TOWN OF TRYON,
NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

TOWN OF TRYON, NORTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS AND TOWN STAFF

YEAR ENDED JUNE 30, 2025

Established

1885

TOWN COUNCIL

Alan Peoples, Mayor

Skip Crowe, Mayor Pro Tempore

Bill Crowell, Town Commissioner

Tracie Greenway Morris, Town Commissioner

Julie Lambakis, Town Commissioner

TOWN STAFF

Town Manager – Jim Fatland, NCCLGFO, CPFO

Town Clerk – Emily Dale

Planning Director – Tim Daniels

TDA Executive Director – Lourdes Gutierrez

Public Works Director – Greg McCool

Police Chief – Scott Holt

Fire Chief – Josh Connell

TOWN OF TRYON, NORTH CAROLINA

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Independent Auditors' Report

To the Honorable Mayor
and Members of the Town Council
Town of Tryon, 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, 2025, 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, 2025, 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 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, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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 Analysis 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 and the other auditors 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 as well as the accompanying schedule of expenditures of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are 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 and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2026, 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
April 17, 2026

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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, 2025. 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.

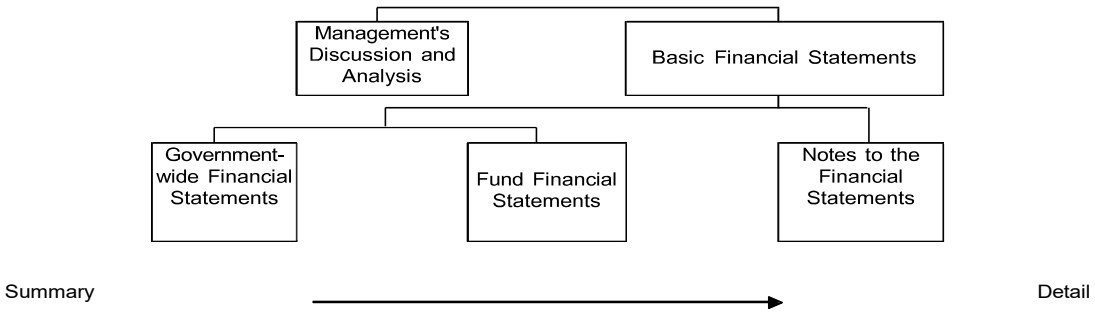
FINANCIAL HIGHLIGHTS

- 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 $12,949,194 (*net position*).
- The Town's total net position for FY 2025 increased by $3,415,324 over the prior year balance due to a increase in the net position of the governmental activities of $413,812 and an increase in the net position of the business-type activities of $3,001,512.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $3,182,895, an increase of $565,873 or 21.62% from the prior year fund balance. The increase is due to revenues and other financing sources of $5,533,208 exceeding expenditures of $4,967,335.
- At the end of the current fiscal year, the unassigned fund balance for all governmental funds is $1,483,311. The unassigned fund balance for the General Fund is $1,483,311 which is 61% of total General Fund for actual expenditures for the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 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's financial statements.

The Town adopts annual budgets for its General Fund, Fire Department Fund, and the Harmon Field 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 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	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 3,367,953	$ 2,766,830	$ 1,034,479	$ 877,898	$ 4,402,432	$ 3,644,728
Capital Assets	4,834,495	3,852,112	8,385,984	5,740,535	13,220,479	9,592,647
Deferred Outflows of Resources	555,093	672,662	242,594	302,231	797,687	974,893
Total Assets and Deferred Outflows of Resources	8,757,541	7,291,604	9,663,057	6,920,664	18,420,598	14,212,268
Liabilities:						
Long-Term Liabilities	2,664,578	1,584,768	2,035,566	2,340,797	4,700,144	3,925,565
Other Liabilities	118,640	101,666	505,551	460,871	624,191	562,537
Deferred Inflows of Resources	118,116	121,763	28,953	14,582	147,069	136,345
Total Liabilities and Deferred Inflows of Resources	2,901,334	1,808,197	2,570,070	2,816,250	5,471,404	4,624,447
Net Position:						
Net Investment in Capital Assets	3,819,767	3,662,666	6,888,735	3,951,492	10,708,502	7,614,158
Restricted	1,671,477	691,274	-	-	1,671,477	691,274
Unrestriced	364,963	1,129,467	204,252	152,922	569,215	1,282,389
Total Net Position	$ 5,856,207	$ 5,483,407	$ 7,092,987	$ 4,104,414	$ 12,949,194	$ 9,587,821

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 $12,949,194 as of June 30, 2025. Current and other assets increased by $757,704 from the prior year. The increase was primarily due to an increase in cash and cash equivalents in governmental activities due to the increase in net position for the current year.

Other liabilities increased by $61,654 from the prior year. The increase was primarily due to an advance in funds from a grantor 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 $774,579. The increase was primarily due to an increase of $1,576,040 in long-term debt.

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, $1,671,477 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 $569,215.

Town's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 39,883	$ 139,192	$ 2,267,048	$ 2,133,807	$ 2,306,931	$ 2,272,999
Operating Grants & Contributions	656,358	284,374	-	-	656,358	284,374
Capital Grants & Contributions	-	-	3,464,387	322,140	3,464,387	322,140
General Revenues:						
Property Taxes	2,533,449	2,242,222	-	-	2,533,449	2,242,222
Other Taxes & Fees	916,282	895,485	1,204	1,221	917,486	896,706
Other Revenue	220,062	223,048	50,361	124,175	270,423	347,223
Total Revenues	4,366,034	3,784,321	5,783,000	2,581,343	10,149,034	6,365,664
Expenses:						
General Government	743,028	597,959	-	-	743,028	597,959
Public Safety	2,220,444	1,704,573	-	-	2,220,444	1,704,573
Economic Development	341	21,902	-	-	341	21,902
Transportation	658,593	747,425	-	-	658,593	747,425
Culture and Recreational	381,290	394,724	-	-	381,290	394,724
Interest on Long-Term Obligations	8,526	3,970	-	-	8,526	3,970
Water and Sewer	-	-	2,404,686	2,064,006	2,404,686	2,064,006
Sanitation	-	-	316,802	311,922	316,802	311,922
Total Expenses	4,012,222	3,470,553	2,721,488	2,375,928	6,733,710	5,846,481
Change in Net Position Before Transfers	353,812	313,768	3,061,512	205,415	3,415,324	519,183
Transfers	60,000	-	(60,000)	-	-	-
Change in Net Position	413,812	313,768	3,001,512	205,415	3,415,324	519,183
Net Position, Beginning, as previously reported	5,483,407		4,104,414			
Restatement - change in accounting principle	(41,012)		(12,939)			
Net Position, Beginning as restated	5,442,395	5,169,639	4,091,475	3,898,999	9,533,870	9,068,638
Net Position, June 30	$ 5,856,207	$ 5,483,407	$ 7,092,987	$ 4,104,414	$ 12,949,194	$ 9,587,821

The Town's overall net position increased by $3,415,324 from the prior year. However, a restatement in government activities and business activities due to the implementation of compensated absences resulted in a decrease of $53,951, thus reducing the change in net position to $3,361,373 The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities: Governmental activities increased the Town's net position by $372,800. The key element of this increase is due to loan proceeds received in the Fire Department Fund and Tropical Storm Helene Fund. 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 $2,988,573. 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 $1,483,311, while total fund balance reached $1,997,920. 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 61% of General Fund expenditures, and total fund balance represents 82% of the same amount.

At June 30, 2025, governmental funds reported a combined total fund balance of $3,182,895 with a net increase in fund balance of $565,873.

Revenues in the General Fund were $2,453,287 for FY 2025, which was an increase of $45,016, or 2%, over the $2,408,271 reported in FY 2024, primarily due to an increase in Ad Valorem taxes of $46,285 and an increase in unrestricted intergovernmental revenue (sales tax, utility sales tax, beer and wine tax) of $20,797.

Expenditures in the General Fund were $2,438,599 for FY 2025, which was an increase of $283,614, or 13%, over the $2,154,985 reported in FY 2024, primarily due to higher general government expenditures of $266,537 and higher transportation expenditures of $135,567.

Fire Department Fund. Fund balance for the Fire Department Fund increased $128,788 to $345,123 at June 30, 2025. Fire Department Fund revenues increased $15,363, or 1%, compared to the prior year primarily due to an increase in ad valorem taxes of $96,254 and an operating grant of $61,915. Fire Department expenditures increased $716,521, or 67%, compared to the prior year primarily due to an increase in public safety salaries, benefits, operating costs and the purchase of a fire truck.

Harmon Field Fund. Fund balance for the Harmon Field Fund decreased $22,387 to $95,068 at June 30, 2025. Harmon Field Fund revenues decreased $81,680, or 21%, compared to the prior year primarily due to a decrease in sales and services of $70,528, a decrease in other revenues of $68,133, and offset by an increase in Ad Valorem taxes of $57,080. Harmon Field Fund expenditures decreased $176,020, or 34%, compared to the prior year primarily due to a decrease in operating and capital outlay expenditures.

Tropical Storm Helene Fund. Fund balance for the Tropical Storm Helene Fund increased to 744,784. Tropical Storm Helene Fund revenues totaled $511,406 from a FEMA Grant, and the fund received a transfer from the General Fund in the amount of $300,000 and a transfer from the Water and Sewer Fund for $60,000. Additionally, the fund had loan proceeds from the NC Relief Cash Loan in the amount of $272,991. Tropical Storm Helene Fund expenditures totaled $399,613 in the first year.

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 2025 were

primarily to (a) cover a capital outlay acquisition, (b) increase operating costs, (c) increase budget for loan proceeds. General Fund actual revenues of $2,453,287 exceeded budgeted revenues by $38,602, or 2%, primarily due to ad valorem tax revenues exceeding budget by $31,674 and sales and services exceeding budget by $10,899.

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 $210,063. The total change in net position for the Water and Sewer Fund was an increase of $3,014,152. The Water and Sewer Fund (modified accrual) had $2,294,396 in revenues for FY 2025. This was an increase of $374,544, or 20% higher than FY 2025, primarily due to an increase in charges for services of $114,226 and a State Grant of $330,306. The Water and Sewer Fund (modified accrual) had $2,762,854 in expenditures for FY 2025. This was an increase of $906,922, or 49% higher than FY 2024, primarily due to increases in salaries and payroll expenditures, operating costs, and debt service.

Sanitation Fund. Unrestricted net position for the Sanitation Fund at the end of the fiscal year amounted to a deficit of $5,811. The total change in net position for the Sanitation Fund was a decrease of $12,640. The Sanitation Fund (modified accrual) had $304,162 in revenues for FY 2025. This was an increase of $18,998, or 7% higher than FY 2024, primarily due to an increase in sanitation fees of $19,933. The Sanitation Fund (modified accrual) had $304,710 in expenditures for FY 2025. This was an increase of $23,652, or 8% higher than FY 2024, primarily due to higher salaries and employee benefits of $12,247 and higher tipping charges of $20,601, partially offset by lower insurance of $6,713.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's capital assets for its governmental and business-type activities as of June 30, 2025, totaled $13,200,022 (net of accumulated depreciation), an increase of approximately 38% over the prior year. These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

The total increase in the Town's capital assets for FY 2025 was $3,627,831 and consisted of the following:

- Capital asset additions of $4,264,046 which consisted of:
  - Equipment and furniture of $120,710
  - Vehicles of $1,093,735
  - Other Improvements of $163,226
  - Plant and Distribution Systems of $3,084,044
- Construction in progress reduction of $197,669
- Depreciation expense of $636,215

Town's Net Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 1,406,182	$ 1,406,182	$ 72,469	$ 72,469	$ 1,478,651	$ 1,478,651
Construction in Progress	-	31,772	662,704	828,601	662,704	860,373
Buildings	1,232,884	1,174,884	109,087	109,087	1,341,971	1,283,971
Other Improvements	2,124,098	1,960,872	-	-	2,124,098	1,960,872
Machinery and Equipment	1,860,311	1,834,007	1,620,582	1,598,661	3,480,893	3,432,668
Plant Distribution System	-	-	17,081,452	13,997,408	17,081,452	13,997,408
Vehicles	3,580,681	2,486,943	143,900	288,941	3,724,581	2,775,884
Accumulated Depreciation	(5,369,661)	(5,042,548)	(11,324,667)	(11,154,632)	(16,694,328)	(16,197,180)
Total	$ 4,834,495	$ 3,852,112	$ 8,365,527	$ 5,740,535	$ 13,200,022	$ 9,592,647

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, 2025, the Town had total long-term debt outstanding of $4,700,144.

Town's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revolving Fund Loans	$ -	$ -	$ 1,403,273	$ 1,686,737	$ 1,403,273	$ 1,686,737
Installment Purchase Contracts	1,287,719	189,446	93,975	102,307	1,381,694	291,753
Compensated Absences	111,349	86,783	58,927	41,196	170,276	127,979
Net Pension Liability - LGERS	961,396	1,014,607	479,391	510,557	1,440,787	1,525,164
Total Pension Liability - LEOSSA	304,114	293,932	-	-	304,114	293,932
Total	$ 2,664,578	$ 1,584,768	$ 2,035,566	$ 2,340,797	$ 4,700,144	$ 3,925,565

The Town's total debt increased by $774,579, or 20%, during the current fiscal year. The key factor was a decrease in the net pension liability for the Local Governmental Employees' Retirement System (LGERS) of $84,377, new debt issued of $1,576,040 and payment on long-term debt of $769,562.

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 strong economic forecasts for North Carolina and the Town's resilience in restoring the Town's infrastructure from Tropical Storm Helene, the Town expects to see a much better environment for the year ended June 30, 2026 ("FY 2026").

Budget Highlights for FY 2026

The FY 2026 original budget totals $6,343,774 for the Town's annual budgeted operating funds. This is $756,010 or 11% lower than the FY 2025 original budget of $7,099,784. Other budget highlights include the following:

- General Fund 12.82-cent tax rate decrease
- Water and Sewer rate increase of 5%
- Sanitation Fund - $1 per month increase from $25 to $26 per month
- Fire Department Special Revenue Fund – 2.48 cent tax decrease
- Harmon Field Special Revenue Fund – 1.33 cent tax decrease

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, 2025

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	Governmental Activities	Business-type Activities	Total	ABC Board	Tourism Development Authority
ASSETS					
Cash and Cash Equivalents	$ 2,066,142	$ 396,124	$ 2,462,266	$ 166,507	$ 45,276
Cash and Cash Equivalents, Restricted	904,087	491,869	1,395,956	-	-
Receivables, Net:					
Property Taxes	66,418	-	66,418	-	-
Accounts	30,716	167,678	198,394	-	-
Intergovernmental Receivables	226,203	-	226,203	-	-
Prepaids and Inventories	-	53,195	53,195	94,210	-
Security Deposits	-	-	-	1,200	-
Internal Balances	74,387	(74,387)	-	-	-
Capital Assets:					
Non-Depreciable	1,406,182	735,174	2,141,356	-	-
Depreciable, Net	3,428,313	7,650,810	11,079,123	-	-
TOTAL ASSETS	8,202,448	9,420,463	17,622,911	261,917	45,276
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Charges	555,093	242,594	797,687	-	-
LIABILITIES					
Accounts Payable	40,762	41,253	82,015	68,889	100
Accrued Interest Payable	-	10,096	10,096	-	-
Accrued Salaries and Benefits	77,878	60,917	138,795	1,312	-
Customer Deposits	-	153,027	153,027	-	-
Intergovernmental Payables	-	37,559	37,559	3,049	-
Due to Primary Government	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advance from Grantor	-	202,699	202,699	-	-
Debt					
Due Within One Year	69,664	189,647	259,311	-	-
Due in More Than One Year	2,594,914	1,845,919	4,440,833	-	-
TOTAL LIABILITIES	2,783,218	2,541,117	5,324,335	73,250	100
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Credits	118,116	28,953	147,069	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	118,116	28,953	147,069	-	-
NET POSITION					
Net Investment in Capital Assets	3,819,767	6,888,735	10,708,502	-	-
Restricted For:					
Stabilization by State Statute	360,306	-	360,306	-	-
Streets	88,322	-	88,322	-	-
Public Safety	1,098,534	-	1,098,534	-	-
Cultural and Recreational	124,315	-	124,315	-	-
Tourism Related Costs	-	-	-	-	45,176
Working Capital	-	-	-	32,375	-
Unrestricted	364,963	204,252	569,215	156,292	-
TOTAL NET POSITION	$ 5,856,207	$ 7,092,987	$ 12,949,194	$ 188,667	$ 45,176

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, 2025

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: ABC Board	Component Units: Tourism Development Authority
Governmental Activities:									
General Government	$ 743,028	$ 23,406	$ -	$ -	$ (719,622)	$ -	$ (719,622)		
Public Safety	2,220,444	2,418	573,321	-	(1,644,705)	-	(1,644,705)		
Economic Development	341	8,675	-	-	8,334	-	8,334		
Transportation	658,593	-	83,037	-	(575,556)	-	(575,556)		
Culture and Recreational	381,290	5,384	-	-	(375,906)	-	(375,906)		
Interest on Long-Term Obligations	8,526	-	-	-	(8,526)	-	(8,526)		
Total Governmental Activities	4,012,222	39,883	656,358	-	(3,315,981)	-	(3,315,981)		
Business-Type Activities:									
Water and Sewer	2,404,686	1,964,090	-	3,464,387	-	3,023,791	3,023,791		
Sanitation	316,802	302,958	-	-	-	(13,844)	(13,844)		
Total Business-Type Activities	2,721,488	2,267,048	-	3,464,387	-	3,009,947	3,009,947		
TOTAL - PRIMARY GOVERNMENT	$ 6,733,710	$ 2,306,931	$ 656,358	$ 3,464,387	(3,315,981)	3,009,947	(306,034)		
COMPONENT UNITS:									
ABC Board	$ 869,114	$ 898,869	$ -	$ -	-	-	-	$ 29,755	$ -
Tourism Development Authority	29,787	19,272	-	-	-	-	-	-	(10,515)
TOTAL - COMPONENT UNITS	$ 898,901	$ 918,141	$ -	$ -	-	-	-	29,755	(10,515)
	General Revenues:								
	General Revenues:								
	Taxes:								
	Property Taxes				2,533,449	-	2,533,449	-	-
	Sales Taxes				745,883	-	745,883	-	-
	Franchise Taxes				164,161	-	164,161	-	-
	Other Taxes				6,238	1,204	7,442	-	-
	Intergovernmental Revenue - Unrestricted				-	-	-	-	-
	Investment Income				129,814	5,336	135,150	-	-
	Miscellaneous				90,248	45,025	135,273	-	-
	Gain on Sale of Assets				-	-	-	-	-
	Transfers In (Out)				60,000	(60,000)	-	-	-
	Total General Revenues				3,729,793	(8,435)	3,721,358	-	-
	CHANGE IN NET POSITION				413,812	3,001,512	3,415,324	29,755	(10,515)
	NET POSITION, beginning, as previously reported				5,483,407	4,104,414	9,587,821	158,912	55,691
	Restatement - change in accounting principle				(41,012)	(12,939)	(53,951)	-	-
	Net position - beginning, as restated				5,442,395	4,091,475	9,533,870	158,912	55,691
	NET POSITION, End of Year				$ 5,856,207	$ 7,092,987	$ 12,949,194	$ 188,667	$ 45,176

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

TOWN OF TRYON, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025

	MAJOR FUNDS				
	GENERAL FUND	FIRE DEPARTMENT FUND	HARMON FIELD FUND	TROPICAL STORM HELENE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 1,571,992	$ 389,493	$ 104,657	$ -	$ 2,066,142
Cash and Cash Equivalents, Restricted	154,303	-	-	749,784	904,087
Receivables, Net:					
Taxes	39,851	19,139	7,428	-	66,418
Accounts	30,716	-	-	-	30,716
Due From Other Governments	226,203	-	-	-	226,203
Due From Other Funds	103,387	-	-	-	103,387
TOTAL ASSETS	$ 2,126,452	$ 408,632	$ 112,085	$ 749,784	$ 3,396,953
LIABILITIES					
Accounts Payable	$ 24,112	$ 9,829	$ 1,821	5,000	$ 40,762
Accrued Liabilities	35,569	34,541	7,768	-	77,878
Due To Other Funds	29,000	-	-	-	29,000
TOTAL LIABILITIES	88,681	44,370	9,589	5,000	147,640
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	39,851	19,139	7,428	-	66,418
TOTAL DEFERRED INFLOWS OF RESOURCES	39,851	19,139	7,428	-	66,418
FUND BALANCES					
Restricted For:					
Stabilization by State Statute	360,306	-	-	-	360,306
Streets	88,322	-	-	-	88,322
Public Safety	8,627	345,123	-	744,784	1,098,534
Culture and Recreation	29,247	-	95,068	-	124,315
Assigned For:					
Culture and Recreation	28,107	-	-	-	28,107
Unassigned	1,483,311	-	-	-	1,483,311
TOTAL FUND BALANCES	1,997,920	345,123	95,068	744,784	3,182,895
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,126,452	$ 408,632	$ 112,085	$ 749,784	$ 3,396,953

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, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 3,182,895
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 $10,204,156 and the accumulated depreciation was $5,369,661.		4,834,495
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.		66,418
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.		428,450
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.		8,527
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	(1,287,719)
	Compensated Absences	(111,349)
	Net Pension Liability - LGERS	(961,396)
	Total Pension Liability - LEOSSA	(304,114)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 5,856,207

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, 2025

	MAJOR FUNDS				
	GENERAL FUND	FIRE DEPARTMENT FUND	HARMON FIELD FUND	TROPICAL STORM HELENE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad Valorem Taxes	$ 1,269,674	$ 942,541	$ 302,958	$ -	$ 2,515,173
Unrestricted Intergovernmental Revenue	916,282	-	-	-	916,282
Restricted Intergovernmental Revenue	83,037	61,915	-	511,406	656,358
Sales and Services	34,499	-	5,384	-	39,883
Investment Earnings	128,634	97	1,083	-	129,814
Other Revenue	21,161	63,070	6,017	-	90,248
TOTAL REVENUES	2,453,287	1,067,623	315,442	511,406	4,347,758
EXPENDITURES					
Current:					
General Government	822,131	-	-	-	822,131
Public Safety	773,602	1,791,294	-	399,613	2,964,509
Economic Development	-	-	-	-	-
Transportation	783,261	-	-	-	783,261
Culture and Recreation	29,247	-	332,484	-	361,731
Debt Service:					
Principal Retirement	22,674	-	4,503	-	27,177
Interest and Other Charges	7,684	-	842	-	8,526
TOTAL EXPENDITURES	2,438,599	1,791,294	337,829	399,613	4,967,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,688	(723,671)	(22,387)	111,793	(619,577)
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	852,459	-	272,991	1,125,450
Transfers In	(300,000)	-	-	360,000	60,000
TOTAL OTHER FINANCING SOURCES (USES)	(300,000)	852,459	-	632,991	1,185,450
NET CHANGES IN FUND BALANCE	(285,312)	128,788	(22,387)	744,784	565,873
FUND BALANCE, Beginning of Year	2,283,232	216,335	117,455	-	2,617,022
FUND BALANCE, End of Year	$ 1,997,920	$ 345,123	$ 95,068	$ 744,784	$ 3,182,895

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, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$	565,873
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 in the funds. The cost of the capital assets was $10,204,156 and the accumulated depreciation was $5,369,661.		18,276
Debt proceeds provide current financial resources to governmental funds, but issuing debt also increases long-term liabilities in the Statement of Net Position.		(1,125,450)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		27,177
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.		(89,969)
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.		19,076
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.		16,446
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of $1,309,494 exceeded depreciation expense of $327,111 in the current period.		982,383
TOTAL CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	413,812

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, 2025

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 1,180,000	$ 1,238,000	$ 1,269,674	$ 31,674
Unrestricted Intergovernmental Revenue	747,100	929,100	916,282	(12,818)
Restricted Intergovernmental Revenue	76,000	76,000	83,037	7,037
Sales And Services	23,600	23,600	34,499	10,899
Investment Earnings	60,000	131,805	128,634	(3,171)
Other Revenue	4,500	16,180	21,161	4,981
TOTAL REVENUES	2,091,200	2,414,685	2,453,287	38,602
EXPENDITURES				
Current:				
General Government	623,902	849,902	822,131	27,771
Public Safety	860,191	860,191	773,602	86,589
Economic Development	-	-	-	-
Transportation	572,551	893,756	783,261	110,495
Culture and Recreation	37,500	50,500	29,247	21,253
Debt Service:				
Principal	28,023	27,472	22,674	4,798
Interest and Other Charges	7,133	7,684	7,684	-
TOTAL EXPENDITURES	2,129,300	2,689,505	2,438,599	250,906
REVENUES UNDER EXPENDITURES	(38,100)	(274,820)	14,688	289,508
OTHER FINANCING SOURCES (USES)				
Transfers In	33,100	39,300	-	(39,300)
Transfers Out	(5,000)	(305,000)	(300,000)	5,000
TOTAL OTHER FINANCING SOURCES	28,100	(265,700)	(300,000)	(34,300)
Fund Balance Appropriated	10,000	540,520	-	(540,520)
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	(285,312)	$ (285,312)
FUND BALANCE, Beginning of Year			2,283,232	
FUND BALANCE, End of Year			$ 1,997,920	

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, 2025

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 834,500	$ 884,500	$ 942,541	$ 58,041
Restricted Intergovernmental Revenue	-	61,915	61,915	-
Investment Earnings	-	-	97	97
Other Revenue	8,913	65,913	63,070	(2,843)
TOTAL REVENUES	843,413	1,012,328	1,067,623	55,295
EXPENDITURES				
Current:				
Public Safety	1,698,413	1,867,328	1,791,294	76,034
TOTAL EXPENDITURES	1,698,413	1,867,328	1,791,294	76,034
REVENUES UNDER EXPENDITURES	(855,000)	(855,000)	(723,671)	131,329
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	813,000	855,000	852,459	(2,541)
TOTAL OTHER FINANCING SOURCES (USES)	813,000	855,000	852,459	(2,541)
Fund Balance Appropriated	42,000	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	128,788	$ 128,788
FUND BALANCE, Beginning of Year			216,335	
FUND BALANCE, End of Year			$ 345,123	

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, 2025

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Ad Valorem Taxes	$ 282,000	$ 282,000	$ 302,958	$ 20,958
Sales and Services	45,477	45,477	5,384	(40,093)
Investment Earnings	-	-	1,083	1,083
Other Revenue	-	26,150	6,017	(20,133)
TOTAL REVENUES	327,477	353,627	315,442	(38,185)
EXPENDITURES				
Current:				
Culture and Recreation	372,077	438,227	332,484	105,743
Debt Service:				
Principal	4,558	4,558	4,503	55
Interest	842	842	842	-
TOTAL EXPENDITURES	377,477	443,627	337,829	105,798
REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(90,000)	(22,387)	67,613
OTHER FINANCING SOURCES				
Loan Proceeds	50,000	50,000	-	(50,000)
TOTAL OTHER FINANCING SOURCES	50,000	50,000	-	(50,000)
Fund Balance Appropriated (Surplus)	-	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE	$ -	$ -	(22,387)	$ (22,387)
FUND BALANCE, Beginning of Year			117,455	
FUND BALANCE, End of Year			$ 95,068	

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

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2025

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 300,675	$ 95,449	$ 396,124
Cash and Cash Equivalents, Restricted	491,869	-	491,869
Accounts Receivable	148,608	19,070	167,678
Due From Other Funds	88,463	-	88,463
Inventories	53,195	-	53,195
Total Current Assets	1,082,810	114,519	1,197,329
Non-Current Assets:			
Capital Assets:			
Non-Depreciable	735,174	-	735,174
Depreciable, Net	7,630,353	20,457	7,650,810
Total Non-Current Assets	8,365,527	20,457	8,385,984
TOTAL ASSETS	9,448,337	134,976	9,583,313
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	203,456	39,138	242,594
LIABILITIES			
Current Liabilities:			
Accounts Payable	40,582	671	41,253
Accrued Interest Payable	8,761	1,335	10,096
Accrued Liabilities	51,677	9,240	60,917
Customer Deposits	153,027	-	153,027
Due to Other Governments	36,792	767	37,559
Due To Other Funds	103,387	59,463	162,850
Advance from Grantor	202,699	-	202,699
Current Portion of Compensated Absences	10,589	1,197	11,786
Current Portion of Debt	169,141	8,720	177,861
Total Current Liabilities	776,655	81,393	858,048
Non-Current Liabilities:			
Net Pension Liability	402,053	77,338	479,391
Compensated Absences, Less Current Portion	42,355	4,786	47,141
Debt, Less Current Portion	1,234,132	85,255	1,319,387
Total Long-Term Liabilities	1,678,540	167,379	1,845,919
TOTAL LIABILITIES	2,455,195	248,772	2,703,967
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	24,282	4,671	28,953
NET POSITION			
Net Investment in Capital Assets	6,962,253	(73,518)	6,888,735
Unrestricted	210,063	(5,811)	204,252
TOTAL NET POSITION	$ 7,172,316	$ (79,329)	$ 7,092,987

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, 2025

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
OPERATING REVENUES			
Charges for Services	$ 1,953,690	$ 301,238	$ 2,254,928
Water and Sewer Taps	10,400	-	10,400
Other Operating Revenues	-	1,720	1,720
TOTAL OPERATING REVENUES	1,964,090	302,958	2,267,048
OPERATING EXPENSES			
Water Distribution	801,347	-	801,347
Water Plant Operations	581,291	-	581,291
Wastewater Plant Operations	347,537	-	347,537
Wastewater Collections	253,740	-	253,740
Sanitation Operations	-	292,424	292,424
Depreciation	289,246	19,857	309,103
TOTAL OPERATING EXPENSES	2,273,161	312,281	2,585,442
OPERATING INCOME (LOSS)	(309,071)	(9,323)	(318,394)
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	3,464,387	-	3,464,387
Solid Waste Disposal Tax	-	1,204	1,204
Investment Earnings	5,336	-	5,336
Interest and Other Charges	(45,964)	(4,521)	(50,485)
Other Income	45,025	-	45,025
Other Expenses	(85,561)	-	(85,561)
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,383,223	(3,317)	3,379,906
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,074,152	(12,640)	3,061,512
Transfers Out	(60,000)	-	(60,000)
CHANGE IN NET POSITION	3,014,152	(12,640)	3,001,512
NET POSITION - beginning, as previously reported	4,170,992	(66,578)	4,104,414
Restatement - change in accounting principle	(12,828)	(111)	(12,939)
NET POSITION - beginning, as restated	4,158,164	(66,689)	4,091,475
NET POSITION, End of Year	$ 7,172,316	$ (79,329)	$ 7,092,987

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, 2025

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 1,994,174	$ 304,268	$ 2,298,442
Payments to Suppliers for Goods and Services	(1,153,418)	(134,815)	(1,288,233)
Payments for Personal Services	(792,599)	(143,245)	(935,844)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,157	26,208	74,365
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Solid Waste Disposal Tax	-	1,204	1,204
Other Expenses	(85,561)	-	(85,561)
Transfers from (to) Other Funds	(60,000)	-	(60,000)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	(145,561)	1,204	(144,357)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grant Proceeds	3,674,001	-	3,674,001
Acquisition of Capital Assets	(3,118,926)	-	(3,118,926)
Bond and Note Proceeds	450,590	-	450,590
Debt Principal Payments	(734,053)	(8,332)	(742,385)
Debt Interest Payments	(45,964)	(4,521)	(50,485)
Meter Fee Revenues	45,025	-	45,025
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	270,673	(12,853)	257,820
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	5,336	-	5,336
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,336	-	5,336
NET INCREASE IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS	178,605	14,559	193,164
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year	613,939	80,890	694,829
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year	$ 792,544	$ 95,449	$ 887,993

TOWN OF TRYON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)

FOR THE YEAR ENDED JUNE 30, 2025

	ENTERPRISE FUNDS		
	MAJOR		
	WATER AND SEWER FUND	SANITATION FUND	TOTAL
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	$ (309,071)	$ (9,323)	$ (318,394)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	289,246	19,857	309,103
Change in Accounts Representing Operating Activities:			
Accounts Receivable	28,358	1,310	29,668
Accounts Payable	(23,052)	(3,858)	(26,910)
Accrued Salaries and Benefits	21,001	10,538	31,539
Customer Deposits	1,726	-	1,726
Compensated Absences	1,233	3,558	4,791
Net Pension Liability	(19,758)	(11,408)	(31,166)
Deferred Pension Charges	12,234	2,137	14,371
Deferred Pension Credits	46,240	13,397	59,637
Net Cash Provided by Operating Activities	$ 48,157	$ 26,208	$ 74,365

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 (GAAP) 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 ***Tropical Storm Helene Fund*** accounts for FEMA grant revenues and State Cash Loan proceeds utilized in the storm recovery efforts.

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, including lease and information technology subscription (SBITA) liabilities, 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.

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.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire Department Fund, the Harmon Field Fund, the Water and Sewer Fund, and the Sanitation Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Braewick Road Sewer Rehabilitation Capital Project Fund, the Water System Asset Inventory and Assessment Capital Project Fund, the Sewer System Asset Inventory and Assessment Capital Project Fund, the Water Meter Replacement Project Fund, the Lake Lanier Rehabilitation Dam Replacement Project Fund, the Water and Sewer System Improvement Project Fund, and the Tropical Storm Helene 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 mutual fund shares when the mutual fund is certified by the Local government Commission. The Town's, ABC Board's, and Authority's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC- registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

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. In September 2024, Hurricane Helene create a significant amount of destruction within the Town. The hurricane caused significant flooding, property damage, and disruption to supply chains. The Town received FEMA funds and NC Cash Relief Loans to mitigate the destruction caused by Tropical Storm Helene.

The organization holds federal forfeiture funds received from the Department of Justice and other federal agencies under the Asset Forfeiture Program. These funds are restricted and can only be used for specific law enforcement purposes, including the purchase of equipment, training, and activities related to criminal investigations. Furthermore, substance abuse tax funds are accounted for in public safety restricted funds and are often collected through specific taxes (e.g., excise taxes on alcohol or tobacco) that are then allocated for the treatment, prevention, and research related to substance abuse issues. Additionally, culture and recreation funds received by individuals, foundations, and other donors (including the Town) are restricted for the purpose of Rogers Park to ensure the long-term sustainability of the Park by funding projects related to maintenance, educational programming, park improvements, and environmental conservation efforts.

Town of Tryon Restricted Cash		
Governmental Activities		
General Fund		
	Streets	$ 88,322
	Public Safety	8,627
	Culture & recreation	57,354
Total General Fund		154,303
Tropical Storm Helene Fund	Grant & Loan Proceeds	749,784
Total Governmental Activities		904,087
Business-type Activities		
Water and Sewer Fund	Customer deposits	153,027
	Interconnect SRF Loan	202,699
	Water Meter	136,143
Total Business-type Activities		491,869
Total Restricted Cash		$ 1,395,956

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 Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports a SBITA in accordance with the requirements of GASB Statement No. 87 and GASB Statement No. 96, respectively. There are no leases executed by the Town subject to GASB Nos 87 or 96.

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 2025 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.

Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated

absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

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 sick leave policy of the Town 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. Any unused sick leave accumulated for employees who leave the Town before retirement is forfeited.

10. 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:

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 non-spendable. 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, grants 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.

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 non-spendable 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 the 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.

11. 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.

IISTEWARDSHIP, 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 require 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 six months of the fiscal year end. Further, the State allowed a provision this year for municipalities with Single Audits the due date would be extended until February 12, 2026. 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.

During the fiscal year ended June 30, 2025, the Town of Tryon incurred a budget overage of $1,630 in the Sanitation Department within the Sanitation Fund, which is accounted for as a Proprietary fund. This overage occurred in violation of NC General Statutes § 159-8(a), which requires local governments to adopt and adhere to a balanced budget. Under the statute, no department or fund should expend more than its authorized budget unless a formal budget amendment is adopted by the governing board.

For the fiscal year ended June 30, 2025, the Finance Officer was not properly bonded in accordance with NC General Statute 15-29(a). The Finance Officer was bonded for $250,000; however, NC General Statute requires the bond to be the greater of fifty thousand dollars ($50,000) or an amount equal to ten percent (10%) of the unit's annually budgeted funds, up to one million dollars ($1,000,000). The Finance Officer bond should have been at a minimum of $698,218. Town Management will ensure that the Finance Officer will be properly bonded going forward.

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, 2025, of $79,329. 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 Sytem Asset Inventory and Assessment Project Fund	(3,795)
Sewer System Asset Inventory and Assessment Project Fund	(3,795)
Water Meter Replacement Capital Project Fund	(11,193)
Water and Sewer System Improvments Capital Project Fund	(130,977)

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, 2025, the Town's deposits had a carrying amount of $826,439 and a bank balance of $864,631. 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, 2025, the Town's petty cash and change funds totaled $445.

At June 30, 2025, the ABC Board's deposits had a carrying amount of approximately $118,000 and a bank balance of approximately $165,000. All of the bank balance was covered by federal depository insurance.

At June 30, 2025, the Authority's deposits had a carrying amount of $45,276 and bank balance of $45,276. All of the bank balance was covered by federal depository insurance.

Investments

At June 30, 2025, the Town had $3,031,338 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.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2025, are net of the following allowances for doubtful accounts:

Governmental Funds:		
General Fund:		
Taxes receivable	$	17,295
Fire Department Fund:		
Taxes receivable		4,211
Harmon Field Fund:		
Taxes receivable		1,331
Total Governmental Funds		22,837
Enterprise Funds		
Water and Sewer Fund - accounts receivable		13,076
Sanitation Fund - accounts receivable		4,555
Total Enterprise Funds		17,631
Total	$	41,799

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	$ 1,406,182	$ -	$ -	$ -	$ 1,406,182
Construction In Progress	31,772	-	-	(31,772)	-
Total Capital Assets, Non-Depreciable	1,437,954	-	-	(31,772)	1,406,182
Capital Assets, Depreciable:					
Buildings	1,174,884	58,000	-	-	1,232,884
Other Improvements	1,960,872	131,454	-	31,772	2,124,098
Equipment and Furniture	1,834,006	26,305	-	-	1,860,311
Vehicles	2,486,946	1,093,735	-	-	3,580,681
Total Capital Assets, Depreciable	7,456,707	1,309,494	-	31,772	8,797,974
Less: Accumulated Depreciation for:					
Buildings	937,538	30,142	-	-	967,680
Other Improvements	593,635	71,795	-	-	665,430
Equipment and Furniture	1,367,320	86,706	-	-	1,454,026
Vehicles	2,144,056	138,469	-	-	2,282,525
Total Accumulated Depreciation	5,042,549	327,112	-	-	5,369,661
Total Capital Assets, Depreciable, Net	2,414,158	982,382	-	31,772	3,428,313
Governmental Activities Capital Assets, Net	$ 3,852,112	$ 982,382	$ -	$ -	$ 4,834,495

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

General Government	$ 22,687
Public Safety	144,118
Transportation	100,269
Culture and Recreation	60,037
Total Depreciation Expense	$ 327,112

(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	828,601	249,678	-	(415,575)	662,704
Total Capital Assets, Non-Depreciable	901,070	249,678	-	(415,575)	735,173
Capital Assets, Depreciable:					
Buildings and Improvements	109,087	-	-	-	109,087
Plant Distribution System Infrastructure	13,997,408	2,668,469	-	415,575	17,081,452
Equipment	1,584,177	36,405	-	-	1,620,582
Vehicles	143,900	-	-	-	143,900
Total Capital Assets, Depreciable	15,834,572	2,704,874	-	415,575	18,955,021
Less: Accumulated Depreciation for:					
Buildings and Improvements	92,993	1,358	-	-	94,351
Plant Distribution System Infrastructure	9,309,815	255,205	-	-	9,565,020
Equipment	1,490,347	31,047	-	-	1,521,394
Vehicles	142,266	1,636	-	-	143,902
Total Accumulated Depreciation	11,035,421	289,246	-	-	11,324,667
Total Capital Assets, Depreciable, Net	4,799,151	2,415,628	-	415,575	7,630,354
Water and Sewer Fund Capital Assets, Net	5,700,221	2,665,306	-	-	8,365,527

(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	14,484	-	-	-	14,484
Total Capital Assets, Being Depreciated	159,525	-	-	-	159,525
Less: Accumulated Depreciation for:					
Vehicles	105,336	19,857	-	-	125,193
Equipment	13,875	-	-	-	13,875
Total Accumulated Depreciation	119,211	19,857	-	-	139,068
Total Capital Assets, Depreciable, Net	40,314	(19,857)	-	-	20,457
Sanitation Fund Capital Assets, Net	40,314	(19,857)	-	-	20,457
Business-Type Activities Capital Assets, Net	$ 5,740,535	$ 2,645,449	$ -	$ -	$ 8,385,984

Construction Commitments

The Town has active water and sewer construction projects as of June 30, 2025. On June 30, 2025, the Town's commitment is as follows:

Project	Spent-to-date	Remaining Commitment
Braewick Road Sewer Rehabilitation	$ 2,917,136	$ -
Water System Asset Inventory and Assessment Project	198,060	56,440
Sewer System Asset Inventory and Assessment Project	217,445	44,055
Water Meter Replacement Project	115,741	-
Lake Lanier Rehab Dam Replacement Project	140,010	1,455,111
Tropical Storm Helene Project	4,847	55,153

(Continued on next page)

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2025, was as follows:

ABC Board (Component Unit)	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Depreciable:				
Store Equipment	$ 12,618	$ -	$ -	$ 12,618
Total Capital Assets, Depreciable	12,618	-	-	12,618
Less: Accumulated Depreciation for:				
Store Equipment	12,618	-	-	12,618
Total Accumulated Depreciation	12,618	-	-	12,618
Total Capital Assets, Depreciable, Net	-	-	-	-
Business-Type Activities Capital Assets, Net	$ -	$ -	$ -	$ -

The Tourism Development Authority had no capital assets as of June 30, 2025.

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 agency 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 of Tryon employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Tryon's contractually required contribution rate for the fiscal year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.66% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Tryon were $279,901 for the year ended June 30, 2025.

Refunds of Contributions. Town employees who have terminated service as 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, 2025, the Town reported a liability of $1,440,787 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024 (measurement date), the Town's proportion was 0.02137%, which was a decrease of 0.00166% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of $412,710. At June 30, 2025, 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	$ 252,480	$ 1,698
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	195,874	-
Changes in Proportion and Differences between Town Contributions and Proportionate Share of Contributions	852	85,318
Town Contributions Subsequent to the Measurement Date	279,901	-
	$ 729,107	$ 87,016

The $279,901 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, 2026. 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
2026	$ 106,049
2027	251,513
2028	26,778
2029	(22,150)
Total	$ 362,190

Actuarial Assumptions. The total pension liability in the December 31, 2023 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	6.5 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in December 31, 2023 valuations were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm. 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 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

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 6.5%, 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	$ 2,553,117	1,440,787	$ 525,743

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 State provides a special separation allowance (SSA), a single-employer, defined benefit pension plan, for sworn law enforcement officers as defined by General Statutes 135-1(11c) or General Statutes 143-166.30(a)(4) that were employed by State agencies and retired on a basic service retirement under the provisions of

General Statutes 135-5(a). To qualify for the allowance, each retired officer must: (1) have completed 30 or more years of creditable service or have attained 55 years of age and completed five or more years of creditable service; and (2) not have attained 62 years of age; and (3) have completed at least five years of continuous service as a law enforcement officer immediately preceding a service retirement.

Benefits Provided. Each eligible officer is paid an annual separation allowance equal to 0.85% of the officer's most recent base rate of compensation for each year of creditable service. These benefits are funded on a pay-as-you-go basis with each state agency responsible for the benefits to their former employees. The benefits are established in General Statute 143-166.41 and may be amended only by the General Assembly. There is no statewide administration of the SSA. The SSA is not administered through a trust and therefore no assets are accumulated. Funds for this allowance are appropriated annually in the budget of each affected state agency.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2023, the valuation date, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	2
Active Plan Members	6
Total	8

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, 2023, using the following key actuarial assumptions and other inputs:

Valuation Date	December 31, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.28%
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, 2023 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.

MORTALITY ASSUMPTION: All mortality rates use Pub-2010 amount-weighted tables.

MORTALITY PROJECTION: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

DEATHS AFTER RETIREMENT (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS AFTER RETIREMENT (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

DEATHS AFTER RETIREMENT (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS PRIOR TO RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees. 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 $25,806 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At June 30, 2025, the Town reported a total pension liability of $304,114. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $21,927.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 43,446	$ 34,875
Changes of Assumptions and Other Inputs	12,211	25,178
Town Benefit Payments and Plan Administrative Expenses Made Subsequent to the Measurement Date	12,923	-
Total	$ 68,580	$ 60,053

The $12,923 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, 2025. 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
2026	$ 409
2027	(13,045)
2028	(1,954)
2029	8,539
2030	1,655
Total	$ (4,396)

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 4.28%, 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 (3.28%) or 1 percentage point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total Pension Liability	$ 325,061	304,114	$ 284,716

Schedule of Changes in Total Pension Liability

Total Pension Liability as of December 31, 2023	$ 293,932
Changes for the Year:	
Service Cost at End of Year	9,801
Interest on the Total Pension Liability	11,196
Differences Between Expected and Actual Experience	22,972
Changes of Assumptions and Other Inputs	(5,707)
Benefit Payments	(28,080)
Net Changes	10,182
Total Pension Liability as of December 31, 2024	$ 304,114

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	$ 412,710	$ 21,927	$ 434,637
Pension Liability	1,440,787	304,114	1,744,901
Proportionate share of the net pension liability	0.021370%	n/a	
Deferred Outflows of Resources:			
Differences between expected and actual experience	252,480	43,446	295,926
Changes of assumptions	-	12,211	12,211
Net differences between projected and actual earnings on plan investments	195,874	-	195,874
Changes in proportion and differences between contributions and proportionate share of contributions	852	-	852
Benefit payments and administrative costs paid subsequent to the measurement date	279,901	12,923	292,824
Deferred Inflows of Resources:			
Differences between expected and actual experience	1,698	34,875	36,573
Changes of assumptions and other inputs	-	25,178	25,178
Changes in proportion and difference between contributions and proportionate share of contributions	85,318	-	85,318

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 $15,513 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 $25,530 for the 2025 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.

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, 2025 are as follows:

State Revolving Loans	Balance at June 30, 2025
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.	$ 952,683

State Cashflow Loan for Disaster Response Activities

On May 20, 2025, as authorized by the NC Disaster Recovery Act of 2024, Session Law 2024-53 (as amended by Session Law 2024-57), the Town received $164,467 from the NC Department of State Treasurer's (NCDST) cashflow loan for disaster response program to cover expenditures for disaster response activities resulting from Hurricane Helene. Expenditures may be eligible for reimbursement by FEMA Public Assistance Program, National Flood Insurance Program, or other federal reimbursement program. Federal government reimbursements received on costs associated with this loan must be remitted to NCDST within five business days. The interest free loan must be repaid in accordance with the repayment schedule with the full amount paid no later than June 30, 2030.

Additionally, on June 17, 2025, the Town received a second loan amount of $108,524 from the NC Department of State Treasurer's (NCDST) cashflow loan for disaster response program to cover expenditures related to Helene damages. The loan is interest free and must be repaid in accordance with the repayment schedule with the full amount paid no later than June 30, 2030. $ 272,991

Annual debt service requirement for the Town's disaster recover cashflow loan are as follows:

	State Cash Flow Loan		
Year Ended June 30,	Principal	Interest	Total
Governmental Activities:			
2026	$ 2	$ -	$ 2
2027	27,299	-	27,299
2028	54,598	-	54,598
2029	81,897	-	81,897
2030	109,195	-	109,195
Total Governmental Activities	$ 272,991	$ -	$ 272,991

Installment Purchase Contracts		Balance at June 30, 2025
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.	$	93,975
On November 17, 2023, the Town executed an installment purchase agreement ("IPC – November 2023") with a local bank for $168,000.00 to acquire 3 2023 Ford Explorers for the police department. The financing agreement requires annual installments of $2,335.23 with interest as 5.04%, maturing January 25, 2031.	$	145,326
On October 17, 2024, the Town executed an installment purchase agreement ("IPC – October 2024) with a local bank for $852,459 to acquire fire truck for the fire department. The financing agreement requires annual installments of $56,831 with interest as 4.99%, maturing November 19, 2039.	$	852,459
During 2025 fiscal year, the Town received revolving loan proceeds for qualified expenses ("ARPA Revolving Loan") with the North Carolina Department of Environmental Quality State Revolving Fund for the purpose of the Braewick Road Sewer Rehabilitation Project. The $450,590 financing arrangement requires annual principal installments of $22,530 and semi-annual interest payments at 0.18%, maturing around May 1, 2045. As of the audit report date, the Town has not executed the financing agreement.	$	450,590

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:					
NC Relief Cash Loan:					
State Cash Flow Loans	$ -	$ 108,524	$ -	$ 108,524	$ 1
State Cash Flow Loans	-	164,467	-	164,467	1
Total Installment Purchase Contracts	-	272,991	-	272,991	2
Installment Purchase Contracts:					
IPC - October 2024	$ -	$ 852,459	$ -	$ 852,459	$ 22,624
IPC - November 2023	21,446	-	4,503	16,943	4,702
IPC - November 2023	168,000	-	22,674	145,326	20,066
Total Installment Purchase Contracts	189,446	852,459	27,177	1,014,728	47,392
Compensated Absences	127,795	100,299	116,745	111,349	22,270
Net Pension Liability - LGERS	1,014,607	-	53,211	961,396	-
Total Pension Liability - LEOSSA	293,932	10,182	-	304,114	-
Total Governmental Activities	$ 1,625,780	$ 1,235,931	$ 197,133	$ 2,664,578	$ 69,664

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	$ 1,522,266	$ -	$ 569,583	$ 952,683	$ 169,141
SRL - May 2010	$ 164,471	$ -	$ 164,471	$ -	$ -
ARPA Revolving Loan	$ -	$ 440,590	$ -	$ 440,590	$ -
ARPA Revolving Loan	-	10,000	-	10,000	-
Total State Revolving Loans	1,686,737	450,590	734,054	1,403,273	169,141
Installment Purchase Contracts:					
IPC-A - January 2019	102,307	-	8,332	93,975	8,720
Total Installment Purchase Contracts	102,307	-	8,332	93,975	8,720
Total Direct Borrowings/Placements	1,789,044	450,590	742,386	1,497,248	177,861
Compensated Absences	54,136	63,931	59,140	58,927	11,786
Net Pension Liability - LGERS	510,557	-	31,166	479,391	-
Total Business-Type Activities	$ 2,353,737	$ 514,521	$ 832,692	$ 2,035,566	$ 189,647

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, 2025:

	Direct Borrowing/Placement Debt		
Year Ended June 30,	Principal	Interest	Total
Governmental Activities:			
2026	$ 47,392	73,887	$ 121,279
2027	68,111	46,097	114,208
2028	71,438	47,681	119,119
2029	71,777	39,759	111,536
2030-2041	756,010	222,969	978,979
Total Governmental Activites	$ 1,014,728	430,393	$ 1,445,121
Business-type Activities:			
2026	$ 199,891	38,114	$ 238,005
2027	200,277	33,890	234,167
2028	200,680	29,253	229,933
2029	201,102	24,598	225,700
2030-2034	685,301	42,185	727,486
Total Business-type Activities	$ 1,487,251	168,040	$ 1,655,291

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2025, consist of the following:

Fund	Receivables	Payables
Major Governmental Funds:		
General Fund	$ 74,387	$ -
Major Enterprise Funds:		
Water and Sewer Fund	-	74,387
Totals	$ 74,387	$ 74,387

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, 2025, consist of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	$ -	$ 300,000
Tropical Storm Helene Fund	360,000	-
Major Enterprise Fund:		
Water and Sewer Fund	-	60,000
Totals	$ 360,000	$ 360,000

D. Net Investment in Capital Assets

Net Investment in Capital Assets was calculated as follows:

	Governmental Activities	Business-Type Activities
Capital Assets, Net	$ 4,834,495	$ 8,385,984
Long-Term Debt	(1,014,728)	(1,497,248)
Net Investment in Capital Assets	$ 3,819,767	$ 6,888,736

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	$ 1,997,920
Less:	
Stabilization by State Statute	(360,306)
Restricted by Function	(126,196)
Assigned by Function	(28,107)
Unassigned Fund Balance - General Fund	$ 1,483,311

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, 2025.

Changes in Accounting Principle

For the year ended June 30, 2025*, GASB Statement No. 101, Compensated Absences*, was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This change restated and reduced beginning net position of government activities in the government-wide statements by $21,449. This change restated and reduced beginning net position of government-wide business-type activities and property funds by $11,167.

For the year ended June 30, 2025, GASB Statement No. 102, Certain Risk Disclosures, was implemented. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

V. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2026.

August 2025

In August 2025, the Town Board approved a third loan with North Carolina Treasurer's office to fund cash flow for Hurricane Helene Storm Damage, bringing total of all loans to $380,505. The loan is expected to be paid off with FEMA reimbursements. Furthermore, the North Carolina Fire Marshall awarded the Tryon Fire Department $50,000 Disaster Relief Grant to further aid the Town in recovery efforts from the damage sustained from Helene.

December 2025

Additionally, in December 2025, the Town Board retained Black Mountain Software for a new financial system software and NCLM for accounting support services. The new financial system is expected to be implemented on July 1, 2026.

January 2026

During January 2026, the Town Board retained an architect to prepare conceptual plan for a new Community Center at Harmon Field at a cost not to exceed $28,800. The project is the result of converting a former 10,000 square foot school building into a community center.

February 2026

To continue restoring damaged structures during Helene, the Town Board accepted FEMA Grant Award in February 2026 for Lake Lanier Dam Rehab Project totaling $462,658 for design engineering services. The grant requires a local match from the Town in the amount of $250,000.

March 2026

The Town Board accepted a North Carolina Public Safety Emergency Management Grant for $239,800 for Jervey Road Sewer Project and the grant requires no local match. Further, during March 2026, the Town Board accepted a North Carolina Public Safety Emergency Management Grant for $953,805 for Sourwood Ridge Hwy 176 Water Main Project. Additionally, this grant has no local match requirement.

April 2026

The Town has received Hurricane Helene FEMA reimbursements from July 1, 2025 through April 16, 2026 totaling $805,817.70. Further, there is one FEMA reimbursement totaling $104,450.41 outstanding as of April 16, 2026.

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 NINE FISCAL YEARS*

	Year Ended June 30,				
	2025	**2024**	**2023**	**2022**	**2021**
Beginning Balance of the Total Pension Liability	$ 293,932	$ 267,036	$ 352,099	$ 372,448	$ 208,222
Changes for the Year:					
Service Cost	9,801	9,205	13,912	17,847	10,263
Interest on Total Pension Liability	11,196	10,904	7,766	7,095	6,630
Difference Between Expected and Actual Experience in the Measurement of the Total Pension Liability	22,972	29,339	(54,732)	(27,774)	59,391
Changes of Assumptions or Other Inputs	(5,707)	5,528	(38,084)	(7,838)	97,621
Benefit Payments	(28,080)	(28,080)	(13,925)	(9,679)	(9,679)
Net Changes	10,182	26,896	(85,063)	(20,349)	164,226
Ending Balance of the Total Pension Liability	$ 304,114	$ 293,932	$ 267,036	$ 352,099	$ 372,448

	Year Ended June 30,			
	2020	**2019**	**2018**	**2017**
Beginning Balance of the Total Pension Liability	$ 305,123	$ 339,373	$ 360,676	$ 341,687
Changes for the Year:				
Service Cost	8,592	9,132	10,320	16,431
Interest on Total Pension Liability	10,927	10,624	13,921	12,198
Difference Between Expected and Actual Experience in the Measurement of the Total Pension Liability	(111,526)	(37,371)	(64,796)	-
Changes of Assumptions or Other Inputs	4,972	(10,307)	19,252	(9,640)
Benefit Payments	(9,866)	(6,328)	-	-
Net Changes	(96,901)	(34,250)	(21,303)	18,989
Ending Balance of the Total Pension Liability	$ 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. This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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 NINE FISCAL YEARS

	Year Ended June 30,				
	2025	**2024**	**2023**	**2022**	**2021**
Total Pension Liability	$ 304,114	$ 293,932	$ 267,036	$ 352,099	$ 372,448
Covered Payroll	$ 367,778	$ 367,077	$ 344,955	$ 429,814	$ 388,580
Total Pension Liability as a Percentage of Covered Payroll	82.69%	80.07%	77.41%	81.92%	95.85%

	Year Ended June 30,			
	2020	**2019**	**2018**	**2017**
Total Pension Liability	$ 208,222	$ 305,123	$ 339,373	$ 360,676
Covered Payroll	$ 326,600	$ 272,234	$ 372,611	$ 540,227
Total Pension Liability as a Percentage of Covered Payroll	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.
This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

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,				
	2025	**2024**	**2023**	**2022**	**2021**
Town's Proportion of the Net Pension Liability (Asset)	2.13700%	2.30300%	0.02403%	0.02388%	0.02215%
Town's Proportionate Share of the Net Pension Liability	$ 1,440,787	$ 1,525,164	$ 1,355,635	$ 366,223	$ 791,514
Town's Covered Payroll	$ 1,871,185	$ 1,794,672	$ 1,793,290	$ 1,825,390	$ 1,569,850
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	77.00%	84.98%	75.59%	20.06%	50.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability*	83.30%	82.49%	84.14%	95.51%	88.61%

	Year Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Town's Proportion of the Net Pension Liability (Asset)	0.01912%	0.01809%	0.02345%	0.02322%	0.02172%
Town's Proportionate Share of the Net Pension Liability	$ 522,152	$ 429,157	$ 358,252	$ 492,806	$ 97,478
Town's Covered Payroll	$ 1,435,582	$ 1,517,108	$ 1,517,108	$ 1,448,826	$ 1,341,741
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	36.37%	28.29%	23.61%	34.01%	7.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability*	90.86%	91.63%	94.18%	91.47%	98.09%

* 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,				
	2025	**2024**	**2023**	**2022**	**2021**
Contractually Required Contribution	$ 279,901	$ 245,462	$ 221,727	$ 207,436	$ 190,434
Contributions in Relation to the Contractually Required Contribution	279,901	245,462	221,727	207,436	190,434
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 2,009,088	$ 1,871,185	$ 1,794,672	$ 1,793,290	$ 1,825,390
Contributions as a Percentage of Covered Payroll	13.93%	13.12%	12.35%	11.57%	10.43%

	Year Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 144,666	$ 113,811	$ 113,783	$ 109,990	$ 99,522
Contributions in Relation to the Contractually Required Contribution	144,666	113,811	113,783	109,990	99,522
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 1,569,850	$ 1,435,582	$ 1,517,108	$ 1,517,108	$ 1,448,826
Contributions as a Percentage of Covered Payroll	9.22%	7.93%	7.50%	7.25%	6.87%

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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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 1,230,000	$ 1,268,304	$ 38,304
Penalties and Interest	8,000	1,370	(6,630)
Total	1,238,000	1,269,674	31,674
Unrestricted Intergovernmental Revenue:			
Local Option Sales Taxes	580,000	587,669	7,669
Payment in Lieu of Taxes (External Sources)	168,000	158,214	(9,786)
Utility Sales Tax	175,000	164,161	(10,839)
Beer and Wine Tax	6,100	6,238	138
Total	929,100	916,282	(12,818)
Restricted Intergovernmental Revenue:			
Powell Bill Allocation	76,000	83,037	7,037
Sales And Services:			
Rents, Concessions, and Other Services	23,600	34,499	10,899
Investment Earnings	131,805	128,634	(3,171)
Other Revenue:			
Contributions	11,680	18,683	7,003
Miscellaneous	4,500	2,478	(2,022)
Total	16,180	21,161	4,981
TOTAL REVENUES	2,414,685	2,453,287	38,602
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and Employee Benefits	16,793	13,833	2,960
Operating Expenditures	49,800	27,746	22,054
Total	66,593	41,579	25,014
Administration:			
Salaries and Employee Benefits	332,409	405,531	(73,122)
Operating Expenditures	344,900	264,521	80,379
Capital Outlay	106,000	110,500	(4,500)
Total	783,309	780,552	2,757
Total General Government	849,902	822,131	27,771

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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
			(Continued)
Public Safety:			
Police:			
Salaries and Employee Benefits	677,491	636,850	40,641
Operating Expenditures	182,700	136,752	45,948
Total Public Safety	860,191	773,602	86,589
Transportation:			
Streets and Highways:			
Salaries and Employee Benefits	324,551	312,169	12,382
Operating Expenditures	332,705	234,571	98,134
Capital Outlay	236,500	236,521	(21)
Total Transportation	893,756	783,261	110,495
Culture and Recreation:			
Parks and Recreation:			
Operating Expenditures	31,000	29,247	1,753
Capital Outlay	19,500	-	19,500
Total Culture and Recreation	50,500	29,247	21,253
Debt Service:			
Principal	27,472	22,674	4,798
Interest and Bank Fees	7,684	7,684	-
Total Debt Service	35,156	30,358	4,798
TOTAL EXPENDITURES	2,689,505	2,438,599	250,906
REVENUES UNDER EXPENDITURES	(274,820)	14,688	289,508
OTHER FINANCING SOURCES (USES)			
Transfers In	39,300	-	(39,300)
Transfers Out	(305,000)	(300,000)	5,000
TOTAL OTHER FINANCING SOURCES	(265,700)	(300,000)	(34,300)
Fund Balance Appropriated	540,520	-	(540,520)
NET CHANGE IN FUND BALANCE	$ -	(285,312)	$ (285,312)
FUND BALANCE, Beginning of Year		2,283,232	
FUND BALANCE, End of Year		$ 1,997,920	

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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 884,500	$ 942,365	$ 57,865
Penalties and Interest	-	176	176
Total	884,500	942,541	58,041
Restricted Intergovernmental Revenue:			
Office State Fire Marshall Grant	61,915	61,915	-
Investment Earnings	-	97	97
Other Revenue:			
Contributions	25,000	26,852	1,852
Miscellaneous	40,913	36,218	(4,695)
Total	65,913	63,070	(2,843)
TOTAL REVENUES	1,012,328	1,067,623	55,295
EXPENDITURES			
Public Safety:			
Salaries and Employee Benefits	705,213	656,282	48,931
Operating Expenditures	245,200	219,798	25,402
Capital Outlay	916,915	915,214	1,701
Total	1,867,328	1,791,294	76,034
TOTAL EXPENDITURES	1,867,328	1,791,294	76,034
REVENUES UNDER EXPENDITURES	(855,000)	(723,671)	131,329
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	855,000	852,459	(2,541)
TOTAL OTHER FINANCING SOURCES (USES)	855,000	852,459	(2,541)
NET CHANGE IN FUND BALANCE	$ -	128,788	$ 128,788
FUND BALANCE, Beginning of Year		216,335	
FUND BALANCE, End of Year		$ 345,123	

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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Ad Valorem Taxes:			
Taxes	$ 282,000	$ 302,958	$ 20,958
Sales And Services:			
Rent, Concessions, and Other Services	45,477	5,384	(40,093)
Investment Earnings	-	1,083	1,083
Other Revenue:			
Contributions	26,150	6,017	(20,133)
TOTAL REVENUES	353,627	315,442	(38,185)
EXPENDITURES			
Culture and Recreation:			
Grounds Maintenance:			
Salaries and Employee Benefits	169,077	174,074	(4,997)
Operating Expenditures	168,000	111,151	56,849
Capital Outlay	101,150	47,259	53,891
Total Culture and Recreation	438,227	332,484	105,743
Debt Service:			
Debt Payment	4,558	4,503	55
Interest Payment	842	842	-
	5,400	5,345	55
TOTAL EXPENDITURES	443,627	337,829	105,798
REVENUES UNDER EXPENDITURES	(90,000)	(22,387)	67,613
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	50,000	-	**(50,000)**
TOTAL OTHER FINANCING SOURCES (USES)	50,000	-	(50,000)
Fund Balance Appropriated	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE	**$ -**	(22,387)	$ (22,387)
FUND BALANCE, Beginning of Year		117,455	
FUND BALANCE, End of Year		$ 95,068	

TOWN OF TRYON, NORTH CAROLINA

TROPICAL STORM HELENE GRANT PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PROJECT AUTHORIZATION	PRIOR YEAR	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE
REVENUES					
Insurance	$ 31,207	$ -	$ -	$ -	$ (31,207)
Tropical Storm FEMA Grant	2,718,793	-	511,406	511,406	(2,207,387)
TOTAL REVENUES	2,750,000	-	511,406	511,406	(2,238,594)
EXPENDITURES					
Repayment of NC Relief Cash Loan	272,992	-	-	-	272,992
Contracted Services, Equipment, & Supplies	2,810,000	-	399,613	399,613	2,410,387
TOTAL EXPENDITURES	3,082,992	-	399,613	399,613	2,683,379
REVENUES OVER EXPENDITURES	(332,992)	-	111,793	111,793	444,785
OTHER FINANCING SOURCES					
NC Relief Cash Loan	272,992	-	272,991	272,991	(1)
Transfer to General Fund	(300,000)	-	-	-	300,000
Transfer from General Fund	300,000	-	300,000	300,000	-
Transfer from Water and Sewer Fund	60,000	-	60,000	60,000	-
TOTAL OTHER FINANCING SOURCES	332,992	-	632,991	632,991	299,999
NET CHANGE IN FUND BALANCE	$ -	$ -	744,784	$ 744,784	$ 744,784
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			$ 744,784		

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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Operating Revenues:			
Charges for Services			
Water Sales	$ 1,368,213	$ 1,356,543	$ (11,670)
Sewer Charges	545,000	597,147	52,147
Water and Sewer Taps	13,000	10,400	(2,600)
Total Operating Revenues	1,926,213	1,964,090	37,877
Nonoperating Revenues:			
Grant Revenue	1,098,599	330,306	(768,293)
Total Nonoperating Revenues	1,098,599	330,306	(768,293)
TOTAL REVENUES	3,024,812	2,294,396	(730,416)
EXPENDITURES			
Water Distribution:			
Salaries and Employee Benefits	303,003	321,588	(18,585)
Outside Services	52,000	44,424	7,576
Utilities	3,000	1,602	1,398
Telephone	1,500	1,405	95
Uniforms	1,800	4,538	(2,738)
Insurance	28,500	16,901	11,599
Dues and Subscriptions	100	50	50
Materials and Supplies	51,000	39,104	11,896
Travel	500	2,665	(2,165)
Repairs and Maintenance	20,000	15,235	4,765
Other Departmental Expense	363,943	353,835	10,108
Total	825,346	801,347	23,999
Water Plant Operations:			
Salaries and Employee Benefits	283,184	238,490	44,694
Outside Services	35,000	56,715	(21,715)
Utilities	75,000	72,966	2,034
Telephone	6,000	5,849	151
Uniforms	2,400	2,303	97
Insurance	42,100	40,031	2,069
Dues and Subscriptions	1,000	861	139
Materials and Supplies	146,000	144,994	1,006
Travel	1,800	485	1,315
Office Supplies and Postage	6,000	6,000	-
Licenses and Permits	3,000	4,420	(1,420)
Repairs and Maintenance	34,500	8,177	26,323
Capital Outlay	75,000	-	75,000
Total	710,984	581,291	129,693
Wastewater Plant Operations:			
Salaries and Employee Benefits	244,391	115,164	129,227
Outside Services	125,000	117,727	7,273
Utilities	25,000	25,967	(967)
Telephone	2,700	2,407	293

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, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
			(Continued)
Wastewater Plant Operations:			
Advertising	$ 500	$ 165	$ 335
Uniforms	1,800	200	1,600
Insurance	12,800	15,580	(2,780)
Dues and Subscriptions	600	460	140
Materials and Supplies	18,200	18,149	51
Travel	2,000	805	1,195
Office Supplies and Postage	2,900	3,000	(100)
Repairs and Maintenance	14,000	10,430	3,570
Total	449,891	310,054	139,837
Wastewater Collections:			
Salaries and Employee Benefits	173,429	178,307	(4,878)
Outside Services	55,000	39,217	15,783
Utilities	1,000	790	210
Telephone	600	600	-
Uniforms	1,000	903	97
Insurance	1,600	3,099	(1,499)
Dues and Subscriptions	100	-	100
Materials and Supplies	9,000	7,574	1,426
Travel	100	845	(745)
Licenses and Permits	7,000	11,465	(4,465)
Repairs and Maintenance	10,000	10,849	(849)
Other Departmental Expense	-	91	(91)
Total	258,829	253,740	5,089
Debt Service:			
Principal Retirement	938,797	734,053	204,744
Interest and Other Charges	45,965	45,964	1
Total Debt Service	984,762	780,017	204,745
Capital Outlay	15,000	36,405	(21,405)
TOTAL EXPENDITURES	3,244,812	2,762,854	481,958
REVENUES OVER (UNDER) EXPENDITURES	(220,000)	(468,458)	(248,458)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	565,594	565,594
Transfers Out	(60,000)	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,000)	505,594	565,594
Fund Balance Appropriated	280,000	-	(280,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ -	37,136	$ 37,136
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Payment of Debt Principal		734,053	
Capital Outlay		36,405	
Depreciation		(289,246)	
Change in Net Pension Asset (Liability) and Deferred Items Related to Pensions		(38,716)	
Change in Compensated Absences		1,233	
Transfer from SRF-Interconnect SRF Loan		(565,594)	
Water and Sewer Capital Project Funds:			
Grant Revenue in Enterprise Capital Project Funds		3,134,081	
Meter Fee Revenue		45,025	
Investment Earning		5,336	
Miscellaneous Expense in Capital Project Funds		(85,561)	
CHANGE IN NET POSITION		$ 3,014,152	

TOWN OF TRYON, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Restricted Intergovernmental Revenue:				
State Budget Appropriation	$ 768,293	$ 768,293	$ 565,594	$ (202,699)
TOTAL REVENUES	768,293	768,293	565,594	(202,699)
OTHER FINANCING SOURCES (USES)				
Transfers Out	768,293	768,293	(565,594)	202,699
TOTAL OTHER FINANCING SOURCES (USES)	768,293	768,293	(565,594)	202,699
NET CHANGE IN FUND BALANCE	$ -	$ -	-	$ -
FUND BALANCE, Beginning of Year			-	
FUND BALANCE, End of Year			$ -	

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, 2025

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
ARPA Grant Proceeds	$ 1,643,397	$ 224,235	$ 1,419,162	$ 1,643,397	$ -
Principal Forgiveness Loan	1,612,355	-	1,000,000	1,000,000	(612,355)
Issuance of Proceeds - ARPA Revolving Loan	-	-	450,590	450,590	450,590
TOTAL REVENUES	3,255,752	224,235	2,869,752	3,093,987	(161,765)
EXPENDITURES					
Construction Rehabilitation	3,064,468	-	2,668,469	2,668,469	395,999
Professional Services, Engineering	191,284	248,667	-	248,667	(57,383)
Loan Closing Fees	20,000	-	32,245	32,245	(12,245)
TOTAL EXPENDITURES	3,275,752	248,667	2,700,714	2,949,381	326,371
REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(24,432)	169,038	144,606	164,606
OTHER FINANCING SOURCES					
Transfers In	20,000	-	-	-	(20,000)
	20,000	-	-	-	(20,000)
REVENUES OVER EXPENDITURES	$ -	$ (24,432)	$ 169,038	$ 144,606	$ 144,606

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - WATER METER REPLACEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
Meter Fees	$ 138,000	$ 46,898	$ 45,025	$ 91,923	$ (46,077)
Investment Earnings	-	7,289	5,336	12,625	12,625
TOTAL REVENUES	138,000	54,187	50,361	104,548	(33,452)
EXPENDITURES					
Automated Meters, Registers	138,000	80,253	35,488	115,741	22,259
TOTAL EXPENDITURES	138,000	80,253	35,488	115,741	22,259
REVENUES (UNDER) EXPENDITURES	$ -	$ (26,066)	$ 14,873	$ (11,193)	$ (11,193)

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, 2025

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
ARP AIA Grant Proceeds	$ 254,500	$ 125,205	$ 69,060	$ 194,265	$ (60,235)
TOTAL REVENUES	254,500	125,205	69,060	194,265	(60,235)
EXPENDITURES					
Professional Services, Engineering	254,500	141,030	57,030	198,060	56,440
TOTAL EXPENDITURES	254,500	141,030	57,030	198,060	56,440
REVENUES (UNDER) EXPENDITURES	$ -	$ (15,825)	$ 12,030	$ (3,795)	$ (3,795)

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, 2025

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
ARP AIA Grant Proceeds	$ 261,500	$ 133,385	$ 80,265	$ 213,650	$ (47,850)
TOTAL REVENUES	261,500	133,385	80,265	213,650	(47,850)
EXPENDITURES					
Professional Services, Engineering	261,500	141,805	75,640	217,445	44,055
TOTAL EXPENDITURES	261,500	141,805	75,640	217,445	44,055
REVENUES (UNDER) EXPENDITURES	$ -	$ (8,420)	$ 4,625	$ (3,795)	$ (3,795)

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - LAKE LANIER REHAB DAM REPLACEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	PROJECT AUTHORIZATION	ACTUAL PRIOR YEAR	ACTUAL CURRENT YEAR	ACTUAL TOTAL TO DATE	VARIANCE
REVENUES					
Restricted Revenue	$ 1,595,121	$ -	$ -	$ -	$ (1,595,121)
TOTAL REVENUES	1,595,121	-	-	-	(1,595,121)
EXPENDITURES					
Professional Services, Engineering	1,671,841	55,585	60,638	116,223	1,555,618
Grant Application Fees	66,500	5,959	17,828	23,787	42,713
TOTAL EXPENDITURES	1,738,341	61,544	78,466	140,010	1,598,331
REVENUES OVER (UNDER) EXPENDITURES	(143,220)	(61,544)	(78,466)	(140,010)	3,210
OTHER FINANCING SOURCES					
Transfers In	143,220	143,220	-	143,220	143,220
	143,220	143,220	-	143,220	143,220
REVENUES (UNDER) EXPENDITURES	**$ -**	$ 81,676	$ (78,466)	$ 3,210	$ 146,430

TOWN OF TRYON, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECT FUND - WATER & SEWER SYSTEM IMPROVEMENT PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - WATER AND SEWER SYSTEM IMPROVEMENT PROJECT
BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		ACTUAL			
	PROJECT AUTHORIZATION	PRIOR YEAR	CURRENT YEAR	TOTAL TO DATE	VARIANCE
REVENUES					
Restricted Revenues	$ 260,000	$ -	$ -	$ -	$ (260,000)
TOTAL REVENUES	260,000	-	-	-	(260,000)
EXPENDITURES					
Project Expenditures	260,000	74,606	56,371	130,977	129,023
TOTAL EXPENDITURES	260,000	74,606	56,371	130,977	129,023
REVENUES (UNDER) EXPENDITURES	$ -	$ (74,606)	$ (56,371)	$ (130,977)	$ (130,977)

TOWN OF TRYON, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2025

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
Operating Revenues:			
Charges for Services			
Sanitation Fees	$ 294,000	$ 301,238	$ 7,238
Other Operating Revenues	450	1,720	1,270
Total Operating Revenues	294,450	302,958	8,508
Nonoperating Revenues:			
Solid Waste Disposal Tax	630	1,204	574
Total Nonoperating Revenues	630	1,204	574
TOTAL REVENUES	295,080	304,162	9,082
EXPENDITURES			
Sanitation:			
Salaries and Employee Benefits	149,627	161,467	(11,840)
Outside Services	-	2,306	(2,306)
Telephone	1,400	1,440	(40)
Materials and Supplies	22,700	22,052	648
Tipping Charges	62,000	68,829	(6,829)
Uniforms	2,200	2,718	(518)
Professional Services	2,500	834	1,666
Insurance	18,500	10,287	8,213
Travel	300	55	245
Office Supplies and Postage	3,000	3,003	(3)
Repairs and Maintenance	28,000	18,866	9,134
Total	290,227	291,857	(1,630)
Debt Service:			
Principal Retirement	8,332	8,332	-
Interest and Other Charges	4,521	4,521	-
Total Debt Service	12,853	12,853	-
TOTAL EXPENDITURES	303,080	304,710	(1,630)
REVENUES OVER (UNDER) EXPENDITURES	(8,000)	(548)	7,452
Fund Balance Appropriated	8,000	-	(8,000)
REVENUES OVER EXPENDITURES	**$ -**	(548)	$ (548)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Payment of Debt Principal		8,332	
Depreciation		(19,857)	
Change in Net Pension Asset (Liability) and Deferred Items Related to Pensions		(4,125)	
Change in Compensated Absences		3,558	
CHANGE IN NET POSITION		$ (12,640)	

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, 2025

	BUDGET	ACTUAL	VARIANCE
REVENUES			
Other Taxes and Licenses:			
Occupancy Taxes	$ 20,000	$ 19,272	$ (728)
TOTAL REVENUES	20,000	19,272	(728)
EXPENDITURES			
Economic Development:			
Operating Expenditures	28,900	29,787	(887)
Capital Outlay	14,500	-	14,500
TOTAL EXPENDITURES	43,400	29,787	13,613
REVENUES OVER EXPENDITURES	(23,400)	(10,515)	12,885
Fund Balance Appropriated (Surplus)	23,400	-	(23,400)
NET CHANGE IN FUND BALANCE	$ -	(10,515)	$ (10,515)
FUND BALANCE, Beginning of Year		55,691	
FUND BALANCE, End of Year		$ 45,176	

Town of Tryon, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

Fiscal Year	Uncollected Balance January 00, 1900	Additions	Collections And Credits	Uncollected Balance January 00, 1900
2024-2025	$ -	$ 1,279,684	1,244,028	$ 35,656
2023-2024	27,782	-	19,076	8,706
2022-2023	6,695	-	4,242	2,453
2021-2022	1,578	-	777	801
2020-2021	1,429	-	629	800
2019-2020	1,923	-	573	1,350
2018-2019	4,669	-	3,129	1,540
2017-2018	1,909	-	45	1,864
2016-2017	2,470	-	-	2,470
2015-2016	1,506	-	-	1,506
	$ 49,961	$ 1,279,684	$ 1,272,499	$ 57,146

Less: allowance for uncollectible ad valorem taxes receivable: General Fund	(17,295)
Ad valorem taxes receivable - net	$ 39,851

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 1,269,674
Interest collected	(1,370)
Early pay discount	14,387
Other	(10,192)
Total collections and credits	$ 1,272,499

Town of Tryon, North Carolina
Analysis of Current Tax Levy - Town-Wide Levy
For the Fiscal Year Ended June 30, 2025

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	$ 239,175,330	0.531	$ 1,270,021	$ 1,116,122	$ 153,899
Total	239,175,330		1,270,021	1,116,122	153,899
Releases	1,819,774	0.531	9,663	9,663	-
Total property valuation	$ 240,995,104				
Net Levy			1,279,684	1,125,785	153,899
Uncollected taxes at June 30, 2025			(35,656)	(35,656)	-
Current Year's Taxes Collected			$ 1,244,028	$ 1,090,129	$ 153,899
Current Levy Collection Percentage			97.21%	96.83%	100.00%

COMPLIANCE SECTION

Independent Auditors' 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

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, 2025, 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 April 17, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Town of Tryon Alcoholic Beverage Control Board (Tryon ABC Board), as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Tryon ABC Board, 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, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
April 17, 2026

Independent Auditors' Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited the Town of Tryon's (the Town) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Governmental Commission that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Tryon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the auditor's Responsibilities for the Audit of Compliance section or our report. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contract or grant agreements applicable to the Town's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RH CPAs, PLLC

Greensboro, North Carolina
April 17, 2026

Independent Auditors' Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with Uniform Guidance; and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Tryon's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Governmental Commission that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2025. The Town's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major state program for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section or our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of The Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contract or grant agreements applicable to the Town's state program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Town, NC's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Town's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of The Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RH CPAs, PLLC

Greensboro, North Carolina
April 17, 2026

TOWN OF TRYON, NORTH CAROLINA
Schedule of Findings and Responses
Year Ended June 30, 2025

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?		Yes	X	No
Significant deficiency(s)?	X	Yes		No

Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified?		yes	✓	no
Significant deficiency(s) identified?		yes	✓	none reported

Noncompliance material to financial statements noted		yes	✓	no

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	✓	no

Identification of major Federal program:

AL Number	Program Name
21.027	Coronavirus State and Local Recovery Funds
66.458	Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Programs: $ 750,000

Auditee qualified as low-risk auditee?		yes	✓	no

State Awards

Internal control over major State programs:

Material weakness(es) identified?	____	yes	✓	no
Significant deficiency(s) identified?	____	yes	✓	none reported
Noncompliance material to financial statements noted	____	yes	✓	no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Act? ____ yes ✓ no

Identification of major State program:
State appropriate funds for debt reduction for water plant rehab

Dollar threshold used to distinguish a State major program: $ 500,000

Auditee qualified as low-risk auditee? ____ yes ✓ no

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

2025-001 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 accumulated depreciation, debt service, accrued wages and absence liabilities, and pension liabilities.

Effect:

The Town does not process a formal year end close process or checklist to ensure account balances are properly reconciled at year-end. There are approximately 4 current year audit adjustments to adjust the Town's accounting records.

Cause:

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

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

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 annual 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.

2025-002 Sick Leave Policy and Schedule

Criteria:

The Town should maintain a formal Sick Leave policy and the leave schedule should be update to remove any previously separated employees.

Condition:

No formal sick leave policy was provided during the audit and the sick leave schedule contained leave balances of previously separated employees in prior periods.

Effect:

Lack of formal sick leave policy may lead to misunderstanding of the policy and misapplication of the accrued leave liability calculation as of year end. Previously separate employees on the leave schedule may result in the overstatement of the year end liability if employees are not removed from the schedule.

Cause:

Lack of formal sick leave policy and lack review of the sick leave schedule on a consistent basis.

Recommendation:

We recommend the Town develop a formal sick leave policy and distribute the policy to the Town's employees and determine how to remove previously separated employees from the report

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 III - QUESTIONED COSTS

Not applicable

TOWN OF TRYON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

Finding Number	Description	Status
2024-001	Year-end Closing Processes	Finding 2025-001
2024-002	Town Purchasing and State Preaudit Requirements	Corrected

TOWN OF TRYON, NORTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2025

Financial Statement Findings

Finding:	2025-001
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 partnered with the North Carolina League of Municipalities for implementing new accounting software on July 1, 2026. The Town will also be utilizing the League for Municipal Accounting Services for training and assistance.
Proposed Completion Date:	December 31, 2026

Finding:	2025-002
Contact Person:	Jim Fatland, Town Manager, manager@tryonnc.gov
Corrective Action:	Former employees with a sick leave balance have been removed from the financial system. Procedure to remove sick leave from employees who separate from employment has been established.
Proposed Completion Date:	June 30, 2025

TOWN OF TRYON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Federal Awards:					
U.S. Dept. of Treasury					
Passed-through the North Carolina Department of Environment Quality:					
Coronavirus State Local Fiscal Recovery Funds (COVID-19)	21.027	VUR-W-ARP-0012/VUR-AIA-D-ARP-0004/AIA-W-ARP-0008	1,776,067	-	-
Total US Dept. of Treasury			1,776,067	-	-
U.S. Environmental Protection Agency					
Passed-through the North Carolina Department of Environment Quality:					
Clean Water State Revolving Fund - Principal Forgiveness	66.458	CS370620-02	615,080	-	-
Clean Water State Revolving Fund - Repayable Loan	66.458	CS370620-02	440,590	-	-
Total US Dept. of Treasury			1,055,670	-	-
U. S. Department of Homeland Security					
Passthrough the South Carolina Department of Health and Environmental Control					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	XXXX	60,638	-	-
Direct reimbursement from Federal Emergency Management Agency					
Disaster Grants - Public Assistance	97.036	XXXX	553,386	-	-
Assistance to Firefighters Grant	97.044	EMW-2022-FG-01336	61,915		
Total U. S. Department of Homeland Security			675,939	-	-
Total federal awards			3,507,676	-	-
N.C. Dept. of Transportation					
Powell Bill		38570	-	83,037	
Total N.C. Dept. of Transportation			-	83,037	-
N.C. Dept. of State Treasurer					
State Cashflow Loans for Disaster Response Activities to Local Gov'ts		DST-1	-	272,991	
Total N.C. Dept. of State Treasurer			-	272,991	-
N.C. Office of State Budget and Management					
State appropriate funds for debt reduction for water plant rehab		13101	-	565,594	
Total N.C. Dept. of State Treasurer			-	565,594	-
Total State awards			-	921,622	-
Total federal and State awards			$ 3,507,676	$ 921,622	$ -

TOWN OF TRYON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2025

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of the Graham County under the programs of the federal government and the State of North Graham for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Tryon (Town), it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Loans Outstanding [17]

The had the following loan balances outstanding at June 30, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2025 consist of:

Program Title	Assistance Listing No.	Pass-through Grantor's Number	Amount Outstanding
Clean Water State Revolving Fund - Repayable Loan	66.458	-	$ 440,590
Statewide Cashflow Loan Program	N/A	DST-1	$ 272,991