TOWN OF TRYON,
NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

TOWN OF TRYON, NORTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS AND TOWN STAFF

YEAR ENDED JUNE 30, 2023

Established

1885

TOWN COUNCIL

Alan Peoples, Mayor

Chrelle Booker, Mayor Pro Tempore

Crys Armbrust, Town Commissioner

Bill Crowell, Town Commissioner

Vacant, Town Commissioner

TOWN STAFF

Town Manager – Jim Fatland, NCCLGFO, CPFO

Town Clerk – Susan Bell, CMC

Planning Director – Tim Daniels

TDDA Executive Director – Lourdes Gutierrez

Public Works Director – Greg McCool

Interim Police Chief – Scott Holt

Fire Chief – Josh Walton

TOWN OF TRYON, NORTH CAROLINA

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Independent Auditors' Report

To the Honorable Mayor
And Members of the Town Council
Town of Stanley, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, 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 (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cashflows thereof and their respective budgetary comparison for the General Fund and other major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Town of Tryon Alcoholic Beverage Control Board, North Carolina (the ABC Board), which represent 100%, respectively, of the assets, net position, and revenues of the ABC Board as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and the required supplementary information, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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. In our opinion, the supplementary information is 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 May 29, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RH CPAs, PLLC

Lexington, North Carolina
May 29, 2024

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As management of the Town of Tryon ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. 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.

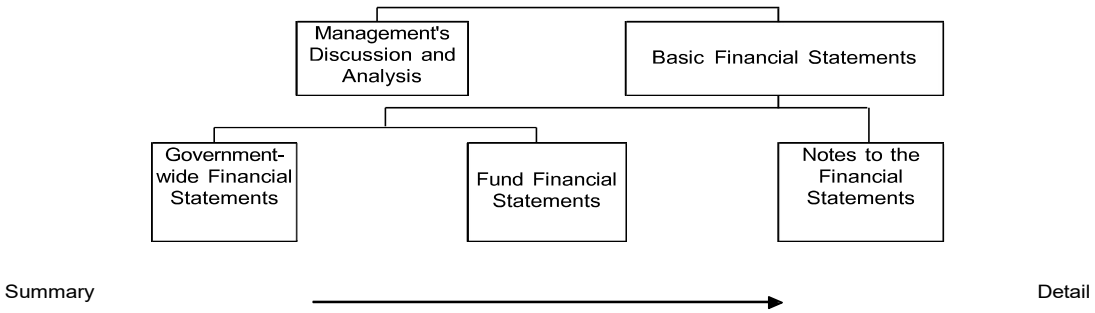
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by $9,068,638 (*net position*).
- The Town's total net position for FY 2023 increased by $147,240 over the prior year balance due to a decrease in the net position of the governmental activities of $180,417 and an increase in the net position of the business-type activities of $327,657.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $2,315,150, an increase of $70,453 or 3.14% from the prior year fund balance. The increase is due to revenues and other financing sources of $3,407,278 exceeding expenditures of $3,336,825.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds is $1,363,959. The unassigned fund balance for the General Fund is $1,363,959 which is 63% of total General Fund actual expenditures for the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town'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.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements 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 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements for major governmental funds; and 3) the proprietary fund statements.

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

Government-Wide Financial Analysis

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, culture and recreation, and general administration. Property taxes and intergovernmental revenues 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. The final category is the component units. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the ABC Board by appointing its members and the ABC Board is required to distribute its profits to the Town. Although legally separate from the Town, the Authority is important to the Town. The Town exercises control over the Authority by appointing its members and the Authority is required by North Carolina law to govern the use of the Town's occupancy tax revenue.

Fund Financial Statements

The fund financial statements 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, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the 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 more or fewer financial resources are 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 adopts annual budgets for its General Fund, Fire Department Fund, Harmon Field Fund, and the ARPA Fund, as required by the General Statutes. Each 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 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 demonstrate how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budgets were 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. The statements show four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town utilizes one type of proprietary fund known as an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer and 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.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

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

Town's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	$ 2,531,131	$ 2,426,823	$ 951,457	$ 601,729	$ 3,482,588	$ 3,028,552
Capital Assets	3,512,130	3,674,683	5,456,747	5,601,589	8,968,877	9,276,272
Deferred Outflows of Resources	768,118	481,625	212,363	258,018	980,481	739,643
Total Assets and Deferred Outflows of Resources	6,811,379	6,583,131	6,620,567	6,461,336	13,431,946	13,044,467
Liabilities:						
Long-Term Liabilities	1,405,492	727,950	2,363,962	2,420,769	3,769,454	3,148,719
Other Liabilities	94,507	69,635	355,935	252,187	450,442	321,822
Deferred Inflows of Resources	141,741	435,490	1,671	217,038	143,412	652,528
Total Liabilities and Deferred Inflows of Resources	1,641,740	1,233,075	2,721,568	2,889,994	4,363,308	4,123,069
Net Position:						
Net Investment in Capital Assets	3,496,264	3,606,896	3,455,087	3,388,204	6,951,351	6,995,100
Restricted	701,889	880,028	-	-	701,889	880,028
Unrestriced	971,486	863,132	443,912	183,138	1,415,398	1,046,270
Total Net Position	$ 5,169,639	$ 5,350,056	$ 3,898,999	$ 3,571,342	$ 9,068,638	$ 8,921,398

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by $9,068,638 as of June 30, 2023. Current and other assets increased by $454,036 from the prior year. The increase was primarily due to an increase in cash and cash equivalents in business-type activities due to the increase in net position for the current year.

Other liabilities increased by $128,620 from the prior year. The increase was primarily due to an increase in accounts payable in business-type activities for the current year.

Long-term liabilities which include notes, compensated absences, and postemployment obligations of the primary government increased by $620,735. The increase was primarily due to an increase of $989,412 for the Town's net pension liability for the Local Governmental Employees' Retirement System. The overall increase in long-term liabilities was partially offset by the reduction of notes payable by the debt service principal payments made during the current year.

By far, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town 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 the debt must be provided by other sources, since the capital assets cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $701,889, represents resources that are subject to external restrictions on how they may be used. As of the end of the current fiscal year, the Towns' unrestricted net position was $1,415,398.

Town's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	$ 87,037	$ 76,347	$ 1,921,398	$ 2,016,140	$ 2,008,435	$ 2,092,487
Operating Grants & Contributions	370,877	381,419	-	-	370,877	381,419
Capital Grants & Contributions	-	85,000	160,685	-	160,685	85,000
General Revenues:						
Property Taxes	2,064,193	2,010,714	-	-	2,064,193	2,010,714
Other Taxes & Fees	848,202	632,400	1,261	1,508	849,463	633,908
Other Revenue	63,642	170,651	7,647	240	71,289	170,891
Total Revenues	3,433,951	3,356,531	2,090,991	2,017,888	5,524,942	5,374,419
Expenses:						
General Government	854,737	831,663	-	-	854,737	831,663
Public Safety	1,648,271	1,187,557	-	-	1,648,271	1,187,557
Economic Development	1,000	4,294	-	-	1,000	4,294
Transportation	653,653	449,797	-	-	653,653	449,797
Culture and Recreational	456,081	398,887	-	-	456,081	398,887
Interest on Long-Term Obligations	626	2,275	-	-	626	2,275
Water and Sewer	-	-	1,502,093	1,577,507	1,502,093	1,577,507
Sanitation	-	-	261,241	307,195	261,241	307,195
Total Expenses	3,614,368	2,874,473	1,763,334	1,884,702	5,377,702	4,759,175
Change in Net Position Before Transfers	(180,417)	482,058	327,657	133,186	147,240	615,244
Transfers	-	(403,952)	-	403,952	-	-
Change in Net Position	(180,417)	78,106	327,657	537,138	147,240	615,244
Net Position, Beginning	5,350,056	5,271,950	3,571,342	3,034,204	8,921,398	8,306,154
Net Position, June 30	5,169,639	5,350,056	3,898,999	3,571,342	9,068,638	8,921,398

The Town's overall net position increased by $147,240 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities: Governmental activities decreased the Town's net position by $180,417. The key element of this decrease is due to expenses exceeding revenues. A detailed explanation for governmental funds financial activity for the current year is provided under the Governmental Funds in the Financial Analysis of the Town's Funds section following.

Business-type Activities: Business-type activities increased the Town's net position by $327,657. The key element of this increase is mostly due to revenues exceeding expenses. A detailed explanation for the utility funds financial activity for the current year is provided under the Proprietary Funds in the Financial Analysis of the Town's Funds section following.

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'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.

General Fund. 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 $1,363,959, while total fund balance reached $1,970,596. Town Council has determined that the Town should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 63% of General Fund expenditures, and total fund balance represents 91% of the same amount.

At June 30, 2023, governmental funds reported a combined total fund balance of $2,315,150 with a net increase in fund balance of $70,453.

Revenues in the General Fund were $2,037,829 for FY 2023, which was an increase of $58,844, or 3%, over the $1,978,985 reported in FY 2022, primarily due to an increase in unrestricted intergovernmental revenue of $52,686 due to higher local option sales tax and utility sales tax revenue collections received from the State.

Expenditures in the General Fund were $2,177,186 for FY 2023, which was an increase of $309,597, or 17%, over the $1,867,589 reported in FY 2022, primarily due to higher public safety expenditures of $87,845 and higher transportation expenditures of $248,106, partially offset by lower general government expenditures of $11,971. The overall increase was primarily due to higher capital outlay in the current year for vehicle purchases and higher salaries, benefits, and operating costs.

Fire Department Fund. Fund balance for the Fire Department Fund decreased $6,527 to $242,647 at June 30, 2023. Fire Department Fund revenues increased $196,215, or 33%, compared to the prior year primarily due to an increase in ad valorem taxes of $156,903 and an operating grant of $45,000. Fire Department expenditures increased $179,843, or 29%, compared to the prior year primarily due to an increase in public safety salaries, benefits, and operating costs.

Harmon Field Fund. Fund balance for the Harmon Field Fund decreased $45,514 to $101,907 at June 30, 2023. Harmon Field Fund revenues increased $41,206, or 15%, compared to the prior year primarily due to an increase in sales and services of $16,237 and contributions of $18,945. Harmon Field Fund expenditures increased $99,289, or 39%, compared to the prior year primarily due to an increase in salaries, benefits, and operating costs.

ARPA Fund. The ARPA Fund was established in 2022 to account for federal stimulus grants received from the American Rescue Plan Act ("ARPA"). The Town recognized $257,348 in grant revenues which was used to reimburse the Town for government services (under the "Revenue Loss" provision of the ARPA) in its General Fund.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. In general, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services. The Town's budget amendments in 2023 were primarily to (a) cover a capital outlay acquisition, (b) increase operating costs, (c) increase salaries related to a transfer in of ARPA funds. General Fund actual revenues of $2,037,829 exceeded budgeted revenues by $209,964, or 11%, primarily due to ad valorem tax revenues exceeding budget by $51,939 and unrestricted intergovernmental revenue exceeding budget by $128,702.

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail.

Water and Sewer Fund. Unrestricted net position for the Water and Sewer Fund at the end of the fiscal year amounted to $436,047. The total change in net position for the Water and Sewer Fund was an increase of $341,086. The Water and Sewer Fund (modified accrual) had $1,682,494 in revenues for FY 2023. This was a decrease of $71,282, or 4% lower than FY 2022, primarily due to a decrease in charges for services of $82,164. The Water and Sewer Fund (modified accrual) had $1,476,427 in expenditures for FY 2023. This was a decrease of $175,027, or 11% lower than FY 2022, primarily due to a decrease in capital expenditures.

Sanitation Fund. Unrestricted net position for the Sanitation Fund at the end of the fiscal year amounted to a deficit of $39,820. The total change in net position for the Sanitation Fund was a decrease of $13,429. The Sanitation Fund (modified accrual) had $247,812 in revenues for FY 2023. This was a decrease of $16,300, or 6% lower than FY 2022, primarily due to a decrease in sanitation fees of $12,057. The Sanitation Fund (modified accrual) had $239,727 in expenditures for FY 2023. This was a decrease of $53,834, or 18% lower than FY 2022, primarily due to lower salaries and employee benefits of $67,323, partially offset by higher insurance of $12,316.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's capital assets for its governmental and business-type activities as of June 30, 2023, totaled $8,968,877 (net of accumulated depreciation), a decrease of 3% over the prior year. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

The total decrease in the Town's capital assets for FY 2023 was $307,395 and consisted of the following:

- Capital asset additions of $74,755 which consisted of:
  - Equipment and furniture of $12,600
  - Vehicles of $62,155
- Construction in progress additions of $128,857
- Depreciation expense of $511,007

Town's Net Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 1,406,182	$ 1,406,182	$ 72,469	$ 72,469	$ 1,478,651	$ 1,478,651
Construction in Progress	-	-	295,765	166,908	295,765	166,908
Buildings	1,166,051	1,166,051	105,011	105,011	1,271,062	1,271,062
Other Improvements	1,805,782	1,681,651		-	1,805,782	1,681,651
Machinery and Equipment	1,631,973	1,881,813	1,584,668	1,584,668	3,216,641	3,466,481
Plant Distribution System	-	-	13,997,408	13,997,408	13,997,408	13,997,408
Vehicles	2,297,891	2,097,427	278,126	278,126	2,576,017	2,375,553
Accumulated Depreciation	(4,795,749)	(4,558,441)	(10,876,700)	(10,603,001)	(15,672,449)	(15,161,442)
Total	$ 3,512,130	$ 3,674,683	$ 5,456,747	$ 5,601,589	$ 8,968,877	$ 9,276,272

Additional information on the Town's capital assets can be found in Note III.A in the Notes to the Financial Statements

Long-Term Debt. As of June 30, 2023, the Town had total long-term debt outstanding of $3,769,454.

Town's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revolving Fund Loans	$ -	$ -	$ 1,879,373	$ 2,072,010	$ 1,879,373	$ 2,072,010
Installment Purchase Contracts	15,866	67,787	122,287	141,375	138,153	209,162
Compensated Absences	84,048	91,784	45,209	57,441	129,257	149,225
Net Pension Liability - LGERS	1,038,542	216,280	317,093	149,943	1,355,635	366,223
Total Pension Liability - LEOSSA	267,036	352,099	-	-	267,036	352,099
Total	$ 1,405,492	$ 727,950	$ 2,363,962	$ 2,420,769	$ 3,769,454	$ 3,148,719

The Town's total debt increased by $620,735, or 20%, during the current fiscal year. The key factor was an increase in the net pension liability for the Local Governmental Employees' Retirement System (LGERS) of $989,412. Of the increase in the liability for LGERS, $822,262 relates to governmental activities and $167,150 to business-type activities. These increases were offset by planned debt service principal payments of $263,646.

North Carolina General Statute 159-55 limits the amount of general obligation debt that a unit of government can issue to eight (8) percent of the total assessed value of taxable property located within that government's boundaries. The Town does not have any general obligation debt.

Additional information regarding the Town's long-term obligations can be found in Note III.B in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors. Based on overall economic forecasts for North Carolina and the waning impact of the COVID health pandemic, the Town expects to see a much better environment for the year ended June 30, 2024 ("FY 2024").

Budget Highlights for FY 2024

The FY 2024 original budget totals $5,678,087 for the Town's annually budgeted operating funds. This is $1,067,090 or 23% higher than the FY 2023 original budget of $4,610,997. Other budget highlights include the following:

- General Fund 5-cent tax rate increase
- Water and Sewer rate increase of 5%
- Residential sanitation rates increase of $1 per month

REQUESTS 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 manager@tryonnc.gov, 301 North Trade Street, Tryon, N.C. 28782. Additional information may be found at the Town website: https://tryon-nc.com.

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BASIC FINANCIAL STATEMENTS

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	Governmental Activities	Business-type Activities	Total	ABC Board	Tourism Development Authority
ASSETS					
Cash and Cash Equivalents	$ 2,023,610	$ 500,211	$ 2,523,821	$ 119,616	$ 62,581
Cash and Cash Equivalents, Restricted	99,154	149,577	248,731	-	-
Receivables, Net:					
Property Taxes	121,473	-	121,473	-	-
Accounts	2,075	191,169	193,244	-	2,368
Intergovernmental Receivables	181,439	160,685	342,124	-	-
Prepaids and Inventories	-	53,195	53,195	79,840	-
Security Deposits	-	-	-	1,200	-
Internal Balances	103,380	(103,380)	-	-	-
Capital Assets:					
Non-Depreciable	1,406,182	368,234	1,774,416	-	-
Depreciable, Net	2,105,948	5,088,513	7,194,461	1,701	-
TOTAL ASSETS	**6,043,261**	**6,408,204**	**12,451,465**	**202,357**	**64,949**
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Charges	768,118	212,363	980,481	-	-
LIABILITIES					
Accounts Payable	30,056	130,044	160,100	46,381	51
Accrued Interest Payable	-	10,096	10,096	-	-
Accrued Salaries and Benefits	64,451	28,659	93,110	-	-
Customer Deposits	-	149,577	149,577	-	-
Intergovernmental Payables	-	37,559	37,559	3,049	-
Non-Current Liabilities:					
Due Within One Year	32,676	221,677	254,353	-	-
Due in More Than One Year	1,372,816	2,142,285	3,515,101	-	-
TOTAL LIABILITIES	**1,499,999**	**2,719,897**	**4,219,896**	**49,430**	**51**
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Credits	141,741	1,671	143,412	-	-
NET POSITION					
Net Investment in Capital Assets	3,496,264	3,455,087	6,951,351	1,701	-
Restricted For:					
Stabilization by State Statute	286,893	-	286,893	-	-
Streets	54,603	-	54,603	-	-
Public Safety	249,036	-	249,036	-	-
Cultural and Recreational	111,357	-	111,357	-	-
Tourism Related Costs	-	-	-	-	64,898
Working Capital	-	-	-	27,267	-
Unrestricted	971,486	443,912	1,415,398	123,959	-
TOTAL NET POSITION	**$ 5,169,639**	**$ 3,898,999**	**$ 9,068,638**	**$ 152,927**	**$ 64,898**

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

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT:	Expenses	PROGRAM REVENUES Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION Primary Government Governmental Activities	Business-type Activities	Total	Component Units ABC Board	Tourism Development Authority
Governmental Activities:									
General Government	$ 854,737	$ 16,920	$ 257,348	$ -	$ (580,469)	$ -	$ (580,469)		
Public Safety	1,648,271	3,305	45,000	-	(1,599,966)	-	(1,599,966)		
Economic Development	1,000	8,525	-	-	7,525	-	7,525		
Transportation	653,653	-	68,529	-	(585,124)	-	(585,124)		
Culture and Recreational	456,081	58,287	-	-	(397,794)	-	(397,794)		
Interest on Long-Term Obligations	626	-	-	-	(626)	-	(626)		
Total Governmental Activities	**3,614,368**	**87,037**	**370,877**	**-**	**(3,156,454)**	**-**	**(3,156,454)**		
Business-Type Activities:									
Water and Sewer	1,502,093	1,674,847	-	160,685	-	333,439	333,439		
Sanitation	261,241	246,551	-	-	-	(14,690)	(14,690)		
Total Business-Type Activities	**1,763,334**	**1,921,398**	**-**	**160,685**	**-**	**318,749**	**318,749**		
TOTAL - PRIMARY GOVERNMENT	**$ 5,377,702**	**$2,008,435**	**$ 370,877**	**$ 160,685**	**(3,156,454)**	**318,749**	**(2,837,705)**		
COMPONENT UNITS:									
ABC Board	$ 719,036	$ 707,958	$ -	$ -	-	-	-	$ (11,078)	$ -
Tourism Development Authority	19,884	30,264	-	-	-	-	-	-	10,380
TOTAL - COMPONENT UNITS	**$ 738,920**	**$ 738,222**	**$ -**	**$ -**	**-**	**-**	**-**	**(11,078)**	**10,380**
	General Revenues:								
	General Revenues:								
	Taxes:								
	Property Taxes				2,064,193	-	2,064,193	-	-
	Sales Taxes				699,081	-	699,081	-	-
	Franchise Taxes				142,033	-	142,033	-	-
	Other Taxes				7,088	1,261	8,349	-	-
	Investment Income				8,641	4,925	13,566	-	45
	Miscellaneous				55,001	2,722	57,723	-	-
	Total General Revenues				2,976,037	8,908	2,984,945	-	45
	CHANGE IN NET POSITION				**(180,417)**	**327,657**	**147,240**	**(11,078)**	**10,425**
	NET POSITION, Beginning of Year				5,350,056	3,571,342	8,921,398	164,005	54,473
	NET POSITION, End of Year				**$ 5,169,639**	**$ 3,898,999**	**$9,068,638**	**$ 152,927**	**$ 64,898**

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

TOWN OF TRYON, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	MAJOR FUNDS				
	GENERAL FUND	FIRE DEPARTMENT FUND	HARMON FIELD FUND	ARPA FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 1,638,997	$ 270,885	$ 113,728	$ -	$ 2,023,610
Cash and Cash Equivalents, Restricted	99,154	-	-	-	99,154
Receivables, Net:					
Taxes	90,952	19,173	11,348	-	121,473
Accounts	1,000	-	1,075	-	2,075
Due From Other Governments	181,439	-	-	-	181,439
Due From Other Funds	103,380	-	-	-	103,380
TOTAL ASSETS	**$ 2,114,922**	**$ 290,058**	**$ 126,151**	**$ -**	**$ 2,531,131**
LIABILITIES					
Accounts Payable	$ 15,007	$ 9,010	$ 6,039	$ -	$ 30,056
Accrued Liabilities	38,366	19,228	6,857	-	64,451
TOTAL LIABILITIES	**53,373**	**28,238**	**12,896**	**-**	**94,507**
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	90,953	19,173	11,348	-	121,474
TOTAL DEFERRED INFLOWS OF RESOURCES	**90,953**	**19,173**	**11,348**	**-**	**121,474**
FUND BALANCES					
Restricted For:					
Stabilization by State Statute	285,818	-	1,075	-	286,893
Streets	54,603	-	-	-	54,603
Public Safety	6,389	242,647	-	-	249,036
Culture and Recreation	10,525	-	100,832	-	111,357
Assigned For:					
Subsequent Year's Expenditures	221,665	-	-	-	221,665
Culture and Recreation	27,637	-	-	-	27,637
Unassigned	1,363,959	-	-	-	1,363,959
TOTAL FUND BALANCES	**1,970,596**	**242,647**	**101,907**	**-**	**2,315,150**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,114,922**	**$ 290,058**	**$ 126,151**	**$ -**	**$ 2,531,131**

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

TOWN OF TRYON, NORTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**2,315,150**
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the capital assets was $8,307,879 and the accumulated depreciation was $4,795,749.		3,512,130
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.		121,474
The Town's proportionate shares of the deferred outflows of resources and deferred inflows of resources related to their participation in the Local Government Employees' Retirement System ("LGERS") are not recorded in the governmental funds but are recorded in the Statement of Net Position.		690,056
The Town's deferred outflows of resources and deferred inflows of resources related to its Law Enforcement Officers Special Separation Allowance ("LEOSSA"), a single-employer defined benefit pension plan, are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(63,679)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:		
Long-Term Debt		(15,866)
Compensated Absences		(84,048)
Net Pension Liability - LGERS		(1,038,542)
Total Pension Liability - LEOSSA		(267,036)
NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**5,169,639**

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

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	MAJOR FUNDS				
	GENERAL FUND	FIRE DEPARTMENT FUND	HARMON FIELD FUND	ARPA FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad Valorem Taxes	$ 1,064,939	$ 742,341	$ 230,240	$ -	$ 2,037,520
Unrestricted Intergovernmental Revenue	848,202	-	-	-	848,202
Restricted Intergovernmental Revenue	68,529	45,000	-	257,348	370,877
Sales and Services	28,750	-	58,287	-	87,037
Investment Earnings	7,775	68	798	-	8,641
Other Revenue	19,634	11,919	18,945	-	50,498
TOTAL REVENUES	**2,037,829**	**799,328**	**308,270**	**257,348**	**3,402,775**
EXPENDITURES					
Current:					
General Government	803,527	-	-	-	803,527
Public Safety	709,959	768,343	-	-	1,478,302
Economic Development	1,000	-	-	-	1,000
Transportation	614,225	-	-	-	614,225
Culture and Recreation	32,150	-	353,784	-	385,934
Debt Service:					
Principal Retirement	15,421	36,565	-	-	51,986
Interest and Other Charges	904	947	-	-	1,851
TOTAL EXPENDITURES	2,177,186	805,855	353,784	-	3,336,825
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(139,357)**	**(6,527)**	**(45,514)**	**257,348**	**65,950**
OTHER FINANCING SOURCES (USES)					
Insurance Recovery	4,503	-	-	-	4,503
Transfers In	257,348	-	-	-	257,348
Transfers Out	-	-	-	(257,348)	(257,348)
TOTAL OTHER FINANCING SOURCES (USES)	261,851	-	-	(257,348)	4,503
NET CHANGES IN FUND BALANCE	**122,494**	**(6,527)**	**(45,514)**	**-**	**70,453**
FUND BALANCE, Beginning of Year	1,848,102	249,174	147,421	-	2,244,697
FUND BALANCE, End of Year	**$ 1,970,596**	**$ 242,647**	**$ 101,907**	**$ -**	**$ 2,315,150**

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

TOWN OF TRYON, NORTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**70,453**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.		26,673
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		51,921
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1,225
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the LGERS for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		(191,322)
Changes in the Town's LEOSSA net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.		15,450
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		7,736
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of $237,308 exceeded capital outlay of $74,755 in the current period.		(162,553)
TOTAL CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**(180,417)**

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

TOWN OF TRYON, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 1,013,000	$ 1,013,000	$ 1,064,939	$ 51,939
Unrestricted Intergovernmental Revenue	696,000	719,500	848,202	128,702
Restricted Intergovernmental Revenue	68,000	68,000	68,529	529
Sales And Services	26,000	26,000	28,750	2,750
Investment Earnings	-	-	7,775	7,775
Other Revenue	-	1,365	19,634	18,269
TOTAL REVENUES	**1,803,000**	**1,827,865**	**2,037,829**	**209,964**
EXPENDITURES				
Current:				
General Government	653,054	828,054	803,527	24,527
Public Safety	769,454	769,454	709,959	59,495
Economic Development	31,000	31,000	1,000	30,000
Transportation	323,846	855,594	614,225	241,369
Culture and Recreation	4,200	41,885	32,150	9,735
Debt Service:				
Principal	34,220	22,955	15,421	7,534
Interest and Other Charges	2,686	2,389	904	1,485
TOTAL EXPENDITURES	**1,818,460**	**2,551,331**	**2,177,186**	**374,145**
REVENUES UNDER EXPENDITURES	**(15,460)**	**(723,466)**	**(139,357)**	**584,109**
OTHER FINANCING SOURCES				
Insurance Recovery	-	-	4,503	4,503
Transfers In	-	257,348	257,348	-
TOTAL OTHER FINANCING SOURCES	**-**	**257,348**	**261,851**	**4,503**
Fund Balance Appropriated	15,460	466,118	-	(466,118)
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	**122,494**	**$ 122,494**
FUND BALANCE, Beginning of Year			1,848,102	
FUND BALANCE, End of Year			**$ 1,970,596**	

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

TOWN OF TRYON, NORTH CAROLINA

FIRE DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 704,798	$ 704,923	$ 742,341	$ 37,418
Restricted Intergovernmental Revenue	-	45,000	45,000	-
Investment Earnings	-	-	68	68
Other Revenue	-	-	11,919	11,919
TOTAL REVENUES	**704,798**	**749,923**	**799,328**	**49,405**
EXPENDITURES				
Current:				
Public Safety	667,372	772,372	768,343	4,029
Debt Service:				
Principal	36,501	36,601	36,565	36
Interest and Other Charges	925	950	947	3
TOTAL EXPENDITURES	**704,798**	**809,923**	**805,855**	**4,068**
REVENUES UNDER EXPENDITURES	**-**	**(60,000)**	**(6,527)**	**53,473**
Fund Balance Appropriated	-	60,000	-	(60,000)
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	**(6,527)**	**$ (6,527)**
FUND BALANCE, Beginning of Year			249,174	
FUND BALANCE, End of Year			**$ 242,647**	

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

TOWN OF TRYON, NORTH CAROLINA

HARMON FIELD FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 222,000	$ 222,000	$ 230,240	$ 8,240
Sales and Services	29,000	44,330	58,287	13,957
Investment Earnings	-	-	798	798
Other Revenue	-	19,000	18,945	(55)
TOTAL REVENUES	**251,000**	**285,330**	**308,270**	**22,940**
EXPENDITURES				
Current:				
Culture and Recreation	249,345	387,670	353,784	33,886
TOTAL EXPENDITURES	**249,345**	**387,670**	**353,784**	**33,886**
REVENUES OVER (UNDER) EXPENDITURES	**1,655**	**(102,340)**	**(45,514)**	**56,826**
Fund Balance Appropriated (Surplus)	(1,655)	102,340	-	(102,340)
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	**(45,514)**	**$ (45,514)**
FUND BALANCE, Beginning of Year			147,421	
FUND BALANCE, End of Year			**$ 101,907**	

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

TOWN OF TRYON, NORTH CAROLINA

ARPA FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	**FINAL**	**ACTUAL**	**VARIANCE**
REVENUES				
Restricted Intergovernmental Revenue	$ -	$ 257,348	$ 257,348	$ -
TOTAL REVENUES	**-**	**257,348**	**257,348**	**-**
EXPENDITURES				
Current:				
ARPA Expenditures	-	-	-	-
TOTAL EXPENDITURES	**-**	**-**	**-**	**-**
REVENUES OVER EXPENDITURES	**-**	**257,348**	**257,348**	**-**
OTHER FINANCING USES				
Transfers Out	-	(257,348)	(257,348)	-
TOTAL OTHER FINANCING USES	**-**	**(257,348)**	**(257,348)**	**-**
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	**-**	**$ -**
FUND BALANCE, Beginning of Year			-	
FUND BALANCE, End of Year			**$ -**	

The notes to this statement are an integral part of this statement.

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2023

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 417,148	$ 83,063	$ 500,211
Cash and Cash Equivalents, Restricted	149,577	-	149,577
Accounts Receivable	174,636	16,533	191,169
Intergovernmental Receivables	160,685	-	160,685
Due From Other Funds	59,463	-	59,463
Inventories	53,195	-	53,195
Total Current Assets	1,014,704	99,596	1,114,300
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	368,234	-	368,234
Depreciable, Net	5,025,913	62,600	5,088,513
Total Non-Current Assets	5,394,147	62,600	5,456,747
TOTAL ASSETS	**6,408,851**	**162,196**	**6,571,047**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	173,680	38,683	212,363
LIABILITIES			
Current Liabilities:			
Accounts Payable	123,956	6,088	130,044
Accrued Interest Payable	8,761	1,335	10,096
Accrued Liabilities	29,086	(427)	28,659
Customer Deposits	149,577	-	149,577
Due to Other Governments	36,792	767	37,559
Due To Other Funds	103,380	59,463	162,843
Current Portion of Compensated Absences	8,017	1,025	9,042
Current Portion of Debt	204,639	7,996	212,635
Total Current Liabilities	664,208	76,247	740,455
Non-Current Liabilities:			
Net Pension Liability	259,333	57,760	317,093
Compensated Absences, Less Current Portion	32,068	4,099	36,167
Debt, Less Current Portion	1,686,736	102,289	1,789,025
Total Long-Term Liabilities	1,978,137	164,148	2,142,285
TOTAL LIABILITIES	**2,642,345**	**240,395**	**2,882,740**
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,367	304	1,671
NET POSITION			
Net Investment in Capital Assets	3,502,772	(47,685)	3,455,087
Unrestricted	436,047	7,865	443,912
TOTAL NET POSITION	**$ 3,938,819**	**$ (39,820)**	**$ 3,898,999**

The notes to this statement are an integral part of this statement.

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
OPERATING REVENUES			
Charges for Services	$ 1,651,202	$ 246,090	$ 1,897,292
Water and Sewer Taps	23,645	-	23,645
Other Operating Revenues	-	461	461
TOTAL OPERATING REVENUES	**1,674,847**	**246,551**	**1,921,398**
OPERATING EXPENSES			
Water Distribution	285,996	-	285,996
Water Plant Operations	494,112	-	494,112
Wastewater Plant Operations	252,439	-	252,439
Wastewater Collections	169,517	-	169,517
Sanitation Operations	-	232,641	232,641
Depreciation	250,312	23,387	273,699
TOTAL OPERATING EXPENSES	**1,452,376**	**256,028**	**1,708,404**
OPERATING INCOME (LOSS)	**222,471**	**(9,477)**	**212,994**
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	160,685	-	160,685
Solid Waste Disposal Tax	-	1,261	1,261
Investment Earnings	4,925	-	4,925
Interest and Other Charges	(49,717)	(5,213)	(54,930)
Other Income	2,722	-	2,722
TOTAL NON-OPERATING REVENUES (EXPENSES)	**118,615**	**(3,952)**	**114,663**
CHANGE IN NET POSITION	**341,086**	**(13,429)**	**327,657**
NET POSITION, Beginning of Year	3,597,733	(26,391)	3,571,342
NET POSITION, End of Year	**$ 3,938,819**	**$ (39,820)**	**$ 3,898,999**

The notes to this statement are an integral part of this statement.

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 1,790,248	$ 270,614	$ 2,060,862
Payments to Suppliers for Goods and Services	(574,160)	(135,587)	(709,747)
Payments for Personal Services	(641,174)	(98,395)	(739,569)
NET CASH PROVIDED BY OPERATING ACTIVITIES	574,914	36,632	611,546
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State and Federal Grants	96,980	-	96,980
Solid Waste Disposal Tax	-	1,262	1,262
Other Revenue	2,721	-	2,721
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	99,701	1,262	100,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(128,857)	-	(128,857)
Debt Principal Payments	(204,085)	(7,640)	(211,725)
Debt Interest Payments	(49,717)	(5,213)	(54,930)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(382,659)	(12,853)	(395,512)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	4,925	-	4,925
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,925	-	4,925
NET INCREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	**296,881**	**25,041**	**321,922**
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	269,844	58,022	327,866
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	**$ 566,725**	**$ 83,063**	**$ 649,788**
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	$ 222,471	(9,477)	$ 212,994
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	250,312	23,387	273,699
Change in Accounts Representing Operating Activities:			
Accounts Receivable	108,816	24,063	132,879
Accounts Payable	3,910	(1,019)	2,891
Accrued Salaries and Benefits	3,381	(6,089)	(2,708)
Customer Deposits	6,585	-	6,585
Compensated Absences	(13,628)	1,396	(12,232)
Net Pension Liability	130,043	37,107	167,150
Deferred Pension Charges	48,800	(3,145)	45,655
Deferred Pension Credits	(185,776)	(29,591)	(215,367)
Net Cash Provided by Operating Activities	$ 574,914	$ 36,632	$ 611,546

The notes to this statement are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Tryon and its 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 ("Town") is a municipal corporation that operates under a Council-Manager form of government with an appointed Town Manager. Town Council ("Council") consists of the Mayor and four other members who are elected by qualified voters of the town. 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 described below are reported in separate columns in the financial statements to emphasize that it is legally separate from the Town.

Town of Tryon Board of Alcoholic Control Board ("ABC Board")

The members of the ABC Board's governing body 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 30th year end, is presented in the Town's government-wide financial statements. Complete financial statements of the ABC Board may be obtained from its administrative offices at Town of Tryon Alcoholic Control Board, 354 S Trade St, Suite C, Tryon, NC 28782.

Town of Tryon Tourism Development Authority ("Authority")

The members of the Authority's governing board ("Board") are appointed by the Town. The Authority's Board is required by North Carolina law to govern the use of the Town's Occupancy Tax Revenue. The Authority, which has a June 30th year-end, is presented in the Town's government-wide financial statements. No separate financial statements for the Authority have been issued.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. 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.

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 specific 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 specific 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 Town has no fiduciary funds to report. 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:

The ***General Fund*** is the general operating fund of the Town and accounts for all revenues and expenditures of the Town except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, street maintenance, and culture and recreation services.

The ***Fire Department Fund*** accounts for the operations of the Town's Fire Department. Ad valorem taxes are levied specifically for the Fire Department.

The ***Harmon Field Fund*** accounts for the operations of Harmon Field. Ad valorem taxes are levied specifically for Harmon Field. The Town has elected to show this fund as a major fund due to its significance to the Town – even when not considered major per GASB quantitative requirements.

The ***ARPA Fund*** accounts for the activities associated with federal stimulus funds received in the American Rescue Plan Act ("ARPA"). The Town has elected to show this fund as a major fund due to its significance to the Town – even when not considered major per GASB quantitative requirements.

The Town reports the following major enterprise funds:

The ***Water and Sewer Fund*** is used to account for the Town's water and sewer operations. Water and Sewer Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Project Funds have been included in the supplemental information.

The ***Sanitation*** Fund is used to account for the Town's sanitation and recycling operations.

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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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.

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 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 enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the 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 because the tax is levied by Polk County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the 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 practice to use restricted resources first, then unrestricted resources as they are needed.

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 ARPA Fund, the Water and Sewer Fund, and the Sanitation Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Braewick Road Sewer Rehabilitation Capital Project Fund, Water System Asset Inventory and Assessment Capital Project Fund, and the Sewer System Asset Inventory and Assessment Capital Project Fund. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town, the ABC Board, and the Authority 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, the ABC Board, and the Authority 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, the ABC Board, and the Authority 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, ABC Board's, and Authority's investments are generally reported at fair value.

The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursements and investments and to maximize investment income. The Town and the Authority consider all cash and investments to be 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 equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash and cash equivalents because they can be expended only for the purposes outlined in G.S 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit is collected.

Town of Tryon Restricted Cash		
Governmental Activities		
General Fund		
	Streets	$ 54,603
	Public Safety	6,389
	Culture & recreation	38,162
Total General Fund		99,154
Business-type Activities		
Water and Sewer Fund	Customer deposits	149,577
Total Restricted Cash		$ 248,731

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1st. 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. Allowance 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 are valued at cost (first-in, first-out), which approximates market. The inventories of the ABC Board are valued at the lower of cost (first-in, first-out) or market. The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed 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 $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the Town) at the date of donation. Infrastructure and other improvements consist of the road network (roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, lighting systems), and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980. These assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Town's capital assets are depreciated on the straight-line method using the following estimated useful lives:

Buildings and Improvements	20-30 years
Other Improvements	10-30 years
Plant Distribution System Infrastructure	30-50 years
Vehicles	3-15 years
Equipment and Furniture	3-15 years

The ABC Board's capital assets are capitalized at cost and updated for any additions and retirements during the year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Equipment	3-10 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. For the 2023 fiscal year the Town has one item that meets this criterion: pension deferrals. 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 several items that meet the criterion for this category: property taxes receivable unavailable revenues (reported only on the Balance Sheet of the Governmental Funds) and pension deferrals.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

The vacation policy of the Town generally provides for the accumulation of up to forty (40) days 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 twenty days earned vacation leave with such leave being fully vested when earned. Vacation days are earned based on the length of services. Full-time employees do not accumulate sick leave.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have 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 externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of 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.

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

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for use in public safety activities, due to the sources being primarily from federal and state drug forfeitures and controlled substance tax and amounts donated/received by the Town for specific purposes.

Restricted for Cultural and Recreational - portion of fund balance that is restricted by revenue source for certain cultural and recreational expenditures.

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

Assigned Fund Balance – portion of fund balance that the Town intends to use for specific purposes. Town Council reserves the right to assign fund balance.

Assigned for Culture and Recreation - portion of fund balance that is assigned for certain cultural and recreational expenditures.

Subsequent Year's Expenditures – portion of fund balance (if any) that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to $10,000.

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

The Town 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. The Town Manager has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures. Any portion of the General Fund balance in excess of 25% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Defined Benefit Cost-Sharing Plans

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

North Carolina General Statute 159-34 of the Local Government Budget and Fiscal Control requires Towns to have their accounts audited as soon as possible after the close of fiscal year. The North Carolina Local Government Commission requires the audited financial statement to be submitted within four months of the fiscal year end. The Town was unable to provide timely financial information to the audit firm and provide financial statements by the filing deadline. Management and Town Council will more closely monitor this process in the future.

B. Deficit in Fund Balance of Individual Funds

Due to increased costs of operations, the Sanitation Fund had a deficit fund balance as of June 30, 2023 of $39,820. Management is working to develop a plan (i.e. raising rates, moving sanitation back into the General Fund, etc.) to eliminate this deficit net position in future years.

Several of the Town's Water and Sewer Fund capital project funds ended the year with deficit fund balances. These deficits are due to timing differences. Project ordinances were used to establish these funds. As such, the financing sources for these projects are sufficient to cover the deficit fund balances. The deficit funds and balances are as follows:

Water System Asset Inventory and Assessment Capital Project Fund	$ (36,720)
Sewer System Asset Inventory and Assessment Capital Project Fund	(57,400)

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

Deposits of the Town, the ABC Board, and the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Town's, the ABC Board's, or the Authority's agent in these unit's 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, ABC Board, and the Authority, these deposits are considered to be held by the Town's, ABC Board's and Authority's agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual 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, the Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town, ABC Board, and Authority under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town, ABC Board, and Authority have no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are property secured.

At June 30, 2023, the Town's deposits had a carrying amount of $498,650 and a bank balance of $614,463. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash and change funds totaled $445.

At June 30, 2023, the ABC Board's deposits had a carrying amount of approximately $119,000 and a bank balance of approximately $112,000. All of the bank balance was covered by federal depository insurance.

At June 30, 2023, the Authority's deposits had a carrying amount of $62,582 and bank balance of $62,582. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2023, the Town had $2,273,457 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's (S&P). The Town has no policy regarding credit risk.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023, are net of the following allowances for doubtful accounts:

Governmental Funds:		
General Fund:		
Taxes receivable	$	26,547
Fire Department Fund:		
Taxes receivable		7,585
Harmon Field Fund:		
Taxes receivable		1,744
Total Governmental Funds		35,876
Enterprise Funds		
Water and Sewer Fund - accounts receivable		10,888
Sanitation Fund - accounts receivable		5,063
Total Enterprise Funds		15,951
Total	$	53,571

(Continued on next page)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	$ 1,406,182	$ -	$ -	$ -	$ 1,406,182
Total Capital Assets, Non-Depreciable	1,406,182	-	-	-	1,406,182
Capital Assets, Depreciable:					
Buildings	1,166,051	-	-	-	1,166,051
Other Improvements	1,681,651	-	-	124,131	1,805,782
Equipment and Furniture	1,881,813	12,600	-	(262,440)	1,631,973
Vehicles	2,097,427	62,155	-	138,309	2,297,891
Total Capital Assets, Depreciable	6,826,942	74,755	-	-	6,901,697
Less: Accumulated Depreciation for:					
Buildings	861,000	38,195	-	-	899,195
Other Improvements	400,827	63,221	-	62,065	526,113
Equipment and Furniture	1,444,169	46,660	-	(191,305)	1,299,524
Vehicles	1,852,445	89,232	-	129,240	2,070,917
Total Accumulated Depreciation	4,558,441	237,308	-	-	4,795,749
Total Capital Assets, Depreciable, Net	2,268,501	(162,553)	-	-	2,105,948
Governmental Activities Capital Assets, Net	$ 3,674,683	$ (162,553)	$ -	$ -	$ 3,512,130

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

General Government	$ 20,174
Public Safety	79,034
Transportation	86,553
Culture and Recreation	51,547
Total Depreciation Expense	$ 237,308

(Continued on next page)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Water and Sewer Fund					
Capital Assets, Non-Depreciable:					
Land	$ 72,469	$ -	$ -	$ -	$ 72,469
Construction In Progress	166,908	128,857	-	-	295,765
Total Capital Assets, Non-Depreciable	239,377	128,857	-	-	368,234
Capital Assets, Depreciable:					
Buildings and Improvements	105,011	-	-	-	105,011
Plant Distribution System Infrastructure	13,997,408	-	-	-	13,997,408
Equipment	1,570,792	-	-	-	1,570,792
Vehicles	133,085	-	-	-	133,085
Total Capital Assets, Depreciable	15,806,296	-	-	-	15,806,296
Less: Accumulated Depreciation for:					
Buildings and Improvements	90,752	1,087	-	-	91,839
Plant Distribution System Infrastructure	8,881,803	214,249	-	-	9,096,052
Equipment	1,432,173	29,168	-	-	1,461,341
Vehicles	125,343	5,808	-	-	131,151
Total Accumulated Depreciation	10,530,071	250,312	-	-	10,780,383
Total Capital Assets, Depreciable, Net	5,276,225	(250,312)	-	-	5,025,913
Water and Sewer Fund Capital Assets, Net	5,515,602	(121,455)	-	-	5,394,147

(Continued on next page)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities (continued):					
Sanitation Fund					
Capital Assets, Depreciable:					
Vehicles	145,041	-	-	-	145,041
Equipment	13,876	-	-	-	13,876
Total Capital Assets, Being Depreciated	158,917	-	-	-	158,917
Less: Accumulated Depreciation for:					
Vehicles	64,605	20,612	-	-	85,217
Equipment	8,325	2,775	-	-	11,100
Total Accumulated Depreciation	72,930	23,387	-	-	96,317
Total Capital Assets, Depreciable, Net	85,987	(23,387)	-	-	62,600
Sanitation Fund Capital Assets, Net	85,987	(23,387)	-	-	62,600
Business-Type Activities Capital Assets, Net	$ 5,601,589	$ (144,842)	$ -	$ -	$ 5,456,746

Construction Commitments

The Town has an active water and sewer construction project as of June 30, 2023. At June 30, 2023, the Town's commitment is as follows:

Project	Spent-to-date	Remaining Commitment
Braewick Road Sewer Rehabilitation	$ 226,021	$ 2,417,376
Water System Asset Inventory and Assessment Project	36,720	217,780
Sewer System Asset Inventory and Assessment Project	57,400	204,100

(Continued on next page)

Discretely presented component units

Capital asset activity for the ABC Board for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
ABC Board (Component Unit)				
Capital Assets, Depreciable:				
Store Equipment	$ 12,618	$ -	$ -	$ 12,618
Total Capital Assets, Depreciable	12,618	-	-	12,618
Less: Accumulated Depreciation for:				
Store Equipment	9,217	1,700	-	10,917
Total Accumulated Depreciation	9,217	1,700	-	10,917
Total Capital Assets, Depreciable, Net	3,401	(1,700)	-	1,701
Business-Type Activities Capital Assets, Net	$ 3,401	$ (1,700)	$ -	$ 1,701

The Tourism Development Authority had no capital assets as of June 30, 2023.

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.18% of compensation 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 were $221,725 for the year ended June 30, 2023.

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/Inflows of Resources Related to Pensions. At June 30, 2023, the Town reported a liability of $1,355,635 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability 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. At June 30, 2022 (measurement date), the Town's proportion was 0.02403%, which was an increase of 0.00015% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of $410,485. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 58,413	$ 5,727
Changes in Assumptions	135,262	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	448,052	-
Changes in Proportion and Differences between Town Contributions and Proportionate Share of Contributions	44,438	1,418
Town Contributions Subsequent to the Measurement Date	221,727	-
	$ 907,892	$ 7,145

The $221,727 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	$ 231,742
2025	183,854
2026	49,964
2027	213,460
Total	$ 679,020

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc cost of living adjustments ("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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%.

Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's Proportionate Share of the Net Pension Liability	$ 2,446,747	1,355,635	$ 456,496

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town administers a public employee retirement system ("Separation Allowance" or "LEOSSA"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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 Town law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the valuation date, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	1
Active Plan Members	6
Total	7

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 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 Statement 73.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and other inputs:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.31%
Salary Increases	3.25 to 7.75%, including inflation and productivity factor
Inflation	2.50%
Cost-of-Living Adjustments	N/A

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees Retirement System for the five-year period ending December 31, 2019.

All mortality rates use Pub-2010 amount-weighted tables.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to the LEOSSA is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $13,925 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At June 30, 2023, the Town reported a total pension liability of $267,036. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of $(6,364).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 136,267
Changes of Assumptions and Other Inputs	72,588	-
Town Benefit Payments and Plan Administrative Expenses Made Subsequent to the Measurement Date	-	-
Total	$ 72,588	$ 136,267

The $0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	$ (13,971)
2025	(8,082)
2026	(8,603)
2027	(22,057)
2028	(10,966)
Total	$ (63,679)

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability, calculated using the discount rate of 4.31%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31%) or 1 percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total Pension Liability	$ 284,785	267,036	$ 250,605

Schedule of Changes in Total Pension Liability

Total Pension Liability as of December 31, 2021	$ 352,099
Changes for the Year:	
Service Cost at End of Year	13,912
Interest on the Total Pension Liability	7,766
Differences Between Expected and Actual Experience	(54,732)
Changes of Assumptions and Other Inputs	(38,084)
Benefit Payments	(13,925)
Net Changes	(85,063)
Total Pension Liability as of December 31, 2022	$ 267,036

Total Expense, Liabilities, and Deferred Outflow and Inflows of Resources Related to Pensions
Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	$ 410,485	$ (6,364)	$ 404,121
Pension Liability	1,355,635	267,036	1,622,671
Proportionate share of the net pension liability	0.02403%	n/a	
Deferred Outflows of Resource			
Differences between expected and actual experience	58,413	-	58,413
Changes of assumptions	135,262	72,588	207,850
Net difference between projected and actual earning on plan investments	448,052	-	448,052
Changes in proportion and difference between contributions and proportionate share of contributions	44,438	-	44,438
Benefit payments and administrative costs paid subsequent to the measurement date	221,727	-	221,727
Deferred Inflows of Resource			
Differences between expected and actual experience	5,727	136,267	141,994
Changes in proportion and difference between contributions and proportionate share of contributions	1,418	-	1,418

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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. The law enforcement officers may also make voluntary contributions to the plan. The Town made contributions of $22,080 for the reporting year.

d. Supplemental Retirement Income Plan for Employees Other Than Law Enforcement Officers

The Town has a supplemental plan for Town employees other than law enforcement officers. The Town has no requirement or obligation under State statutes to contribute to the plan; however, the Town has adopted the Supplemental Retirement Plan of North Carolina 401(k) for its non-law enforcement employees. Employees may make voluntary contributions to the plan, and the Town matches up to 2% of the employees' contributions. The Town made contributions of $20,348 for the reporting year.

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" or "System"), 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment 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.

3. 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 $5,000,000 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 is not in a flood plain and does not carry flood insurance.

In accordance with G.S. 159-29, the finance officer of both the Town and the Authority are individually bonded for $250,000 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.

The ABC Board is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, workmen's compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of $50,000 secured by a corporate surety.

4. Claims, Judgements and Contingent Liabilities

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

5. Long-Term Obligations

The Town issues debt to provide funds for the acquisition and/or construction of major capital projects, vehicles, and equipment. These issuances were obtained/issued through direct borrowings or direct placements. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the Town. State Revolving Loans ("SRL") are generally loans from the Clean Water State Revolving Fund and Drinking Water State Revolving Fund for costs associated with water/sewer systems improvements. Debt service payments on SRL are generally payable from the revenues of the water/sewer system and any other monies due to the Town from the State may be withheld by the State and applied to the payment if the Town fails to pay any payment of principal or interest. The Installment Purchase Contracts ("IPC") are generally collateralized by the assets being financed, are not secured by the taxing power of the Town, and are subject to acceleration clauses in an event of default (i.e. nonpayment, etc.).

Details on the Town's outstanding debt issues (none of which are publicly traded) as of June 30, 2023 are as follows:

State Revolving Loans	Balance at June 30, 2023
On July 8, 2009, the Town entered into a revolving loan agreement ("SRL – July 2009") 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.	$ 1,691,406
On May 19, 2010, the Town, along with the Towns of Saluda and Columbus, North Carolina, executed a revolving loan ("SRL – May 2010") with the North Carolina 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.	187,967
Installment Purchase Contracts	
On October 23, 2018, the Town executed an installment purchase agreement ("IPC – October 2018") with a local bank for $75,000 to acquire two 2018 Ford Explorers for the police department. The financing agreement requires annual installments of $16,325 with interest as 2.89%, maturing January 31, 2024.	$ 15,866
On January 3, 2019, the Town executed an installment purchase agreement ("IPC-A – January 2019") with a local bank for $139,000 to acquire a 2018 Freightliner rear loader refuse truck for the sanitation department. The financing agreement requires annual installments of $12,881 with interest at 4.43%, maturing March 29, 2034.	$ 110,285
On January 3, 2019, the Town executed an installment purchase agreement ("IPC-B – January 2019") with a local bank for $56,000 to acquire a Caterpillar mini excavator for the water and sewer departments. The financing agreement requires annual installments of $12,284 with interest at 3.16%, maturing March 29, 2024.	$ 12,002

Changes in Long-Term Liabilities

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

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowings/Placements:					
Installment Purchase Contracts:					
IPC - July 2008	$ 36,500	$ -	$ 36,500	$ -	$ -
IPC - October 2018	31,287	-	15,421	15,866	15,866
Total Installment Purchase Contracts	67,787	-	51,921	15,866	15,866
Compensated Absences	91,784	43,707	51,443	84,048	16,810
Net Pension Liability - LGERS	216,280	822,262	-	1,038,542	-
Total Pension Liability - LEOSSA	352,099	-	85,063	267,036	-
Total Governmental Activities	$ 727,950	$ 865,969	$ 188,427	$ 1,405,492	$ 32,676

(Continued on next page)

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Direct Borrowings/Placements:					
State Revolving Loans:					
SRL - July 2009	$ 1,860,547	$ -	$ 169,141	$ 1,691,406	$ 169,141
SRL - May 2010	211,463	-	23,496	187,967	23,496
Total State Revolving Loans	2,072,010	-	192,637	1,879,373	192,637
Installment Purchase Contracts:					
IPC-A - January 2019	117,925	-	7,640	110,285	7,996
IPC-B - January 2019	23,450	-	11,448	12,002	12,002
Total Installment Purchase Contracts	141,375	-	19,088	122,287	19,998
Total Direct Borrowings/Placements	2,424,543	-	211,725	2,001,660	212,635
Compensated Absences	57,441	23,271	35,503	45,209	9,042
Net Pension Liability - LGERS	149,943	167,150	-	317,093	-
Total Business-Type Activities	$ 2,631,927	$ 190,421	$ 247,228	$ 2,363,962	$ 221,677

Following is a summary of direct borrowing/placement debt service requirements to maturity by year for the Town's governmental and business-type activities as of June 30, 2023:

Year Ended June 30,	Direct Borrowing/Placement Debt Principal	Interest	Total
Governmental Activities:			
2024	$ 15,866	459	$ 16,325
Total Governmental Activites	$ 15,866	459	$ 16,325
Business-type Activities:			
2024	$ 212,635	51,908	$ 264,543
2025	200,987	46,395	247,382
2026	201,357	41,243	242,600
2027	201,743	36,073	237,816
2028	202,146	30,889	233,035
2029-2034	982,792	77,141	1,059,933
Total Business-type Activities	$ 2,001,660	283,649	$ 2,285,309

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2023, consist of the following:

Fund	Receivables	Payables
Major Governmental Funds:		
General Fund	$ 103,380	$ -
Major Enterprise Funds:		
Water and Sewer Fund	-	103,380
Totals	$ 103,380	$ 103,380

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2023, consist of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	$ 257,348	$ -
ARPA Fund	-	257,348
Totals	$ 257,348	$ 257,348

During the 2023 fiscal year, the Town made a transfer from the ARPA Fund of $257,348 to the General Fund to use stimulus revenues to reimburse the General Fund for government services through the "Revenue Loss" provision of the American Rescue Plan Act

D. Net Investment in Capital Assets

Net Investment in Capital Assets was calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	$ 3,512,130	$ 5,456,747
Long-Term Debt	(15,866)	(2,001,660)
Net Investment in Capital Assets	$ 3,496,264	$ 3,455,087

E. Fund Balance

The following schedule provides management and citizens with information on the portion of fund balance in the General Fund that is available for appropriation:

Total Fund Balance - General Fund	$ 1,970,596
Less:	
Stabilization by State Statute	(285,818)
Restricted by Function	(71,517)
Assigned by Function	(249,302)
Unassigned Fund Balance - General Fund	$ 1,363,959

The Town has adopted an Available Fund Balance policy for the General Fund to be at a minimum of twenty five percent (25%) of the Town's budgeted expenditures.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received financial assistance from various federal, State, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Town's applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Town at June 30, 2023.

V. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 29, 2024.

Grant awards

In August 2023, the Town was awarded a FEMA grant to Tryon Fire Department totaling $252,351for the purchase of air packs and cascade system.

In October 2023, the Town received a North Carolina State Budget award of $2,223,500 for sewer and water infrastructure improvements for Hidden Hill, Oak Street, Markam and Grady Avenue. This award includes pay-off of water interconnect loan for the Towns of Tryon, Columbus and Saluda. In March 2024, the Town Board authorized advertisement for construction bids for Hidden Hill Sewer Rehab Project, Oak Street Sewer Rehab Project, and Markham/Grady Water & Sewer Rehab Project at estimated project costs of $775,000, $812,500, and $646,000, respectively. These projects are funded by this award.

Also in October 2023, the Town was awarded a Polk County Community Foundation grant for $25,000 to Harmon Field for open air basketball gym improvements.

Other

In October 2023, the Town approved the contract award for Braewick Sewer Rehab Project. Total project cost is $3,255,752. The Town also approved a financing agreement with Home Trust Bank to finance three police patrol vehicles totaling $168,000.

In February and March 2024, the Town Board retained Cranston Engineers to perform an alternative analysis for Lake Lanier Dam Rebab Project at a cost of $76,720. The Town Board retained SDG Engineers to prepare a grant application for Lake Lanier Dam Rehab Project at a cost of $66,500. The Town Board approved Lake Lanier Dam Rehab Project Ordinance totaling $143,220 for professional engineering services. The Town Board also retained Summit Engineering Group to design Jervey Road Sewer Improvements at a cost of $10,000 to address sewer overflows.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TRYON, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

LAST SEVEN FISCAL YEARS*

	Year Ended June 30,						
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Beginning Balance of the Total Pension Liability	$ 352,099	$ 372,448	$ 208,222	$ 305,123	$ 339,373	$ 360,676	$ 341,687
Changes for the Year:							
Service Cost	13,912	17,847	10,263	8,592	9,132	10,320	16,431
Interest on Total Pension Liability	7,766	7,095	6,630	10,927	10,624	13,921	12,198
Difference Between Expected and Actual Experience in the Measurement of the Total Pension Liability	(54,732)	(27,774)	59,391	(111,526)	(37,371)	(64,796)	-
Changes of Assumptions or Other Inputs	(38,084)	(7,838)	97,621	4,972	(10,307)	19,252	(9,640)
Benefit Payments	(13,925)	(9,679)	(9,679)	(9,866)	(6,328)	-	-
Net Changes	(85,063)	(20,349)	164,226	(96,901)	(34,250)	(21,303)	18,989
Ending Balance of the Total Pension Liability	$ 267,036	$ 352,099	$ 372,448	$ 208,222	$ 305,123	$ 339,373	$ 360,676

* The amounts presented for each fiscal year were determined as of the prior year ending December 31st.

TOWN OF TRYON, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2023	**2022**	**2021^**	**2020**	**2019**	**2018**	**2017**
Total Pension Liability	$ 267,036	$ 352,099	$ 372,448	$ 208,222	$ 305,123	$ 339,373	$ 360,676
Covered Payroll	$ 344,955	$ 429,814	$ 388,580	$ 326,600	$ 272,234	$ 372,611	$ 540,227
Total Pension Liability as a Percentage of Covered Payroll	77.41%	81.92%	95.85%	63.75%	112.08%	91.08%	66.76%

Notes to the Schedule:

The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

TOWN OF TRYON, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TRYON'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

	Year Ended June 30,				
	2023	**2022**	**2021**	**2020**	**2019**
Town's Proportion of the Net Pension Liability (Asset)	0.02403%	0.02388%	0.02215%	0.01912%	0.01809%
Town's Proportionate Share of the Net Pension Liability	$ 1,355,635	$ 366,223	$ 791,514	$ 522,152	$ 429,157
Town's Covered Payroll	$ 1,794,672	$ 1,825,390	$ 1,569,850	$ 1,435,582	$ 1,517,108
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	75.54%	20.06%	50.42%	36.37%	28.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**	84.14%	95.51%	88.61%	91.63%	94.18%

	Year Ended June 30,				
	2018	**2017**	**2016**	**2015**	**2014**
Town's Proportion of the Net Pension Liability (Asset)	0.02345%	0.02322%	0.02172%	0.02279%	0.02310%
Town's Proportionate Share of the Net Pension Liability	$ 358,252	$ 492,806	$ 97,478	$ (134,403)	$ 278,444
Town's Covered Payroll	$ 1,517,108	$ 1,448,826	$ 1,341,741	$ 1,344,301	$ 1,294,327
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	23.61%	34.01%	7.27%	-10.00%	21.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**	91.47%	98.09%	99.07%	102.64%	94.35%

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

TOWN OF TRYON, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TRYON'S CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,				
	2023	**2022**	**2021**	**2020**	**2019**
Contractually Required Contribution	$ 221,727	$ 207,436	$ 190,434	$ 144,666	$ 113,811
Contributions in Relation to the Contractually Required Contribution	221,727	207,436	190,434	144,666	113,811
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 1,794,672	$ 1,793,290	$ 1,825,390	$ 1,569,850	$ 1,435,582
Contributions as a Percentage of Covered Payroll	12.35%	11.57%	10.43%	9.22%	7.93%

	Year Ended June 30,				
	2018	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 113,783	$ 109,990	$ 99,522	$ 96,052	$ 95,798
Contributions in Relation to the Contractually Required Contribution	113,783	109,990	99,522	96,052	95,798
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 1,517,108	$ 1,517,108	$ 1,448,826	$ 1,341,741	$ 1,344,301
Contributions as a Percentage of Covered Payroll	7.50%	7.25%	6.87%	7.16%	7.13%

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SUPPLEMENTAL INFORMATION

TOWN OF TRYON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 1,013,000	$ 1,059,237	$ 46,237
Penalties and Interest	-	5,702	5,702
Total	1,013,000	1,064,939	51,939
Unrestricted Intergovernmental Revenue:			
Local Option Sales Taxes	441,500	538,656	97,156
Payment in Lieu of Taxes (External Sources)	138,000	160,425	22,425
Utility Sales Tax	140,000	142,033	2,033
Beer and Wine Tax	-	7,088	7,088
Total	719,500	848,202	128,702
Restricted Intergovernmental Revenue:			
Powell Bill Allocation	68,000	68,529	529
Sales And Services:			
Rents, Concessions, and Other Services	26,000	28,750	2,750
Investment Earnings	-	7,775	7,775
Other Revenue:			
Contributions	-	2,500	2,500
Miscellaneous	1,365	17,134	15,769
Total	1,365	19,634	18,269
TOTAL REVENUES	**1,827,865**	**2,037,829**	**209,964**
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and Employee Benefits	16,893	16,794	99
Operating Expenditures	77,804	67,977	9,827
Total	94,697	84,771	9,926
Administration:			
Salaries and Employee Benefits	434,891	425,292	9,599
Operating Expenditures	298,466	293,464	5,002
Total	733,357	718,756	14,601
Total General Government	828,054	803,527	24,527

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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 YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
Public Safety:			
Police:			
Salaries and Employee Benefits	611,287	566,044	45,243
Operating Expenditures	158,167	143,915	14,252
Total Public Safety	769,454	709,959	59,495
Economic Development:			
Planning and Zoning:			
Operating Expenditures	31,000	1,000	30,000
Total Economic Development	31,000	1,000	30,000
Transportation:			
Streets and Highways:			
Salaries and Employee Benefits	230,599	255,660	(25,061)
Operating Expenditures	550,240	283,810	266,430
Capital Outlay	74,755	74,755	-
Total Transportation	855,594	614,225	241,369
Culture and Recreation:			
Parks and Recreation:			
Operating Expenditures	41,885	32,150	9,735
Total Culture and Recreation	41,885	32,150	9,735
Debt Service:			
Principal	22,955	15,421	7,534
Interest and Bank Fees	2,389	904	1,485
Total Debt Service	25,344	16,325	9,019
TOTAL EXPENDITURES	**2,551,331**	**2,177,186**	**374,145**
REVENUES UNDER EXPENDITURES	**(723,466)**	**(139,357)**	**584,109**
OTHER FINANCING SOURCES			
Insurance Recovery	-	4,503	4,503
Transfers In	257,348	257,348	-
TOTAL OTHER FINANCING SOURCES	**257,348**	**261,851**	**4,503**
Fund Balance Appropriated	466,118	-	(466,118)
NET CHANGE IN FUND BALANCE	**$ -**	**122,494**	**$ 122,494**
FUND BALANCE, Beginning of Year		1,848,102	
FUND BALANCE, End of Year		**$ 1,970,596**	

TOWN OF TRYON, NORTH CAROLINA

FIRE DEPARTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 704,923	$ 741,497	$ 36,574
Penalties and Interest	-	844	844
Total	704,923	742,341	37,418
Restricted Intergovernmental Revenue:			
Office State Fire Marshall Grant	45,000	45,000	-
Investment Earnings	-	68	68
Other Revenue:			
Miscellaneous	-	11,919	11,919
Total	-	11,919	11,919
TOTAL REVENUES	**749,923**	**799,328**	**49,405**
EXPENDITURES			
Public Safety:			
Salaries and Employee Benefits	551,158	522,795	28,363
Operating Expenditures	221,214	245,548	(24,334)
Total	772,372	768,343	4,029
Debt Service:			
Principal	36,601	36,565	36
Interest and Bank Fees	950	947	3
Total Debt Service	37,551	37,512	39
TOTAL EXPENDITURES	**809,923**	**805,855**	**4,068**
REVENUES UNDER EXPENDITURES	**(60,000)**	**(6,527)**	**53,473**
Fund Balance Appropriated	60,000	-	(60,000)
NET CHANGE IN FUND BALANCE	**$ -**	**(6,527)**	**$ (6,527)**
FUND BALANCE, Beginning of Year		249,174	
FUND BALANCE, End of Year		**$ 242,647**	

TOWN OF TRYON, NORTH CAROLINA

HARMON FIELD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 222,000	$ 230,240	$ 8,240
Sales And Services:			
Rent, Concessions, and Other Services	44,330	58,287	13,957
Investment Earnings	-	798	798
Other Revenue:			
Contributions	19,000	18,945	(55)
TOTAL REVENUES	**285,330**	**308,270**	**22,940**
EXPENDITURES			
Culture and Recreation:			
Grounds Maintenance:			
Salaries and Employee Benefits	164,507	170,510	(6,003)
Operating Expenditures	223,163	183,274	39,889
Total Culture and Recreation	387,670	353,784	33,886
TOTAL EXPENDITURES	**387,670**	**353,784**	**33,886**
REVENUES UNDER EXPENDITURES	**(102,340)**	**(45,514)**	**56,826**
Fund Balance Appropriated	102,340	-	(102,340)
NET CHANGE IN FUND BALANCE	**$ -**	**(45,514)**	**$ (45,514)**
FUND BALANCE, Beginning of Year		147,421	
FUND BALANCE, End of Year		**$ 101,907**	

TOWN OF TRYON, NORTH CAROLINA

ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
ARPA Grant Proceeds	$ 257,348	$ 257,348	$ -
TOTAL REVENUES	**257,348**	**257,348**	**-**
EXPENDITURES			
ARPA Expenditures	-	-	-
TOTAL EXPENDITURES	**-**	**-**	**-**
REVENUES OVER EXPENDITURES	**257,348**	**257,348**	**-**
OTHER FINANCING USES			
Transfers Out	(257,348)	(257,348)	-
TOTAL OTHER FINANCING USES	**(257,348)**	**(257,348)**	**-**
NET CHANGE IN FUND BALANCE	**$ -**	**-**	**$ -**
FUND BALANCE, Beginning of Year		-	
FUND BALANCE, End of Year		**$ -**	

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Operating Revenues:			
Charges for Services			
Water Sales	$ 1,123,200	$ 1,158,464	$ 35,264
Sewer Charges	475,000	492,738	17,738
Water and Sewer Taps	13,000	23,645	10,645
Total Operating Revenues	**1,611,200**	**1,674,847**	**63,647**
Nonoperating Revenues:			
Interest Earned on Investments	3,500	4,925	1,425
Other Non-Operating Revenue	62,264	2,722	(59,542)
Total Nonoperating Revenues	**65,764**	**7,647**	**(58,117)**
TOTAL REVENUES	**1,676,964**	**1,682,494**	**5,530**
EXPENDITURES			
Water Distribution:			
Salaries and Employee Benefits	225,142	176,666	48,476
Outside Services	23,837	21,139	2,698
Utilities	6,500	2,672	3,828
Telephone	2,790	2,698	92
Advertising	250	155	95
Uniforms	1,200	1,678	(478)
Insurance	20,502	17,703	2,799
Dues and Subscriptions	200	30	170
Materials and Supplies	90,000	52,552	37,448
Travel	100	-	100
Repairs and Maintenance	12,500	11,937	563
Other Departmental Expense	-	9,641	(9,641)
Bad Debt Expense	-	(10,875)	10,875
Total	383,021	285,996	97,025
Water Plant Operations:			
Salaries and Employee Benefits	215,783	199,914	15,869
Outside Services	33,000	54,357	(21,357)
Utilities	64,000	63,656	344
Telephone	4,000	5,863	(1,863)
Advertising	200	-	200
Uniforms	600	1,467	(867)
Insurance	40,277	40,155	122
Dues and Subscriptions	700	745	(45)
Materials and Supplies	142,500	101,929	40,571
Travel	100	1,760	(1,660)
Office Supplies and Postage	4,500	5,149	(649)
Licenses and Permits	4,000	2,175	1,825
Repairs and Maintenance	20,500	30,570	(10,070)
Total	530,160	507,740	22,420
Wastewater Plant Operations:			
Salaries and Employee Benefits	148,568	122,453	26,115
Outside Services	59,000	63,595	(4,595)
Utilities	17,000	22,111	(5,111)
Telephone	2,490	2,161	329

(Continued)

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
Wastewater Plant Operations:			
Advertising	395	339	56
Uniforms	400	494	(94)
Insurance	13,006	12,156	850
Dues and Subscriptions	400	310	90
Materials and Supplies	13,500	11,888	1,612
Travel	200	168	32
Office Supplies and Postage	2,100	2,534	(434)
Repairs and Maintenance	16,500	21,163	(4,663)
Total	273,559	259,372	14,187
Wastewater Collections:			
Salaries and Employee Benefits	122,035	124,961	(2,926)
Outside Services	63,135	19,730	43,405
Utilities	1,000	641	359
Telephone	1,500	728	772
Advertising	150	-	150
Uniforms	400	390	10
Insurance	-	1,547	(1,547)
Dues and Subscriptions	500	50	450
Materials and Supplies	10,704	7,515	3,189
Travel	500	62	438
Licenses and Permits	5,000	5,860	(860)
Repairs and Maintenance	12,000	6,762	5,238
Other Departmental Expense	-	1,271	(1,271)
Total	216,924	169,517	47,407
Debt Service:			
Principal Retirement	251,444	204,085	47,359
Interest and Other Charges	66,331	49,717	16,614
Total Debt Service	317,775	253,802	63,973
TOTAL EXPENDITURES	**1,721,439**	**1,476,427**	**245,012**
REVENUES OVER (UNDER) EXPENDITURES	**(44,475)**	**206,067**	**250,542**
Fund Balance Appropriated (Surplus)	44,475	-	(44,475)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**$ -**	206,067	**$ 206,067**
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Payment of Debt Principal		204,085	
Depreciation		(250,312)	
Change in Net Pension Asset (Liability) and Deferred Items Related to Pensions		6,933	
Change in Compensated Absences		13,628	
Water and Sewer Capital Project Funds:			
Revenues Over Expenditures		31,828	
Capital Outlay		128,857	
CHANGE IN NET POSITION		**$ 341,086**	

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - BRAEWICK ROAD SEWER REHABILITATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		ACTUAL			
	PROJECT AUTHORIZATION	PRIOR YEAR	CURRENT YEAR	TOTAL TO DATE	VARIANCE
REVENUES					
ARPA Grant Proceeds	$ 1,643,397	$ -	$ 160,685	$ 160,685	$ (1,482,712)
Principal Forgiveness Loan	1,000,000	-	-	-	(1,000,000)
TOTAL REVENUES	**2,643,397**	**-**	**160,685**	**160,685**	**(2,482,712)**
EXPENDITURES					
Construction Rehabilitation	2,452,113	-	-	-	2,452,113
Professional Services, Engineering	191,284	-	34,737	34,737	156,547
TOTAL EXPENDITURES	**2,643,397**	**-**	**34,737**	**34,737**	**2,608,660**
REVENUES OVER EXPENDITURES	**$ -**	**$ -**	**$ 125,948**	**$ 125,948**	**$ 125,948**

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - WATER SYSTEM ASSET INVENTORY AND ASSESSMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
ARP AIA Grant Proceeds	$ 254,500	$ -	$ -	$ -	$ (254,500)
TOTAL REVENUES	**254,500**	**-**	**-**	**-**	**(254,500)**
EXPENDITURES					
Professional Services, Engineering	254,500	-	36,720	36,720	217,780
TOTAL EXPENDITURES	**254,500**	**-**	**36,720**	**36,720**	**217,780**
REVENUES (UNDER) EXPENDITURES	**$ -**	**$ -**	**$ (36,720)**	**$ (36,720)**	**$ (36,720)**

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - SEWER SYSTEM ASSET INVENTORY AND ASSESSMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
ARP AIA Grant Proceeds	$ 261,500	$ -	$ -	$ -	$ (261,500)
TOTAL REVENUES	**261,500**	**-**	**-**	**-**	**(261,500)**
EXPENDITURES					
Professional Services, Engineering	261,500	-	57,400	57,400	204,100
TOTAL EXPENDITURES	**261,500**	**-**	**57,400**	**57,400**	**204,100**
REVENUES (UNDER) EXPENDITURES	**$ -**	**$ -**	**$ (57,400)**	**$ (57,400)**	**$ (57,400)**

TOWN OF TRYON, NORTH CAROLINA

SANITATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Operating Revenues:			
Charges for Services			
Sanitation Fees	$ 254,076	$ 246,090	$ (7,986)
Other Operating Revenues	3,200	461	(2,739)
Total Operating Revenues	257,276	246,551	(10,725)
Nonoperating Revenues:			
Solid Waste Disposal Tax	1,000	1,261	261
Total Nonoperating Revenues	1,000	1,261	261
TOTAL REVENUES	**258,276**	**247,812**	**(10,464)**
EXPENDITURES			
Sanitation:			
Salaries and Employee Benefits	100,267	98,073	2,194
Outside Services	-	470	(470)
Utilities	300	-	300
Telephone	1,020	955	65
Materials and Supplies	18,500	23,937	(5,437)
Tipping Charges	45,000	47,829	(2,829)
Uniforms	600	920	(320)
Professional Services	1,608	1,732	(124)
Insurance	21,860	16,186	5,674
Travel	-	810	(810)
Office Supplies and Postage	2,000	2,513	(513)
Repairs and Maintenance	54,268	31,615	22,653
Other Departmental Expense	-	1,834	(1,834)
Total	245,423	226,874	18,549
Debt Service:			
Principal Retirement	7,640	7,640	-
Interest and Other Charges	5,213	5,213	-
Total Debt Service	12,853	12,853	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	**258,276**	**239,727**	**18,549**
REVENUES OVER EXPENDITURES	**$ -**	**8,085**	**$ 8,085**
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Payment of Debt Principal		7,640	
Depreciation		(23,387)	
Change in Net Pension Asset (Liability) and Deferred Items Related to Pensions		(4,371)	
Change in Compensated Absences		(1,396)	
CHANGE IN NET POSITION		**$ (13,429)**	

TOWN OF TRYON, NORTH CAROLINA

COMPONENT UNIT - TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL	VARIANCE
REVENUES			
Other Taxes and Licenses:			
Occupancy Taxes	$ 35,000	30,264	$ (4,736)
Investment Earnings	-	45	45
TOTAL REVENUES	**35,000**	**30,309**	**(4,691)**
EXPENDITURES			
Economic Development:			
Operating Expenditures	35,000	19,884	15,116
TOTAL EXPENDITURES	**35,000**	**19,884**	**15,116**
REVENUES OVER EXPENDITURES	**-**	**10,425**	**10,425**
NET CHANGE IN FUND BALANCE	**$ -**	**10,425**	**$ 10,425**
FUND BALANCE, Beginning of Year		54,473	
FUND BALANCE, End of Year		**$ 64,898**	

TOWN OF TRYON, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections And Credits	Uncollected Balance June 30, 2023
2022-2023	$ -	$ 1,057,499	$ 1,010,329	$ 47,170
2021-2022	25,670	-	12,398	13,272
2020-2021	17,254	-	5,144	12,110
2019-2020	13,000	-	2,652	10,348
2018-2019	9,071	-	142	8,929
2017-2018	2,367	-	458	1,909
2016-2017	2,470	-	-	2,470
2015-2016	1,506	-	-	1,506
2014-2015	1,135	-	-	1,135
2013-2014	1,508	-	-	1,508
2012-2013	1,599	-	1,599	-
	$ 75,580	$ 1,057,499	$ 1,032,722	$ 100,357

Plus: Collections by State in June 2023 but not Remitted to Town until July 2023	17,142
Less: allowance for uncollectible ad valorem taxes receivable - General Fund:	(26,547)
Ad valorem taxes receivable - net	$ 90,952

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 1,064,939
Interest collected	(12,222)
Taxes written off	1,400
Discounts allowed	12,004
Other	(33,399)
Total collections and credits	$ 1,032,722

TOWN OF TRYON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	$ 220,759,703	0.4810	$ 1,061,854	$ 951,413	$ 110,441
Penalties	-		-	-	-
Total	220,759,703		1,061,854	951,413	110,441
Releases	(9,054)	0.4810	(4,355)	(4,355)	-
Total property valuation	$ 220,750,649				
Net Levy			1,057,499	947,058	110,441
Uncollected taxes at June 30, 2023			26,549	26,549	-
Current Year's Taxes Collected			$ 1,030,950	$ 920,509	$ 110,441
Current Levy Collection Percentage			97.49%	97.20%	100.00%

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COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and Members of the Town Council
Town of 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 (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated on May 24, 2024. The financial statements of the Town of Tryon Alcoholic Beverage Control Board, North Carolina, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of 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 (the Town) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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.

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Our consideration of the 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. However, as described in the accompanying schedule of findings and responses, we identified deficiencies as items 2023-001, 2023-002, and 2023-003 that we considered to be material weaknesses.

During our audit, we also became aware of the one deficiency in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. The deficiency is identified as finding 2023-004 on the Schedule of Findings and Responses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 item 2023-002.

Town's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and response. 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.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 Standard*s in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RH CPAs, PLLC

Lexington, North Carolina
May 29, 2024

TOWN OF TRYON, NORTH CAROLINA
Schedule of Findings and Responses
Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	X	Yes		No
Significant deficiency(s) identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weaknesses

2023-001 Year-end Closing Processes

Criteria:

The town should ensure that balances have been properly recorded in accordance with generally accepted accounting principles.

Condition:

There were several adjustment prepared by the audit team to adjust receivables, revenue, accumulated depreciation, debt service, accrued absence liabilities, and pension liabilities.

Effect:

The Town does not posses a formal year end close process or checklist to ensure account balances are properly reconciled at year-end. There are approximately 13 current year audit adjustments to correct the Town's accounting records.

Cause:

There were several accounts that required adjustments to ensure the balances were materially correct for the financial statements.

Recommendation:

We recommend the Town develop and implement appropriate internal controls to ensure that all year end closing balances and items are correctly reviewed and completed prior to the annua audit.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and will adhere to the corrective action plan outlined in this annual report.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2023-002 Town Purchasing and State Preaudit Requirements

Criteria:

Town should be adhering to the State's preaudit requirements.

Condition:

During the 2023 audit, we noted expenses and transactions where the Town's purchasing and the preaudit requirements from the State of North Carolina were not followed.

Effect:

The Town is not compliant with the State's preaudit requirements for processing expenses and certain transactions.

Cause:

The Town's limited resources and staffing make it difficult for the Town to be fully compliant with the State's preaudit requirements.

Recommendation:

We understand the challenges of maintaining full compliance due to limited resources and staff. We recommend the Town review their internal staff and resource to ensure the Town administration has sufficient resources to comply with any and all aspects of the State's rules, regulations, and requirements for local governments.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and will adhere to the corrective action plan outlined in this annual report.

2023-003 Fund Balance Rollforward

Criteria:

The Town's beginning fund balance and fund positions did not agree to the prior year audited financial statements and trial balance.

Condition:

The Town did not properly ensure the Town's funds results and fund balances from the 2022 audit agree to their internal and accounting records.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2023-003 Fund Balance Rollforward (Continued)

Effect:

Beginning fund balance and fund position for the 2023 audit did not agree to the 2022 ending balances as reflected in the audited financial statement and trial balance. Material adjustments were required in the current year audit to record 2022 accumulated depreciation in the proprietary accounts and adjustments to miscellaneous revenue or expenditures in the government funds.

Cause:

The Town's limited resources and lack of process in reviewing audit adjustments resulted in material adjustments in the current audit to adjust beginning fund balances or fund position.

Recommendation:

We recommend the Town review each audit adjustment and inquiry with the auditor if the Town management or professional have any questions or concerns regarding the proposed audi adjustments. Additionally, we recommend the Town's management review the ending fun balance or fund position in all of the Town's funds to ensure the balances agree to the current year audited financial statements and trial balance.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and will adhere to the corrective action plan outlined in this annual report.

OTHER FINDINGS AND RECOMMENDATIONS

2023-004 Accounts Payable Year End Schedule

Criteria:

The Town should maintain subledgers to ensure year end balances are properly supported.

Condition:

Town was unable to provide a year-end accounts payable aging or detail report to support the year end accounts payable balance.

Effect:

The Town was unable to generate or provide an accounts payable year end report to fully support the recorded balance. Accounts payable accrual is maintained in the general ledger detail but unable to account for 100% of the year end balance. The general ledger detail provided sufficient information and detail within our material threshold.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2023-004 Accounts Payable Year End Schedule (continued)

Cause:

The current financial reporting system is not able to generate a year-end accounts payable aging or detail subledger report. The payables are recorded in the general ledger with the applicable fiscal year which the expense was incurred.

Recommendation:

We recommend the Town work with their financial reporting software vendor to develop a report that provides the full detail or aging summary of the accounts payables at year end

Views of responsible officials and planned corrective actions:

The Town agrees with this finding and will adhere to the corrective action plan outlined in this annual report.

TOWN OF TRYON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

Finding Number	Description	Status
2022-001	Year End Closing Process	Current Auditing Finding, 2023-001
2022-002	Town Purchasing and State Preaudit Requirements	Current Auditing Finding, 2023-0012
2022-003	Budgeting and Expenditure in Excess of Appropriations	Resolved

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TOWN OF TRYON, NORTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2023

Financial Statement Findings

Finding:	2023-001
Contact Person:	Jim Fatland, Town Manager, manager@tryonnc.gov
Corrective Action:	Going forward, the Town will provide additional training on year-end procedures and stress the importance of following the internal controls and procedures that are in place. The Town has also recently switched to a new accounting system and accountant and believe that the process will improve as everyone gains experience and familiarity with the Town and its new system.
Proposed Completion Date:	December 31, 2024

Finding:	2023-002
Contact Person:	Jim Fatland, Town Manager, manager@tryonnc.gov
Corrective Action:	In the future, the Town will work with its new accountant and the NC Local Government Commission to design a way to properly reduce state compliance risk and will develop a written policy for outlining procedures for preaudit requirements (which will also address pre-auditing obligations that will be incurred by electronic payments).
Proposed Completion Date:	December 31, 2024

Finding:	2023-003
Contact Person:	Jim Fatland, Town Manager, manager@tryonnc.gov
Corrective Action:	The Town has retained an outside accounting firm, Greg Isley CPAs, to assist in preparation of financial statements. Prior to audit, Town management will meet with outside accounting firm to ensure all journal entries are recorded prior to commencement of annual audit to ensure trial balance is correct.
Proposed Completion Date:	December 31, 2024

TOWN OF TRYON, NORTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2023

Finding:	2023-004
Contact Person:	Jim Fatland, Town Manager, manager@tryonnc.gov
Corrective Action:	The Town will meet with its software provider, Southern Software, to seek their assistance to produce accounts payable aging report requested by auditor.
Proposed Completion Date:	December 31, 2024