\$ 113,074
Accounts receivable	\$ 100			100
Other governmental			\$ 160,066	160,066
Total receivables	\$ 100	\$ 113,074	\$ 160,066	\$ 273,240
Allowance for doubtful accounts		(38,568)		(38,568)
Total governmental activities	<u>\$ 100</u>	<u>\$ 74,506</u>	<u>\$ 160,066</u>	<u>\$ 234,672</u>
Business-type activities				
Water and Sewer	\$ 80,123			\$ 80,123
Sanitation	14,096		\$ 271	14,367
Total business-type activities	<u>\$ 94,219</u>		<u>\$ 271</u>	<u>\$ 94,490</u>

The due from other governments that is owed to the Town consists of the following:

Local option sales tax	\$ 60,022
Utility franchise, video, telecommunication, piped natural gas taxes and solid waste disposal tax	34,625
Refundable sales tax	<u>65,419</u>
Total	<u>\$ 160,066</u>

At June 30, 2015, the ABC Board did not have any receivables and the Tourism Development Authority had outstanding receivables for June occupancy taxes in the amount of \$2,460.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 850,276			\$ 850,276
Constuction in progress	5,037	\$ 3,643		8,680
Total capital assets not being depreciated	<u>\$ 855,313</u>	<u>\$ 3,643</u>		<u>\$ 858,956</u>
Capital assets being depreciated				
Buildings	\$ 924,078			\$ 924,078
Other improvements	317,594	\$ 238,660		556,254
Equipment and furniture	1,539,261	77,360		1,616,621
Vehicles	1,676,960	75,214	\$ (10,000)	1,742,174
Total capital assets being depreciated	<u>\$ 4,457,893</u>	<u>\$ 391,234</u>	<u>\$ (10,000)</u>	<u>\$ 4,839,127</u>
Less accumulated depreciation for:				
Buildings	\$ 515,582	\$ 28,974		\$ 544,556
Other improvements	30,012	11,686		41,698
Equipment and furniture	727,683	91,493		819,176
Vehicles	1,236,634	79,756	(10,000)	1,306,390
Total accumulated depreciation	<u>\$ 2,509,911</u>	<u>\$ 211,909</u>	<u>\$ (10,000)</u>	<u>\$ 2,711,820</u>
Total capital assets being depreciated, net	<u>\$ 1,947,982</u>	<u>\$ 179,325</u>		<u>\$ 2,127,307</u>
Governmental activity capital assets, net	<u>\$ 2,803,295</u>			<u>\$ 2,986,263</u>

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 4,644
Public safety	125,977
Transportation	41,537
Cultural and recreation	39,751
Total depreciation expense	<u>\$ 211,909</u>

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

**4. Capital Assets – continued**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities</b>				
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated				
Land	\$ 544			\$ 544
Construction in progress	424,694		\$ (424,694)	
Total capital assets not being depreciated	<u>\$ 425,238</u>		<u>\$ (424,694)</u>	<u>\$ 544</u>
Capital assets being depreciated				
Building and improvements	\$ 105,011			\$ 105,011
Plant distribution system	13,127,069	\$ 724,862		13,851,931
Equipment	1,467,413			1,467,413
Vehicles	191,952		\$ (67,596)	124,356
Total capital assets being depreciated	<u>\$ 14,891,445</u>	<u>\$ 724,862</u>	<u>\$ (67,596)</u>	<u>\$ 15,548,711</u>
Less accumulated depreciation for				
Building and improvements	\$ 78,160	\$ 1,574		\$ 79,734
Plant distribution system	7,200,334	194,763		7,395,097
Equipment	1,162,972	43,510		1,206,482
Vehicles	190,868	1,084	\$ (67,596)	124,356
Total accumulated depreciation	<u>\$ 8,632,334</u>	<u>\$ 240,931</u>	<u>\$ (67,596)</u>	<u>\$ 8,805,669</u>
Total capital assets being depreciated, net	<u>\$ 6,259,111</u>	<u>\$ 483,931</u>		<u>\$ 6,743,042</u>
Total Water and Sewer capital assets, net	<u>\$ 6,684,349</u>			<u>\$ 6,743,586</u>
<b>Sanitation Fund</b>				
Capital assets being depreciated				
Vehicles	\$ 159,992			\$ 159,992
Less accumulated depreciation for Vehicles	159,992			159,992
Total capital assets being depreciated, net	<u>\$ -</u>			<u>\$ -</u>
Total Sanitation capital assets, net	<u>\$ -</u>			<u>\$ -</u>
Business-type activity capital assets, net	<u>\$ 6,684,349</u>			<u>\$ 6,743,586</u>

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

**Construction Commitments**

The Town has one project in progress. Oak Street is a project that is in planning stages with no expected completion or commitment on the project).

**Discretely Presented Component Units**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Discretely presented component unit</b>				
ABC Board				
Capital assets being depreciated				
Furniture and equipment	\$ 47,074			\$ 47,074
Less accumulated depreciation for				
Furniture and equipment	<u>46,259</u>	<u>\$ 417</u>		<u>46,676</u>
Total capital assets				
being depreciated, net	<u>\$ 815</u>	<u>\$ (417)</u>		<u>\$ 398</u>
Total ABC Board capital assets, net	<u>\$ 815</u>			<u>\$ 398</u>

The Tourism Development Authority has no capital assets at June 30, 2015.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

**B. Liabilities**

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Tryon 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

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 an LEO and have reached age 50, or have completed five years of creditable service as an LEO and have reached age 55, or have completed 15 years of creditable service as an LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Tryon employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Tryon's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Tryon were \$96,052 for the year ended June 30, 2015.

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2015, the Town reported an asset of \$134,403 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

At June 30, 2014, the Town's proportion was 0.02279%, which was a decrease of 0.00031% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$8,846. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$ 14,686
Net difference between projected and actual earnings on pension plan investments		312,885
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 1,678	
Town contributions subsequent to the measurement date	96,052	
Total	\$ 97,730	\$ 327,571

\$96,052 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$	(81,482)
2017		(81,482)
2018		(81,482)
2019		(81,447)
		\$ (325,893)

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:



**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 456,222	\$ (134,403)	\$ (631,691)

*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.

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

*1. Plan Description*

The Town of Tryon administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>9</u>
Total	<u>9</u>

A separate report was not issued for the plan.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

*2. Summary of Significant Accounting Policies:*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*3. Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payment on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% - 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

*Annual Pension Cost and Net Pension Obligation.* The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 16,898
Interest on net pension obligation	4,254
Adjustment to annual required contribution	<u>(7,187)</u>
Annual pension cost	\$ 13,965
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	\$ 13,965
Net pension obligation at beginning of year	<u>85,079</u>
Net pension obligation at end of year	<u><u>\$ 99,044</u></u>

Three-year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 12,446	0%	\$ 73,544
2014	11,535	0%	85,079
2015	13,965	0%	99,044

**4. Funded Status and Funding Progress.**

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$121,211. The covered payroll (annual payroll of active employees covered by the plan) was \$383,229 and the ratio of the UAAL to the covered payroll was 31.63 %.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$28,774, which consisted of \$21,436 from the Town and \$7,338 from the law enforcement officers. The Town has elected to allow general employees to participate in the Supplemental Retirement Plan and the Town will match up to 2% of the employees salary, if the employee elects to contribute. Total contributions for the year ended June 30, 2015 were \$32,099, which consisted of \$11,002 from the Town and \$21,097 from the general employees.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions.

**TOWN OF TRYON, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds – continued**

The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the Town made contributions to the state for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the state to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>Number Year Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Tryon will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**3. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	<u>\$ 96,052</u>
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Deferred inflows of resources at year-end is comprised of the following:

Taxes receivable, net	\$ 61,932
Pension deferrals	325,893

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance to cover property, general liability, and auto liability coverage of \$1,000,000 per occurrence and workmen's compensation coverage of \$500,000 per accident. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town of Tryon is not in a flood plain and does not carry flood insurance.

The ABC Board 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 ABC Board has property, general liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years and there has been no significant reduction in insurance coverage in the prior year.

In accordance with G.S. 159-29, the finance officer of both the Town and the TDA are individually bonded for \$100,000 and the tax collector is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2015, the Town was unaware of any pending or threatened litigation, claims or contingent liabilities which could have a material adverse effect on the Town's financial position.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

6. Long-Term Obligations

a. Installment Purchases

On October 22, 2004, the Town executed an installment agreement with a local bank for the purpose of making park improvements to Harmon Field. The \$124,000 financing arrangement requires annual payments of \$12,400 with interest at 3.91%. This note matured on October 22, 2014.

On June 15, 2005, the Town executed an installment purchase agreement with a local bank to acquire radio read meters for the water and sewer department. The \$315,000 financing arrangement requires annual installments of \$38,336 with interest at 3.74%, maturing on July 8, 2015.

On July 1, 2008, the Town executed an installment purchase agreement with a local bank to acquire a fire engine and equipment for the fire department. The \$463,405 financing arrangement was modified in April 2014 with a reduced interest rate. The agreement requires annual installments of \$37,445 with interest at 2.50%, maturing on August 1, 2022.

On July 8, 2009, the Town entered into a revolving loan agreement with the North Carolina Water Pollution Control Revolving Fund for the purpose of renovating the Town's water plant. The \$3,579,592 financing arrangement requires annual principal installments of \$169,141 and semi-annual interest payments at 2.48%, maturing May 1, 2033.

On May 19, 2010, the Town, along with the Towns of Saluda and Columbus, executed a revolving loan with the NC Rural Center for the Tryon/Saluda/Columbus joint waterline. Due to construction delays, the first draw on the loan did not take place until September 9, 2010. The \$1,430,001 financing arrangement which is shared equally by the Town of Tryon, the Town of Saluda, and the Town of Columbus, requires annual principal installments of \$70,488 with interest at 2.5%, maturing May 1, 2031.

On March 25, 2012, the Town executed an installment purchase agreement with a local bank to acquire a 2012 Chevrolet Tahoe for the police department. The \$33,907 financing arrangement requires annual installments of \$7,284 with interest at 2.43%, maturing on March 25, 2017.



**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

On April 27, 2012, the Town executed an installment purchase agreement with a local bank to acquire a backhoe for the street department. The \$45,600 financing arrangement requires annual installments of \$9,728 with interest at 2.19%, maturing April 27, 2017.

On January 20, 2013, the Town executed an installment purchase agreement with a local bank to acquire a 2013 Dodge Charger for the police department. The financing arrangement requires annual installments of \$5,818 with interest at 2.19%, maturing January 20, 2018.

On May 7, 2013, the Town executed an installment purchase agreement with a local bank to acquire a 2013 Dodge Charger for the police department. The financing arrangement requires annual installments of \$6,174 with interest at 2.12%, maturing May 7, 2018.

On June 4, 2013, the Town executed an installment purchase agreement with a local bank to acquire an air compressor and communication equipment for the fire department. The financing arrangement requires annual installments of \$10,421 with interest at 2.09%, maturing June 4, 2016.

On May 19, 2015, the Town executed an installment purchase agreement with a local bank to acquire a backhoe for the transportation department. The financing agreement requires annual installments of \$11,562 with interest at 2.64%, maturing May 1, 2020.

On June 25, 2015, the Town executed an installment purchase agreement with a local bank to acquire a 2015 Ford Explorer for fire department and a 2012 Ford Escape for general administration fund. The financing agreement requires annual installments of \$14,186 with interest at 1.75%, maturing August 1, 2020.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

Annual debt service requirements to maturity for the Town's installment purchases are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 91,302	\$ 11,315	\$ 229,615	\$ 86,286
2017	83,097	9,098	192,637	80,121
2018	68,046	7,139	192,637	75,339
2019	57,653	5,539	192,637	70,557
2020	59,032	4,160	192,637	65,774
Next 5 Years	106,889	5,553	963,184	257,141
Thereafter			1,494,092	163,344
Total	<u>\$ 466,019</u>	<u>\$ 42,804</u>	<u>\$ 3,457,439</u>	<u>\$ 798,562</u>

At June 30, 2015, the Town of Tryon had a legal debt margin of \$14,502,342.

Changes in long-term liabilities for the fiscal year ended June 30, 2015, were as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental activities					
Installment purchases	\$ 429,768	\$ 120,681	\$ 84,430	\$ 466,019	\$ 91,302
Net pension liability (LGERS)	197,022		197,022		
Net pension obligation (LEO)	85,078	13,966		99,044	
Compensated absences	79,491	24,510	34,916	69,085	20,726
Total governmental activities	<u>\$ 791,359</u>	<u>\$ 159,157</u>	<u>\$ 316,368</u>	<u>\$ 634,148</u>	<u>\$ 112,028</u>
Business-type activities					
Installment purchases	\$ 3,685,700		\$ 228,261	\$ 3,457,439	\$ 229,615
Net pension liability (LGERS)	81,422		81,422		
Compensated absences	47,293	\$ 4,987	5,891	46,389	13,916
Total business-type activities	<u>\$ 3,814,415</u>	<u>\$ 4,987</u>	<u>\$ 315,574</u>	<u>\$ 3,503,828</u>	<u>\$ 243,531</u>

The LGERS plan had a net pension asset as of June 30, 2015; however the plan had a net pension liability at the beginning of the fiscal year.

Compensated absences for governmental activities have typically been liquidated in the General Fund.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

6. Long-Term Obligations - continued

c. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2015, consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 179,942
	Fire Department Fund	6,508
	Harmon Field Fund	93,245
	Sanitation Fund	6,954
	Total	\$ 286,649
Water and Sewer Fund	General Fund	\$ 37,842
	Sanitation Fund	59,463
	Total	\$ 97,305

The interfund balances result from the time lag between when interfund goods and services are provided or reimbursable expenses occur and when transactions are recorded in the accounting system and payments between funds are made.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

Transfers to/from other funds at June 30, 2015, consist of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Description</u>
General Fund	Fire Department Fund	\$ 2,500	To allocate use of Fire Dept assets for General Fund Purposes.
	Fire Department Fund	7,500	Town allocated portion for radio upgrade.
	Fire Department Fund	65,000	To eliminate fund balance deficit.
	Sanitation Fund	78,000	To eliminate fund balance deficit.
Fire Department Fund	General Fund	36,317	To allocate administrative services provided by General Fund.
Harmon Field Fund	General Fund	18,000	To allocate administrative services provided by General Fund.
Water and Sewer Fund	General Fund	333,000	To allocate administrative services provided by General Fund.
	Water and Sewer Capital Projects Fund	131,125	Portion of Local Match required as part of CDBG contract.
Sanitation	General Fund	28,702	To allocate administrative services provided by General Fund.
Tourism Development Authority (component unit)	General Fund	<u>4,800</u>	To allocate administrative services provided by General Fund.
	Total	<u>\$ 704,944</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 providing matching funds for various grant programs.

During the 2015 fiscal year, the Town made a one-time transfer from the General Fund of \$65,000 to the Fire Department Fund and \$78,000 to the Sanitation Fund to eliminate fund balance deficits as of the prior year-end.

**TOWN OF TRYON, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 3 – Detail Notes on All Funds - continued**

**7. 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	\$ 1,061,782
Less:	
Prepaid items	\$ 12,775
Stabilization by State Statute	460,990
Streets-Powell Bill	64,965
Public Safety	3,324
Assigned - Subsequent year's expenditures	2,800
Remaining Fund Balance	516,928
	\$ 1,061,782

**Note 4 – Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial, except for one grant. The Town currently is presenting \$36,792 payable to the state, representing excess reimbursements for grant expenditures on the Howard Street project that was completed in 2002.

**Note 5 – Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$129,236 and \$53,407, respectively.

**Note 6 – Subsequent Events**

Subsequent events have been evaluated through November 30, 2015, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY  
FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles.

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- Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress
- Law Enforcement Officers' Special Separation Allowance-Schedule of Employer Contributions
- Schedule of the Proportionate Share of New Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of Contributions – Local Government Employees' Retirement System

**TOWN OF TRYON, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Project Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2009	-	\$ 121,203	\$ 121,203	0.00%	\$ 360,810	33.59%
12/31/2010	-	102,054	102,054	0.00%	335,542	30.41%
12/31/2011	-	95,837	95,837	0.00%	340,919	28.11%
12/31/2012	-	100,050	100,050	0.00%	357,050	28.02%
12/31/2013	-	109,593	109,593	0.00%	383,620	28.57%
12/31/2014	-	121,211	121,211	0.00%	383,229	31.63%

**TOWN OF TRYON, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2013	\$ 13,193	0.00%
2014	13,850	0.00%
2015	13,965	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost of living adjustments	N/A



**TOWN OF TRYON, NORTH CAROLINA  
LOCAL GORVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
FOR THE YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
Proportion of net pension liability (asset) (%)	0.02279%	0.02310%
Proportion of net pension liability (asset) (\$)	\$ (134,403)	\$ 278,444
Covered-employee payroll	\$ 1,344,301	\$ 1,294,327
Proportionate share of net pension liability (asset) as a percentage of covered-employee payroll	( 10.00%)	21.51%
Plan fudiciary net position as a percentage of total pension liability	102.64%	94.35%

**TOWN OF COLUMBUS, NORTH CAROLINA  
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
Contractually Required contribution	\$ 96,052	\$ 95,798
Contributions in relation to the contractually required contribution	<u>96,052</u>	<u>95,798</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,341,741	\$ 1,344,301
Contributions as a percentage of covered-employee payroll	7.16%	7.13%

**INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

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This section contains additional statements required by the Local Government Commission in North Carolina.

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**TOWN OF TRYON, NORTH CAROLINA**  
**GENERAL FUND--SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Ad valorem taxes:			
Taxes	\$ 917,400	\$ 921,197	\$ 3,797
Penalties and interest		1,061	1,061
Total	<u>\$ 917,400</u>	<u>\$ 922,258</u>	<u>\$ 4,858</u>
Unrestricted intergovernmental revenue:			
Local option sales taxes	\$ 199,000	\$ 245,150	\$ 46,150
Payments in lieu of taxes (external sources)	85,000	103,003	18,003
Utilities sales tax	110,000	148,074	38,074
Beer and wine tax	8,000	8,065	65
Total	<u>\$ 402,000</u>	<u>\$ 504,292</u>	<u>\$ 102,292</u>
Restricted intergovernmental revenue:			
Powell Bill allocation	\$ 68,000	\$ 68,701	\$ 701
Controlled substance tax		1,028	1,028
State grants - Main street program	200,000	200,000	
Total	<u>\$ 268,000</u>	<u>\$ 269,729</u>	<u>\$ 1,729</u>
Sales and services			
Rents, concessions and other services	<u>\$ 50,305</u>	<u>\$ 59,262</u>	<u>\$ 8,957</u>
Investment earnings	<u>\$ 10</u>	<u>\$ 14</u>	<u>\$ 4</u>
Miscellaneous			
Contributions	\$ 3,000	\$ 3,197	\$ 197
Other		4,438	4,438
Total	<u>\$ 3,000</u>	<u>\$ 7,635</u>	<u>\$ 4,635</u>
Total revenues	<u>\$ 1,640,715</u>	<u>\$ 1,763,190</u>	<u>\$ 122,475</u>

**TOWN OF TRYON, NORTH CAROLINA**  
**GENERAL FUND--SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Expenditures	Budget	Actual	Variance Positive (Negative)
General Government :			
Salaries and employee benefits	\$ 13,600	\$ 10,422	\$ 3,178
Operating expenses	23,100	22,925	175
Total	<u>\$ 36,700</u>	<u>\$ 33,347</u>	<u>\$ 3,353</u>
Administration:			
Salaries and employee benefits	\$ 316,194	\$ 303,217	\$ 12,977
Operating expenses	130,400	163,014	(32,614)
Capital outlay		21,873	(21,873)
Total	<u>\$ 446,594</u>	<u>\$ 488,104</u>	<u>\$ (41,510)</u>
Total general government	<u>\$ 483,294</u>	<u>\$ 521,451</u>	<u>\$ (38,157)</u>
Public safety:			
Police:			
Salaries and employee benefits	\$ 631,325	\$ 617,560	\$ 13,765
Operating expenses	89,400	105,465	(16,065)
Capital outlay	5,000	10,515	(5,515)
Total public safety	<u>\$ 725,725</u>	<u>\$ 733,540</u>	<u>\$ (7,815)</u>
Economic Development:			
Planning and Zoning:			
Operating expenses	\$ 4,300	\$ 4,079	\$ 221
Total economic development	<u>\$ 4,300</u>	<u>\$ 4,079</u>	<u>\$ 221</u>
Transportation:			
Salaries and employee benefits	293,931	\$ 283,220	\$ 10,711
Operating expenses	188,335	179,392	8,943
Capital outlay	119,000	131,533	(12,533)
Total transportation	<u>\$ 601,266</u>	<u>\$ 594,145</u>	<u>\$ 7,121</u>
Cultural and recreational:			
Parks and recreation:			
Operating expenses	\$ 16,400	\$ 13,891	\$ 2,509
Capital outlay	185,000	181,012	3,988
Total cultural and recreational	<u>\$ 201,400</u>	<u>\$ 194,903</u>	<u>\$ 6,497</u>
Debt service			
Principal retirement	\$ 32,820	\$ 32,464	\$ 356
Interest and fees	2,796	2,713	83
Total debt service	<u>\$ 35,616</u>	<u>\$ 35,177</u>	<u>\$ 439</u>
Total expenditures	<u>\$ 2,051,601</u>	<u>\$ 2,083,295</u>	<u>\$ (31,694)</u>

**TOWN OF TRYON, NORTH CAROLINA**  
**GENERAL FUND--SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	\$ (410,886)	\$ (320,105)	\$ 90,781
Other financing sources (uses):			
Transfers from other funds:			
Special Revenue Funds	\$ 54,317	\$ 54,317	
Enterprise Funds	361,702	361,702	
Component Unit	4,800	4,800	
Transfers to other funds:			
Enterprise Funds	(78,000)	(78,000)	
Special Revenue Funds	(70,154)	(75,000)	\$ (4,846)
Installment purchase obligations issued	75,490	74,692	(798)
Total other financing sources (uses)	\$ 348,155	\$ 342,511	\$ (5,644)
Fund balance appropriated	\$ 62,731		\$ (62,731)
Net change in fund balance	\$ -	\$ 22,406	\$ 22,406
Fund balance, beginning of year		1,039,376	
Fund balance, end of year		\$ 1,061,782	

**TOWN OF TRYON, NORTH CAROLINA**  
**FIRE DEPARTMENT FUND--SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes:			
Taxes	\$ 248,500	\$ 254,013	\$ 5,513
Penalties and interest	150	187	37
Total	<u>\$ 248,650</u>	<u>\$ 254,200</u>	<u>\$ 5,550</u>
Restricted intergovernmental revenue:			
Federal grant	\$ 14,271	\$ 14,271	
State grant	19,646	19,646	
Total	<u>\$ 33,917</u>	<u>\$ 33,917</u>	
Miscellaneous			
Contributions		\$ 1,860	\$ 1,860
Total		<u>\$ 1,860</u>	<u>\$ 1,860</u>
Total revenues	<u>\$ 282,567</u>	<u>\$ 289,977</u>	<u>\$ 7,410</u>
<b>Expenditures</b>			
Public safety:			
Salaries and employee benefits	\$ 50,744	\$ 48,256	\$ 2,488
Operating expenses	219,645	205,466	14,179
Capital outlay	45,000	49,944	(4,944)
Total public safety	<u>\$ 315,389</u>	<u>\$ 303,666</u>	<u>\$ 11,723</u>
Debt service			
Principal	\$ 36,243	\$ 39,566	\$ (3,323)
Interest	10,762	10,438	324
Total debt service	<u>\$ 47,005</u>	<u>\$ 50,004</u>	<u>\$ (2,999)</u>
Total expenditures	<u>\$ 362,394</u>	<u>\$ 353,670</u>	<u>\$ 8,724</u>
Revenues over (under) expenditures	<u>\$ (79,827)</u>	<u>\$ (63,693)</u>	<u>\$ 16,134</u>

**TOWN OF TRYON, NORTH CAROLINA  
 FIRE DEPARTMENT FUND--SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers from other funds:			
General Fund	\$ 70,154	\$ 75,000	\$ 4,846
Transfers to other funds:			
General Fund	(36,317)	(36,317)	
Installment purchase obligations issued	<u>45,990</u>	<u>45,990</u>	
Total other financing sources (uses)	<u>\$ 79,827</u>	<u>\$ 84,673</u>	<u>\$ 4,846</u>
Net change in fund balance	<u>\$ -</u>	\$ 20,980	<u>\$ 20,980</u>
Fund balance, beginning of year		<u>(18,720)</u>	
Fund balance, end of year		<u>\$ 2,260</u>	



**TOWN OF TRYON, NORTH CAROLINA**  
**HARMON FIELD FUND--SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes:			
Taxes	\$ 169,200	\$ 169,769	\$ 569
Penalties and interest		286	286
Total	<u>\$ 169,200</u>	<u>\$ 170,055</u>	<u>\$ 855</u>
Sales and services:			
Rents, concessions and other services	<u>\$ 30,000</u>	<u>\$ 33,468</u>	<u>\$ 3,468</u>
Investment earnings	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</u>
Miscellaneous:			
Contributions	<u>\$ 14,000</u>	<u>\$ 17,619</u>	<u>\$ 3,619</u>
Total revenues	<u>\$ 213,202</u>	<u>\$ 221,145</u>	<u>\$ 7,943</u>
<b>Expenditures</b>			
Cultural and recreational:			
Salaries and employee benefits	\$ 110,596	\$ 104,877	\$ 5,719
Operating expenses	55,700	84,765	(29,065)
Capital outlay	8,162		8,162
Total cultural and recreational	<u>\$ 174,458</u>	<u>\$ 189,642</u>	<u>\$ (15,184)</u>
Debt service			
Principal	\$ 12,400	\$ 12,400	
Interest	485	485	
Total debt service	<u>\$ 12,885</u>	<u>\$ 12,885</u>	
Total expenditures	<u>\$ 187,343</u>	<u>\$ 202,527</u>	<u>\$ (15,184)</u>
Revenues over (under) expenditures	<u>\$ 25,859</u>	<u>\$ 18,618</u>	<u>\$ (7,241)</u>

**TOWN OF TRYON, NORTH CAROLINA  
HARMON FIELD FUND--SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE -- BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers to other funds:			
General Fund	\$ (18,000)	\$ (18,000)	
Total other financing sources (uses)	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>	
Fund balance appropriated	<u>\$ (7,859)</u>		<u>\$ 7,859</u>
Net change in fund balance	<u>\$ -</u>	\$ 618	<u>\$ 618</u>
Fund balance, beginning of year		<u>4,568</u>	
Fund balance, end of year		<u>\$ 5,186</u>	

**TOWN OF TRYON, NORTH CAROLINA**  
**WATER AND SEWER FUND--SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Water sales:</b>			
Charges for services	\$ 1,084,300	\$ 1,103,341	\$ 19,041
<b>Sewer sales:</b>			
Charges for services	\$ 506,500	\$ 511,294	\$ 4,794
Water and sewer taps	\$ 3,000	\$ 2,880	\$ (120)
Total operating revenues	<u>\$ 1,593,800</u>	<u>\$ 1,617,515</u>	<u>\$ 23,715</u>
<b>Nonoperating revenues:</b>			
Other nonoperating revenue		\$ 56,000	\$ 56,000
Interest income	\$ 80	18	(62)
Total nonoperating revenues	<u>\$ 80</u>	<u>\$ 56,018</u>	<u>\$ 55,938</u>
Total revenues	<u>\$ 1,593,880</u>	<u>\$ 1,673,533</u>	<u>\$ 79,653</u>
<b>Expenditures:</b>			
<b>Water and sewer distribution:</b>			
Salaries and employee benefits	\$ 154,093	\$ 134,167	\$ 19,926
Outside services	117,200	110,686	6,514
Utilities	5,000	5,192	(192)
Telephone	3,500	3,019	481
Maintenance and repairs	16,700	17,332	(632)
Materials and supplies	43,000	42,688	312
Advertising	250		250
Uniforms	1,500	1,618	(118)
Professional services	2,100	1,090	1,010
Insurance	4,000	2,656	1,344
Dues and subscriptions	800	140	660
Travel	1,000	726	274
Total water and sewer distribution	<u>\$ 349,143</u>	<u>\$ 319,314</u>	<u>\$ 29,829</u>
<b>Water plant operations:</b>			
Salaries and employee benefits	\$ 172,646	\$ 166,517	\$ 6,129
Outside services	40,200	48,268	(8,068)
Utilities	51,000	56,241	(5,241)
Telephone	3,000	2,843	157
Maintenance and repairs	21,000	16,547	4,453
Materials and supplies	77,500	82,159	(4,659)
Advertising	500		500
Office supplies and postage	5,000	4,909	91
Uniforms	1,700	1,662	38
Insurance	10,400	9,790	610
Dues and subscriptions	3,400	560	2,840
Travel	2,160	2,053	107
Licenses and permits	2,500	2,175	325
Total water plant operations	<u>\$ 391,006</u>	<u>\$ 393,724</u>	<u>\$ (2,718)</u>

**TOWN OF TRYON, NORTH CAROLINA**  
**WATER AND SEWER FUND--SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
<b>Wastewater plant operations:</b>			
Salaries and employee benefits	\$ 78,981	\$ 78,438	\$ 543
Outside services	45,920	43,722	2,198
Utilities	18,250	19,690	(1,440)
Telephone	1,500	1,265	235
Maintenance and repairs	11,810	9,829	1,981
Materials and supplies	18,700	18,725	(25)
Office supplies and postage	2,100	2,025	75
Advertising	450	295	155
Uniforms	600	450	150
Insurance	6,500	6,119	381
Dues and subscriptions	1,800	1,670	130
Travel	610	442	168
Licenses and permits	8,000	5,710	2,290
Total wastewater plant operations	<u>\$ 195,221</u>	<u>\$ 188,380</u>	<u>\$ 6,841</u>
<b>Wastewater collection:</b>			
Salaries and employee benefits	\$ 81,470	\$ 76,989	\$ 4,481
Outside services	45,500	43,582	1,918
Utilities	2,250	2,121	129
Telephone	1,700	672	1,028
Maintenance and repairs	14,600	13,970	630
Materials and supplies	16,900	12,542	4,358
Advertising	175	188	(13)
Uniforms	660	701	(41)
Professional services	1,100	1,090	10
Insurance	10,000	9,413	587
Dues and subscriptions	1,420	241	1,179
Travel	200	162	38
Licenses and permits	1,500	1,310	190
Other Settlement	25,000	25,000	
Total wastewater collections	<u>\$ 202,475</u>	<u>\$ 187,981</u>	<u>\$ 14,494</u>
<b>Debt Service:</b>			
Principal	\$ 285,091	\$ 228,261	\$ 56,830
Interest and fees	277,571	253,399	24,172
Total debt service	<u>\$ 562,662</u>	<u>\$ 481,660</u>	<u>\$ 81,002</u>
Total expenditures	<u>\$ 1,700,507</u>	<u>\$ 1,571,059</u>	<u>\$ 129,448</u>

**TOWN OF TRYON, NORTH CAROLINA**  
**WATER AND SEWER FUND--SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	\$ (106,627)	\$ 102,474	\$ 209,101
Other financing source (uses):			
Transfers from other governments	\$ 67,946		\$ (67,946)
Transfers to other funds:			
General Fund	(333,000)	\$ (333,000)	
CDBG Fund	(131,125)	(131,125)	
Sale of Capital Assets	800		(800)
Litigation settlement	300,000	300,000	
Total other financing sources (uses)	\$ (95,379)	\$ (164,125)	\$ (68,746)
Fund balance appropriated	\$ 202,006		\$ (202,006)
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ (61,651)	\$ (61,651)

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

Reconciling items:		
Principal retirement		228,261
Gain on disposal of capital assets		18,755
Increase in compensated absences		(4,987)
Capital contributions		209,161
Transfer to other funds - CDBG Fund		131,125
Deferred outflows of resources for contributions made to pension plan in current fiscal year		22,471
Pension expense		(2,074)
Depreciation		(240,931)
Change in net position		\$ 300,130

**TOWN OF TRYON, NORTH CAROLINA  
CDBG GRANT FUND -- SCHEDULE OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -- BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental					
Federal grant	\$ 537,738	\$ 328,577	\$ 209,161	\$ 537,738	
Total revenues	<u>\$ 537,738</u>	<u>\$ 328,577</u>	<u>\$ 209,161</u>	<u>\$ 537,738</u>	
Expenditures					
Economic development					
Administration	\$ 25,607	\$ 24,452	\$ 1,155	\$ 25,607	
Public Sewer Improvements	676,300	400,242	299,014	699,256	\$ (22,956)
Total expenditures	<u>\$ 701,907</u>	<u>\$ 424,694</u>	<u>\$ 300,169</u>	<u>\$ 724,863</u>	<u>\$ (22,956)</u>
Revenues over (under) expenditures	<u>\$ (164,169)</u>	<u>\$ (96,117)</u>	<u>\$ (91,008)</u>	<u>\$ (187,125)</u>	<u>\$ (22,956)</u>
Other financing sources (uses):					
Transfers from other funds:					
Water and Sewer Fund	\$ 164,169	\$ 56,000	\$ 131,125	\$ 187,125	\$ 22,956
Total other financing sources (uses)	<u>\$ 164,169</u>	<u>\$ 56,000</u>	<u>\$ 131,125</u>	<u>\$ 187,125</u>	<u>\$ 22,956</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (40,117)</u>	<u>\$ 40,117</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>(40,117)</u>		
Fund balance, end of year			<u>\$ -</u>		

**TOWN OF TRYON, NORTH CAROLINA**  
**SANITATION FUND--SCHEDULE OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Sanitation fees			
Charges for services	\$ 223,795	\$ 216,014	\$ (7,781)
Other operating revenues	\$ 8,200	\$ 9,681	\$ 1,481
Nonoperating revenues:			
Solid waste disposal tax	\$ 500	\$ 557	\$ 57
Total revenues	<u>\$ 232,495</u>	<u>\$ 226,252</u>	<u>\$ (6,243)</u>
Expenditures:			
Sanitation:			
Salaries and employee benefits	\$ 144,619	\$ 125,539	\$ 19,080
Outside services	2,600	394	2,206
Utilities	1,700	577	1,123
Telephone	700	598	102
Maintenance and repairs	13,450	12,707	743
Materials and supplies	19,200	17,893	1,307
Office supplies and postage	2,300	2,025	275
Uniforms	2,000	1,848	152
Professional services	3,100	2,180	920
Tipping charges	25,000	29,984	(4,984)
Bin rental	350	350	
Insurance	2,200	2,173	27
Travel	500		500
Bad debt expense	200	2,047	(1,847)
Total sanitation expenditures	<u>\$ 217,919</u>	<u>\$ 198,315</u>	<u>\$ 19,604</u>
Revenues over (under) expenditures	<u>\$ 14,576</u>	<u>\$ 27,937</u>	<u>\$ 13,361</u>
Other financing source (uses):			
Transfers from other funds:			
General Fund	\$ 78,000	\$ 78,000	
Transfers to other funds:			
General Fund	<u>(28,702)</u>	<u>(28,702)</u>	
Total other financing sources (uses)	<u>\$ 49,298</u>	<u>\$ 49,298</u>	
Fund balance appropriated	<u>\$ (63,874)</u>		<u>\$ 63,874</u>
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 77,235</u>	<u>\$ 77,235</u>

**TOWN OF TRYON, NORTH CAROLINA**  
**SANITATION FUND--SCHEDULE OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Sanitation Fund - Revenues and other financing sources over (under) expenditures and other uses	\$ 77,235
Reconciling items:	
Deferred outflows of resources for contributions made to pension plan in current fiscal year	6,317
Pension expense	(513)
Decrease in compensated absences	<u>5,891</u>
Change in net position	<u><u>\$ 88,930</u></u>



**TOWN OF TRYON, NORTH CAROLINA**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b>Rogers Park</b>				
Assets				
Cash and cash equivalents	\$ 12,090	\$ 8,380	\$ 15,059	\$ 5,411
Liabilities				
Amounts held for others	\$ 12,090	\$ 8,380	\$ 15,059	\$ 5,411
<b>Cemetery Project</b>				
Assets				
Cash and cash equivalents	\$ 2,193	\$ -	\$ -	\$ 2,193
Liabilities				
Amounts held for others	\$ 2,193	\$ -	\$ -	\$ 2,193
<b>Woodland Park</b>				
Assets				
Cash and cash equivalents	\$ 9,525	\$ -	\$ -	\$ 9,525
Liabilities				
Amounts held for others	\$ 9,525	\$ -	\$ -	\$ 9,525
<b>Greenway Project</b>				
Assets				
Cash and cash equivalents	\$ 265	\$ -	\$ -	\$ 265
Liabilities				
Amounts held for others	\$ 265	\$ -	\$ -	\$ 265
<b>Harmon Field</b>				
Assets				
Cash and cash equivalents	\$ 9,793	\$ -	\$ 9,793	\$ -
Liabilities				
Amounts held for others	\$ 9,793	\$ -	\$ 9,793	\$ -
<b>Baseball Committee</b>				
Assets				
Cash and cash equivalents	\$ 270	\$ -	\$ 270	\$ -
Liabilities				
Amounts held for others	\$ 270	\$ -	\$ 270	\$ -
<b>St. Luke's Plaza</b>				
Assets				
Cash and cash equivalents	\$ 1,104	\$ 3,397	\$ 4,501	\$ -
Liabilities				
Amounts held for others	\$ 1,104	\$ 3,397	\$ 4,501	\$ -
<b>Summer Tracks</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 8,478	\$ 5,105	\$ 3,373
Liabilities				
Amounts held for others	\$ -	\$ 8,478	\$ 5,105	\$ 3,373
<b>Total - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 35,240	\$ 20,255	\$ 34,728	\$ 20,767
Liabilities				
Amounts held for others	\$ 35,240	\$ 20,255	\$ 34,728	\$ 20,767

## **OTHER SCHEDULES**

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This section contains additional statements required on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy – Town Wide Levy

**TOWN OF TRYON, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year</u>	Uncollected Balance June 30, 2014	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance June 30, 2015
2014-2015		\$ 911,472	\$ 896,596	\$ 14,876
2013-2014	\$ 27,047		14,490	12,557
2012-2013	6,005		3,936	2,069
2011-2012	397		270	127
2010-2011	8,597		1,436	7,161
2009-2010	7,358		2,229	5,129
2008-2009	4,787		436	4,351
2007-2008	3,926		15	3,911
2006-2007	2,963		90	2,873
2005-2006	2,059		77	1,982
2004-2005	1,692		1,692	-
	<u>\$ 64,831</u>	<u>\$ 911,472</u>	<u>\$ 921,267</u>	\$ 55,036
Less: Allowance for uncollectible accounts				<u>(24,613)</u>
Ad valorem taxes receivable - net				<u>\$ 30,423</u>
Reconciliation with revenues:				
Ad valorem taxes -- general fund				\$ 922,258
Reconciling items:				
Interest collected				(1,061)
Discounts allowed				<u>70</u>
Total collections and credits				<u>\$ 921,267</u>

**TOWN OF TRYON, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY -- TOWN -WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy					
Property taxed at current year's rate	\$ 181,414,479	0.5028	\$ 912,152	\$ 830,269	\$ 81,883
Discoveries:					
Current year	32,600	0.5028	164	164	
Abatements	<u>(167,800)</u>	0.5028	<u>(844)</u>	<u>(844)</u>	
Total property valuation	<u><u>\$ 181,279,279</u></u>				
Net levy			\$ 911,472	\$ 829,589	\$ 81,883
Uncollected tax at June 30, 2015			<u>14,876</u>	<u>11,347</u>	<u>3,529</u>
Current year's taxes collected			<u>\$ 896,596</u>	<u>\$ 818,242</u>	<u>\$ 78,354</u>
Current levy collection percentage			<u><u>98.37%</u></u>	<u><u>98.63%</u></u>	<u><u>95.69%</u></u>

**COMPLIANCE**



307 NORTH CHURCH STREET • HENDERSONVILLE, NC 28792

MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER - NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Ronald G. Carland, CPA  
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F.T. Carland, CPA  
Trish Cheek, CPA  
George B. Lee, CPA  
Harold C. Reid, CPA

**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 Town Council  
Tryon, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Tryon, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Town of Tryon, North Carolina's basic financial statements, which collectively comprise the Town of Tryon, North Carolina's basic financial statements, and have issued our report thereon dated November 30, 2015. The financial statements of the Town of Tryon Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Tryon, North Carolina'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 Town of Tryon, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tryon, North Carolina'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses (Finding 2015-1) that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Tryon, North Carolina'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2015-1.

### **Town of Tryon, North Carolina's Response to Findings**

The Town of Tryon, North Carolina's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Hendersonville, North Carolina  
November 30, 2015

**TOWN OF TRYON, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. An unmodified opinion was issued on the financial statements of the Town of Tryon, North Carolina.
- B. Our audit of the basic financial statements disclosed no material weaknesses over financial reporting.
- C. Our audit of the basic financial statements disclosed significant deficiencies in internal control.
- D. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

**II. FINANCIAL STATEMENT FINDINGS**

**SIGNIFICANT DEFICIENCY**

Finding 2015-1 Adjusting Journal Entries

Criteria: The staff of the Town of Tryon has a competent finance staff able to perform the day to day functions of the finance department but may not have the staff time available to prevent, detect, and correct a potential error in the financial accounting system.

Condition: There exists a lack of staff time and technical expertise to be able to monitor the accounting system for prevention and detection of potential errors.

Effect: The financial accounting system has the potential for errors that may not be prevented or detected by staff in a timely manner.

Cause: The current staff does not have the necessary staff time and expertise required to prevent and detect potential errors in the financial accounting system.

Recommendation: The Town should consider utilizing its outside accountant in assisting in preventing, detecting, and correcting potential errors in the financial accounting system.

Views of responsible officials and planned corrective actions: The Town of Tryon agrees with this finding. The Town accountant will become more involved in the monthly review process to prevent a recurrence of the errors corrected by the proposed audit adjustments for the June 30, 2015 fiscal year.



**TOWN OF TRYON, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA #	Expenditures
<b>Federal Grants:</b>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through North Carolina Department of Commerce: Community Development Block Grant, State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 209,161
<u>U.S. Department of Homeland Security</u>		
Assistance to Firefighters Grant	97.044	<u>14,271</u>
Total assistance - federal programs		<u>\$ 223,432</u>
<b>State Grants:</b>		
<u>North Carolina Department of Transportation</u>		
Powell Bill		<u>\$ 51,435</u>
<u>North Carolina Department of Commerce</u>		
Rural Economic Development Division North Carolina Main Street Solutions Fund Grant Program		<u>\$ 200,000</u>
<u>Office of State Fire Marshall</u>		
Fire Rescue Grants and Relief Funds - Volunteer Fire Department Fund		<u>\$ 19,646</u>
Total assistance - State programs		<u>\$ 271,081</u>
Total assistance		<u><u>\$ 494,513</u></u>

**Notes to the Schedule of Expenditures of Federal and State Awards**

1. The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Tryon, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this schedule of federal and state awards is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Because the schedule of federal and state awards presents only a select portion of the operations of the Town of Tryon, North Carolina, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Tryon, North Carolina.
2. Expenditures reported in the schedule of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited to reimbursements.